DRAFT RED HERRING PROSPECTUS
Dated March 24, 2011
*Please read section 60B of the Companies Act, 1956*
*(The Draft Red Herring Prospectus will be updated upon filing with the RoC)*
**100% Book Building Issue**

Flexituff International

# FLEXITUFF INTERNATIONAL LIMITED

Our Company was originally constituted as a partnership firm under the Indian Partnership Act, 1932 on January 22, 1966 under the name and style of Saurabh Potteries & Ceramics with its principal place of business at Indore. Since then, the partnership was reconstituted from time to time by way of admission of new partners or resignation of the then existing partners. With effect from March 1, 1993, the name of the partnership was changed to Naviska Packaging and a fresh partnership deed was executed. Thereafter, pursuant to the provisions of section 567 of Part IX of the Companies Act, 1956, Naviska Packaging was converted into a private limited company, Naviska Packaging Private Limited, on April 8, 1993. The name of our Company was changed to Giltpac International India Private Limited w.e.f. June 29, 2001. The name of our Company was again changed to Naviska Packaging Private Limited w.e.f. January 01, 2003. Our Company was converted into a public limited company and the name was changed to Flexituff International Limited w.e.f. April 25, 2003.

For further details in relation to the corporate history of our Company including changes in name and the registered office, please refer to the section "History and Certain Corporate Matters" beginning on page 145 of the Draft Red Herring Prospectus.


**Registered Office**: 2nd floor, Main Building, 19, R.N. Mukherjee Road, Kolkata 700 001, West Bengal. **Tel**: +91 33 3243 4331, **Fax**: +91 33 2231 2510

**Corporate Office**: C 41-50, Sector 3, Special Economic Zone, Pithampur, Dist. Dhar 454 775, Madhya Pradesh **Tel**: +91 7292 401681-83 **Fax**: +91 7292 401684

**Contact Person**: Mr. Dinesh Kumar Sharma, Company Secretary and Compliance Officer **Tel**: +91 7292 401681 -83, **Fax**: +91 7292 401684,
**Email**: investors@flexituff.com, **Website**: www.flexituff.com


**PROMOTERS OF OUR COMPANY**

**KALANI INDUSTRIES PRIVATE LIMITED, MISCELLANI GLOBAL PRIVATE LIMITED AND SANOVI TRADING PRIVATE LIMITED**

**PUBLIC ISSUE OF 6,750,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH OF FLEXITUFF INTERNATIONAL LIMITED ("FIL" OR OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING TO ₹ [●] MILLION COMPRISING OF A FRESH ISSUE OF 4,500,000 EQUITY SHARES OF ₹ 10 EACH AT A PRICE OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 2,250,000 EQUITY SHARES OF ₹ 10 EACH AT A PRICE OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] MILLION BY CLEARWATER CAPITAL PARTNERS (CYPRUS) LIMITED (THE "SELLING SHAREHOLDER") ("OFFER FOR SALE"). THE FRESH ISSUE AND THE OFFER FOR SALE ARE TOGETHER REFERRED TO AS THE "ISSUE". THE ISSUE WILL CONSTITUTE 31.09% OF THE POST ISSUE PAID UP CAPITAL OF OUR COMPANY.**

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER ("BRLM") AND WILL BE ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ ISSUE OPENING DATE.**

In case of any revision in the Price Band, the Bid/Issue Period will be extended for three additional Working Days after such revision of the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE") and by issuing a press release and also by indicating the change on the website of the BRLM and at the terminals of the Syndicate members.

The Issue is being made pursuant to Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("ICDR Regulations"), through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Our Company may, in consultation with the Book Running Lead Manager, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price, on a discretionary basis, out of which at least one-third portion will be available for allocation to domestic Mutual Funds only. 5% of the Net QIB Portion (as defined in the section "Definitions and Abbreviations") shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. All investors, except Anchor Investors, may participate in this Issue through the Application Supported by Blocked Amount ("ASBA") process by providing details of the relevant bank accounts in which the corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks ("SCSBs"). For details, please refer the section "Issue Procedure" beginning on page 409 of the Draft Red Herring Prospectus.

**RISKS IN RELATION TO THE FIRST ISSUE**

**This being the first public issue of Equity Shares of the Issuer, there has been no formal market for the Equity Shares.** The face value of the Equity Shares is ₹ 10 per Equity Share. The Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value**.** The Issue Price (as determined and justified by our Company and the BRLM as stated in the section "Basis for Issue Price") should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page 12 of the Draft Red Herring Prospectus.

**ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY**

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

**IPO GRADING**

This Issue has been graded by [●] as [●]/5, indicating [●] fundamentals through its letter dated [●]. The IPO grade is assigned on a five-point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO grade 1/5 indicating poor fundamentals. For details, please refer to the section "General Information" and "Annexure A" beginning on page 48 and 496 of the Draft Red Herring Prospectus, respectively.

**LISTING ARRANGEMENT**

The Equity Shares offered through the Draft Red Herring Prospectus are proposed to be listed on the BSE and NSE. Our Company has received 'in-principle' approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For purposes of this Issue, the Designated Stock Exchange shall be BSE**.**

| BOOK RUNNING LEAD MANAGER | REGISTRAR TO THE ISSUE |
|---|---|
| Collins Stewart Inga<br><br>**COLLINS STEWART INGA PRIVATE LIMITED**<br>A 404, Neelam Centre,<br>Hind Cycle Road, Worli,<br>Mumbai- 400 030<br>Tel: + 91 22 24982919<br>Fax: +91 22 24982956<br>Email: flexituff.ipo@csinga.com<br>Website: www.csinga.com<br>Investor Grievance ID: investors@csinga.com<br>Contact Person: Ms. Deepa Mutha / Mr. Kunal Thakkar<br>SEBI Registration No. INM000010924 | LINK INTIME INDIA PVT LTD<br><br>**LINK INTIME INDIA PRIVATE LIMITED**<br>C-13, Pannalal Silk Mills Compound,<br>L.B.S. Marg, Bhandup (West),<br>Mumbai - 400 078<br>Tel: +91 22 2596 0320<br>Toll Free: 1800 220320<br>Fax: +91 22 2596 0329<br>Email: flexituff.ipo@linkintime.co.in<br>Website: www.linkintime.co.in<br>Contact Person: Mr. Sanjog Sud<br>SEBI Registration No. INR000004058 |

**BID/ISSUE PROGRAMME**

| BID/ISSUE OPENS ON(1) | [●] | BID/ISSUE CLOSES ON(2) | [●] |
|---|---|---|---|

*(1) Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/Issue Date shall be one Working Day prior to Bid/ Issue Opening Date.*
*(2) Our Company may decide to close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the ICDR Regulations.*

## SECTION I – GENERAL

## DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in the Draft Red Herring Prospectus and references to any statute or regulations or policies shall include amendments thereto, from time to time:

### COMPANY RELATED TERMS

| Terms | Description |
|---|---|
| Articles/ Articles of Association/AOA | Articles of Association of our Company |
| Auditors | Statutory Auditors of our Company, M/s. L.K. Maheshwari & Co., Chartered Accountants |
| Board/ Board of Directors | Board of Directors of our Company or a committee constituted thereof, unless the context otherwise specifies |
| Director(s) | Director(s) of our Company, unless otherwise specified |
| Group Company(ies)/ Group Entities | Includes those companies, firms and ventures disclosed in the section "Group Entities" beginning on page 177 of the DRHP |
| Promoters/ our Promoters | Kalani Industries Private Limited, Miscellani Global Private Limited and Sanovi Trading Private Limited |
| Promoter Group | Such persons and entities constituting our promoter group pursuant to Regulation 2(zb) of the ICDR Regulations |
| Registered Office of our Company | The Registered Office of our Company situated at 2nd floor, Main Building, 19, R.N. Mukherjee Road, Kolkata - 700 001, West Bengal |
| "our Company" or "Flexituff International Limited" or "Flexituff" or "the Issuer" "the Company" | Refers to Flexituff International Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata - 700 001, West Bengal |
| Subsidiaries | Flexiglobal Holdings Limited, Nanofil Technologies Private Limited, Satguru Polyfab Private Limited and two step down subsidiaries namely, Flexiglobal (UK) Limited and Lakshmi Incorporated |
| "we", "us", "our", or "Group" | Unless the context otherwise requires, "Flexituff International Limited" and its Subsidiaries on a consolidated basis |

### CONVENTIONAL AND GENERAL TERMS/ ABBREVIATIONS

| Terms | Description |
|---|---|
| A/C | Account |
| Companies Act | The Companies Act, 1956 and amendments thereto |
| AGM | Annual General Meeting |
| AS | Accounting Standards as issued by the Institute of Chartered Accountants of India |
| AY / A/Y | Assessment Year |
| B/S | Balance Sheet |
| B. Com | Bachelors degree in Commerce |
| BIFR | Board for Industrial and Financial Reconstruction |
| BPLR / PLR | Bank Prime Lending Rate/ Prime Lending Rate |
| BSE | Bombay Stock Exchange Limited |
| CAGR | Compounded Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |

| Terms | Description |
|---|---|
| CIN | Corporate Identification Number |
| Depositories | NSDL and CDSL |
| Depositories Act | The Depositories Act, 1996 as amended from time to time |
| Depository | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time |
| Depository Participant/ DP | A depository participant as defined under the Depositories Act, 1996 |
| DIN | Director Identification Number |
| DIPP | Department of Industrial Policy & Promotion |
| DP ID | Depository Participant's Identity |
| EBIDTA | Earnings Before Interest, Depreciation, Tax and Amortisation |
| ECS | Electronic Clearing Services |
| EGM | Extraordinary General Meeting |
| EPCG | Export Promotion Capital Goods |
| EPS | Earnings Per Share |
| ESOP | Employee Stock Option Plan |
| FCNR Account | Foreign Currency Non Resident Account |
| FDI | Foreign Direct Investment |
| FEMA | Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed thereunder |
| FEMA Regulations | FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto |
| Financial Year/FY | The twelve months ended March 31 of that particular year, unless otherwise specified |
| FII(s) | Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 and registered with SEBI under applicable laws in India |
| FIPB | Foreign Investment Promotion Board |
| FVCI | Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 |
| GDP | Gross Domestic Product |
| GoI/ Government | Government of India |
| HNI | High Net Worth Individual |
| HUF | Hindu Undivided Family |
| ICDR Regulations/ SEBI Regulations/ SEBI (ICDR) Regulation | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time |
| IFRS | International Financial Reporting Standards |
| IPO | Initial Public Offering |
| IT Act | The Income Tax Act, 1961, as amended from time to time except as stated otherwise |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| Mn/ mn | Million |
| MOU | Memorandum of Understanding |
| MP/ M.P. | Madhya Pradesh |
| NA | Not Applicable |
| NAV | Net Asset Value |
| NECS | National Electronic Clearing Services |
| NEFT | National Electronic Fund Transfer |
| NOC | No Objection Certificate |

| Terms | Description |
|---|---|
| NR | Non Resident |
| NRE Account | Non Resident External Account |
| NRI | Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| OCB / Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue |
| p.a. | per annum |
| P/E Ratio | Price/ Earnings Ratio |
| PAN | Permanent Account Number allotted under the Income Tax Act, 1961 |
| PAT | Profit after tax |
| PBT | Profit before tax |
| PIO | Persons of Indian Origin |
| RBI | The Reserve Bank of India |
| ROC/ RoC | Registrar of Companies, West Bengal located at Nizam Palace - II, MSO Building, 2nd Floor, 234/4 AJC Bose Road, Kolkata - 700 020, West Bengal |
| RONW | Return on Net Worth |
| Rs./ ₹/ Rupees/ INR | Indian Rupees |
| RTGS | Real Time Gross Settlement |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended from time to time |
| SEBI ESOP Guidelines / ESOP Guidelines | SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time |
| SEBI Takeover Regulations /Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 |
| SEZ | Special Economic Zone |
| SICA | Sick Industrial Companies Act, 1985 |
| Sq Ft | Square Feet |
| Sq. Mts | Square metres |
| State Government | The government of a State of the Union of India |
| Stock Exchange(s) | BSE and/ or NSE as the context may refer to |
| TAN | Tax Deduction Account Number |
| TRS | Transaction Registration Slip |
| UIN | Unique Identification Number |
| UK | The United Kingdom of Great Britain and Northern Ireland |
| US / USA/ U.S.A. | United States of America |
| US GAAP | Generally Accepted Accounting Principles in the United States of America |
| USD/ US$/U.S.$ | United States Dollars |

| Terms | Description |
|---|---|
| Venture Capital Fund(s)/ VCF(s) | Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time |

**ISSUE RELATED TERMS**

| Term | Description |
|---|---|
| Allot/ Allotment/ Allotted | Unless the context otherwise requires, means the allotment of Equity Shares pursuant to the Fresh Issue and the transfer of the Equity Shares pursuant to the Offer for Sale to successful Bidders |
| Allottee | A successful Bidder to whom the Equity Shares are Allotted |
| Allotment Advice | The advice or intimation of Allotment of the Equity Shares sent to the Bidders who are to be Allotted the Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revision thereof |
| Anchor Investor(s) | A "Qualified Institutional Buyer", applying under the Anchor Investor Portion with a minimum Bid of ₹ 100 million |
| Anchor Investor Confirmation of Allocation Note | Notice or intimation of allocation of Equity Shares sent to the Anchor Investors who have been allocated Equity Shares on the Anchor Investor Bidding Date |
| Anchor Investor Bid/Issue Date | The day, one Working Day prior to the Bid/Issue Opening Date, on which bidding by Anchor Investors shall open and allocation to Anchor Investors shall be completed |
| Anchor Investor Issue Price | The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company and the Selling Shareholder in consultation with the BRLM |
| Anchor Investor Portion | Up to 30% of the QIB portion which may be allocated by our Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors |
| Application Supported by Blocked Amount/ ASBA | An application whether physical or electronic used by Bidders to make a Bid authorizing a SCSB to block the Bid Amount in their specified bank account maintained with the SCSB |
| ASBA Account | Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder |
| ASBA Bidder | Any Bidder other than an Anchor Investor, who intends to apply through ASBA through blocking of funds in a bank account with an SCSB |
| ASBA Bid cum Application Form | The form, whether physical or electronic, used by a Bidder to make a Bid through ASBA process, which contains an authorisation to block the Bid Amount in an ASBA Account and will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus |
| ASBA Revision Form | The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s) |
| Banker(s) to the Issue/ Escrow Collection Bank(s) | The banks which are clearing members and registered with SEBI as banker to the issue with whom the Escrow Account will be opened in this case being [●] |
| Basis of Allotment | The basis on which Equity Shares will be Allotted to successful Bidders under the Issue and which is described under "Basis of Allotment" in the section "Issue Procedure" beginning on page 409 of the DRHP |
| Bid | An indication to make an offer, made during the Bid/ Issue Period by a Bidder or during the Anchor Investor Bid/Issue Date by the Anchor Investors to subscribe to the Equity Shares at a price within the Price Band, including all revisions and |

| Term | Description |
|---|---|
| | modifications thereto.<br><br>For the purposes of ASBA Bidders, it means an indication to make an offer during the Bid/ Issue Period by an ASBA Bidder pursuant to the submission of ASBA Bid cum Application Form to subscribe to the Equity Shares |
| Bid Amount | The highest value of the optional Bids indicated in the Bid cum Application Form, and in case of ASBA Bidders the amount mentioned in the ASBA Bid cum Application Form and payable by the Bidder (other than an Anchor Investors) on submission of the Bid for the Issue |
| Bid cum Application Form | The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus and the Prospectus |
| Bidder | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form |
| Bid/ Issue Closing Date | Except in relation to Anchor Investors, the date after which the members of the Syndicate and the designated branches of the SCSBs will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Bengali newspaper, with wide circulation<br><br>Our Company may decide to close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, which shall also be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Bengali newspaper, with wide circulation |
| Bid/ Issue Opening Date | Except in relation to Anchor Investors, the date on which the members of the Syndicate and the designated branches of the SCSB shall start accepting Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Bengali newspaper with wide circulation |
| Bid/ Issue Period | Period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days, during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof<br><br>Our Company may decide to close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the ICDR Regulations |
| Book Building Process/ Book Building Method | The book building mechanism as provided under Schedule XI of the ICDR Regulations, in terms of which this Issue is being made |
| BRLM/ Book Running Lead Manager | Book Running Lead Manager to this Issue, in this case being Collins Stewart Inga Private Limited |
| CAN/ Confirmation of Allotment Note | The note or advice or intimation of Allotment of Equity Shares sent to the successful Bidders who have been Allotted Equity Shares after discovery of Issue Price in accordance with the Book Building Process, including any revisions thereof |
| Cap Price | The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted, including any revisions thereof |
| Controlling Branches | Such branches of the SCSBs which coordinates with the BRLM, the Registrar to the Issue and the Stock Exchanges, a list of which is available at http://www.sebi.gov.in |
| Cut-off Price | The Issue Price finalised by our Company and the Selling Shareholder in consultation with the BRLM. Only Retail Individual Bidders who are applying for a maximum bid amount not exceeding ₹ 200,000 are entitled to Bid at Cut-off Price. QIBs and Non - Institutional Bidders are not entitled to Bid at the Cut-off |

| Term | Description |
|---|---|
| | Price |
| Designated Branches | Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in |
| Designated Date | The date on which funds are transferred from the Escrow Account to the Public Issue Account or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Public Issue Account, as the case may be, after the Prospectus is filed with the ROC, following which the Board approves the Allotment of the Equity Shares constituting the Fresh Issue and the Offer for Sale |
| Designated Stock Exchange | In this case being the BSE |
| Draft Red Herring Prospectus/ DRHP | The Draft Red Herring Prospectus dated March 24, 2011 to be filed with SEBI and issued in accordance with Section 60B of the Companies Act and the ICDR Regulations, which does not have complete particulars of the price at which the Equity Shares are offered and size of the Issue |
| Eligible NRIs | NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein |
| Equity Shares | Equity Shares of our Company of face value of ₹ 10 each fully paid-up, unless otherwise specified in the context thereof |
| Escrow Account | Account opened with Escrow Collection Bank(s) and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid |
| Escrow Agreement | Agreement to be entered into among our Company, the Registrar to the Issue, the Escrow Collection Banks, Syndicate Members and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders (excluding the ASBA Bidders) |
| First Bidder | The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form or ASBA Revision Form |
| Floor Price | The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted |
| Fresh Issue | Fresh Issue of 4,500,000 Equity Shares of ₹ 10 each fully paid-up at the Issue Price by our Company aggregating to ₹ [●] million |
| Issue | The Issue of 6,750,000 Equity Shares of ₹ 10 each at the Issue Price aggregating to ₹ [●] million, comprising a Fresh Issue of 4,500,000 Equity Shares and an Offer for Sale by the Selling Shareholder of up to 2,250,000 Equity Shares |
| Issue Agreement | Agreement dated March 21, 2011 entered into between our Company, the Selling Shareholder and the Book Running Lead Manager |
| Issue Price | The final price at which Equity Shares will be Allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by our Company and the Selling Shareholder in consultation with the BRLM, on the Pricing Date |
| Mutual Funds | A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time |
| Mutual Fund Portion | 5% of the Net QIB Portion i.e. upto 118,125 Equity Shares, available for allocation to Mutual Funds only, out of the QIB Portion, subject to valid bids being received from such Mutual Funds |
| Net Proceeds | Proceeds from the Fresh Issue less the Issue related expenses. For further information about use of Net Proceeds and the Issue expenses, please refer to the section "Objects of the Issue" beginning on page 76 of the DRHP |
| Net QIB Portion | The QIB Portion less number of the Equity Shares Allotted to the Anchor Investors |
| Non-Institutional Bidders | All Bidders that are not Qualified Institutional Buyers or Retail Individual |

| Term | Description |
|---|---|
| | Bidders and who have Bid for Equity Shares for an amount of more than ₹ 200,000 |
| Non-Institutional Portion | The portion of the Issue being not less than 15% of the Issue consisting of 1,012,500 Equity Shares of ₹ 10 each available for allocation to Non-Institutional Bidders |
| Non-Resident/ NRI | A person resident outside India, as defined under FEMA and includes a Non Resident Indian |
| Offer for Sale | The offer for sale of up to 2,250,000 Equity Shares by the Selling Shareholder at the Issue Price |
| Pay-in-Date | With respect to Anchor Investors, it shall be the Anchor Investor Bid/ Issue Date and extending until two Working Days after the Bid/ Issue Closing Date in the event the Anchor Investor is required to pay any additional amount due to the Issue Price being higher than the Anchor Investor Issue Price |
| Pay-in-Period | The period commencing on the Bid/ Issue Opening Date and extending until the Bid/ Issue Closing Date; provided however, for Anchor Investors, the Pay-in-Period shall mean Anchor Investor Bid/ Issue Date and extending until two Working Days after the Bid/ Issue Closing Date, in the event the Anchor Investor is required to pay any additional amount due to the Issue Price being higher than the Anchor Investor Issue Price |
| Price Band | The price band of a minimum price ("Floor Price") of ₹ [•] and the maximum price ("Cap Price") of ₹ [•] and includes revisions thereof. The price band and the minimum Bid lot size will be decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Manager and advertised in an English newspaper, Hindi newspaper and Bengali newspaper with wide circulation at least two (2) Working Days prior to the Bid/ Issue Opening Date |
| Pricing Date | The date on which our Company and the Selling Shareholder in consultation with the BRLM finalizes the Issue Price |
| Prospectus | The Prospectus, to be filed with the ROC in accordance with section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information |
| Public Issue Account | An account opened with the Bankers to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date |
| QIB Portion | The portion of the Issue being up to 3,375,000 Equity Shares of ₹ 10 each being not more than 50% of the Issue to be allotted to QIBs and includes the Anchor Investor Portion |
| Qualified Institutional Buyers or QIBs | (i) Mutual fund, venture capital fund and foreign venture capital investor registered with SEBI;<br>(ii) FIIs and their sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual;<br>(iii) Public financial institutions as defined in Section 4A of the Companies Act;<br>(iv) Scheduled commercial banks;<br>(v) Multilateral and bilateral development financial institutions;<br>(vi) State industrial development corporations;<br>(vii) Insurance companies registered with the Insurance Regulatory and Development Authority;<br>(viii) Provident funds with minimum corpus of ₹ 250 million;<br>(ix) Pension funds with minimum corpus of ₹ 250 million;<br>(x) National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;<br>(xi) Insurance funds set up and managed by the army, navy, or air force of the |

| Term | Description |
|---|---|
| | Union of India; and<br>(xii) Insurance funds set up and managed by the Department of Posts, India |
| Red Herring Prospectus/ RHP | The red herring prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It will be filed with the ROC at least three days before the opening of this Issue. It will become a Prospectus after filing with the ROC, after the Pricing Date |
| Refund Account | The account opened with Escrow Collection Bank(s), from which refunds, (excluding to the ASBA Bidders) if any, of the whole or part of the Bid Amount to Bidders shall be made |
| Refund Bank(s) | [●] |
| Refunds through electronic transfer of funds | Refunds through NECS, Direct Credit, RTGS or NEFT, as applicable |
| Registrar/ Registrar to the Issue | Registrar to this Issue, in this case being Link Intime India Private Limited |
| Retail Individual Bidders | Individual Bidders (including HUFs applying through their Karta and eligible NRIs does not include NRIs other than Eligible NRIs) who have Bid for an amount less than or equal to ₹ 200,000 in any of the bidding options in this Issue |
| Retail Portion | The portion of the Issue being not less than 2,362,500 Equity Shares of ₹ 10 each, being not less than 35% of the Issue, available for allocation to Retail Individual Bidder(s) |
| Revision Form | The form used by the Bidders excluding ASBA Bidders, to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s) |
| Self Certified Syndicate Bank (SCSB) | SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Application Supported by Blocked Amount and recognized as such by the SEBI |
| Selling Shareholder | Clearwater Capital Partners (Cyprus) Limited having its principal office at 12, Esperidon Street, 4th Floor, CY-1087 Nicosia, Cyprus |
| Syndicate/ members of the Syndicate | The BRLM and the Syndicate Members |
| Syndicate Agreement | The agreement to be entered into between our Company, the Selling Shareholder and the Syndicate, in relation to the collection of Bids in this Issue (excluding Bids from the Bidders applying through ASBA process) |
| Syndicate Member(s) | An intermediary registered with SEBI to act as a syndicate member and who is permitted to carry on the activity as an underwriter, in this case being [●] |
| Transaction Registration Slip/ TRS | The slip or document issued by the Syndicate Members or an SCSB (only on demand) to the Bidders as proof of registration of the Bid |
| Underwriters | The BRLM and the Syndicate Members |
| Underwriting Agreement | The Agreement among the Underwriters, the Selling Shareholder and our Company to be entered into on or after the Pricing Date |
| Updated DRHP | The updated draft red herring prospectus submitted with SEBI upon incorporation of the observations of the SEBI on the DRHP |
| Working Days | All days other than a Sunday or a public holiday (except in reference to the Anchor Investors Bid/ Issue Date and announcement of Price Band and Bid/ Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business |

**TECHNICAL/INDUSTRY RELATED TERMS / BUSINESS RELATED TERMS / ABBREVIATIONS**

| Terms | Description |
|---|---|
| AIPMA | The All India Plastics Manufacturers Association |
| BMI | Business International Monitor |
| BOPP | Biaxially Oriented Polypropylene |
| Corporate Office | The corporate office of our Company situated at C 41-50, Sector 3, SEZ, Pithampur, Dist. Dhar 454775, Madhya Pradesh |
| CFM | Cubic Feet per Minute |
| DTA | Domestic Tariff Area |
| FIBC | Flexible Intermediate Bulk Containers |
| GMP | Good Manufacturing Practice |
| Ha | Hectare |
| HDPE | High Density Polyethylene |
| HIPS | High Impact Polystyrene |
| ICD | Inter Corporate Deposit |
| ISI | Indian Standards Institute |
| Kg | Kilograms |
| KL | Kilo Litre |
| KVA | Kilo Volt Ampere |
| LLDPE | Linear low-density polyethylene |
| LDPE | Low-density polyethylene |
| MT | Metric Tonnes |
| MTPA | Metric Tonnes per Annum |
| Mm | Millimetre |
| Mtrs/ mts | Metres |
| NHAI | National Highways Authority of India |
| PE | Polyethylene |
| PET | Polyethylene Terephthalate |
| PP | Polypropylene |
| PVC | Polyvinyl Chloride |
| PS | Polystyrene |

## PRESENTATION OF FINANCIAL INFORMATION AND MARKET DATA

### Financial Data

Unless stated otherwise, the financial information used in the DRHP is derived from our Company's restated standalone financial statements as of and for the year ended March 31, 2010, 2009, 2008, 2007, 2006 and for the half year ended September 30, 2010 and from our restated consolidated financial statements as of and for the year ended March 31, 2010, 2009 and 2008 and for the half year ended September 30, 2010 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with ICDR Regulations, included in the DRHP.

Our Company's financial year commences on April 1 of a particular year and ends on March 31 of the next year. Unless stated otherwise, references herein to a FY (e.g., FY 2010), are to the financial year ended March 31 of a particular year. In the DRHP, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP, International Financial Reporting Standards ("IFRS") and U.S. GAAP. Our Company has not attempted to quantify those differences or their impact on the financial data included herein and you should consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP restated financial statements (consolidated or standalone) included in the DRHP will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations on the financial disclosures presented in the DRHP should accordingly be limited.

### Currency of Presentation

All references to 'Rupees', 'Rs.' or '₹' are to Indian Rupees, the official currency of the Republic of India. One crore is the unit in the Indian numbering system representing 10 million or 100 lac and one lac is the unit in the Indian numbering system representing 100,000; thus, for example, ₹ 10 crore equals ₹ 100 million. All references to '$', 'US$', 'U.S. Dollars' or 'USD' are to United States Dollars, the official currency of the United States of America. All references to "GBP" or "£" are to the official currency of United Kingdom of Great Britain and Northern Ireland, together with its territories and possessions. All references to "Euro" or "€" are to the official currency of the member states of European Union. All references to "CHF" or "Franc" are to the official currency of Switzerland. All references to "JYP" or "Japanese Yen" or "¥" are to the official currency of Japan.

### Industry and Market Data

Market data used in the DRHP has been obtained from industry publications, articles and government reports. Industry publications and articles generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although our Company believes the market data used in the DRHP is reliable, it has not been independently verified. Similarly, internal Company reports, while believed to be reliable, have not been verified by any independent source.

## FORWARD-LOOKING STATEMENTS

The DRHP contains certain "forward looking statements". These forward looking statements can generally be identified by words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "should", "will pursue" and similar expressions or variations of such expressions.

Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement which include risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the monetary and fiscal 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 laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Disruption in raw material supply.
- Implementation risks involved in our expansion plans.
- Availability of labour.
- Continuation of tax benefits available to us.
- Our ability to successfully implement our strategy, growth and expansion plans.
- Our exposure to market risks.
- Exchange rate fluctuations.
- The outcome of legal or regulatory proceedings that we are or might become involved in.
- Contingent liabilities, environmental problems and uninsured losses.
- Non receipt / late receipt of Government approvals.
- Changes in government policies and regulatory actions that apply to or affect our business.
- Disruptions in our manufacturing facilities.
- Developments affecting the Indian economy
- Uncertainty in global markets

For further discussion of factors that could cause our actual results to differ, see the sections "Risk Factors", "Business Overview" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 12, 116 and 317, respectively of the DRHP. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Neither our Company, its Directors and officers, the Selling Shareholder, BRLM, nor members of the Syndicate or any of their respective affiliates or associates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, the Selling Shareholder and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of final listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

# SECTION II - RISK FACTORS

*An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in the DRHP, including the risks and uncertainties described below, before making any investment decision relating to the Equity Shares. If any of the following risks actually occur, the business, operations, financial condition and prospects could suffer and the market price of the Equity Shares could decline and you may lose all or part of your investment. These risks and uncertainties are not the only issues that we face; additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our business, results of operations and financial condition. To obtain a complete understanding, this section should be read in conjunction with the sections "Forward- Looking Statements", "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 11, 116 and 317 of the DRHP.*

*Prior to making an investment decision, prospective investors should carefully consider all the information contained in the DRHP, including the financial statements beginning from page 218. The financial data in this section is as per our Company's restated financial statements prepared in accordance with Indian GAAP.*

*Unless specified or otherwise stated in the relevant risk factors set forth below, our Company is not in a position to quantify the financial or other implications of any risks mentioned in this section.*

## Materiality

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

(i) Some events may not be material individually, but may be found material collectively.
(ii) Some events may have material impact qualitatively instead of quantitatively.
(iii) Some events may not be material at present but may have material impact in the future.

The risk factors are as envisaged by the management. Wherever possible, the financial impact of the risk factors has been quantified.

## INTERNAL RISK FACTORS

1. ***There are certain criminal proceedings pending against our directors, Mr. Manish Kalani and Mr. Pawan Kumar Jain, which if determined against them, could have a material adverse effect on our operations and reputation. Further Mr. Manish Kalani, Mr. Ravindra Chaurasia and Mr. Pawan Kumar Jain, our directors have received notices from the income tax department.***

   Our Managing Director, Mr. Manish Kalani is party to a criminal proceeding relating to the accidental death of a contract labourer. The proceeding has been initiated under section 44 of the Building & Other Construction Workers (Regulation of Employment & Condition of Services) Act, 1996.

   A Report registered under section 154 of the Criminal Procedure Code, 1973 has been lodged against our Managing Director, Mr. Manish Kalani and others by Mr. Mahesh Garg on July 9, 2008 before the Director General of Economic Offence Wing, Bhopal and the Superintendent of Police, Economic Offence Wing, Indore in relation to the change of use of land situated at 11, M. G. Road, Indore from residential to commercial by a Government notification and advising taking cognizance of offences under section 13(1)(a)(d)(e) and section 13(2) of Prevention of Corruption Act, 1988 read with sections 120B, 420, 467, 468 and 471 of the Indian Penal Code, 1860. It was alleged that the use of the land on which a mall was constructed was changed by the government to favour the project. The matter is pending before the Director General of Police and Superintendent of Police, Economic Offence Wing.

   Our Director, Mr. Pawan Kumar Jain, is party to a criminal proceeding in the capacity of an occupier of one of our factories. The proceeding has been initiated under the Factories Act, 1948 in respect of the accidental death of an employee of our Company.

Further, Mr. Manish Kalani, Mr. Ravindra Chaurasia and Mr. Pawan Kumar Jain have received notices from the income tax department calling upon them to provide certain information and documentation.

No adverse orders have been passed against our Directors in the above matters. However, should an adverse order be passed in any of the proceedings, our operations and reputation could be adversely affected. For further details on the said proceedings please refer to the section "Outstanding Litigations and Material Developments" beginning on page 361 of the DRHP.

2. ***There are certain outstanding legal proceedings that our Company, Promoters, Group Companies and Subsidiaries are party to, which, if determined against us, could have a material adverse impact on our operations.***

Our Company, Promoters, Group Companies and Subsidiaries are party to various legal proceedings including suits, labour related proceeding, employee claims, etc. These proceedings are pending at different levels of adjudication before the appropriate forum and if determined against us, could have a material adverse impact on our operations. The table below summarises the legal proceedings that we are involved in:

Legal proceedings initiated against our Company, Promoter, Group companies and Subsidiaries:

(₹ in Million)

| Category | Our Company | | Promoters | | Group Companies | | Subsidiaries | |
|---|---|---|---|---|---|---|---|---|
| | No. | Amount Involved (where quantifiable) | No. | Amount Involved (where quantifiable) | No. | Amount Involved (where quantifiable) | No. | Amount Involved (where quantifiable) |
| **Criminal proceedings** | - | - | - | | - | - | - | - |
| **Civil / Arbitration proceedings** | | | - | | 2 | Not Quantifiable | - | - |
| **Tax proceedings** | 3 | 1.45 | 1 | Not Quantifiable | | | - | - |
| **Other proceedings** | 4 | 0.50 | - | - | | | - | - |
| **Notices** | 10 | 26.64 | 2 | Not Quantifiable | 8 | 0.06 | 1 | Not Quantifiable |

Legal proceedings initiated by our Company, Promoter, Group companies and Subsidiaries:

(₹ in Million)

| Category | Our Company | | Promoters | | Group Companies | | Subsidiaries | |
|---|---|---|---|---|---|---|---|---|
| | No. | Amount Involved (where quantifiable) | No. | Amount Involved (where quantifiable) | No. | Amount Involved (where quantifiable) | No. | Amount Involved (where quantifiable) |
| **Criminal proceedings** | 2 | 0.10 | 1 | 0.70 | - | - | - | - |
| **Civil / Arbitration proceedings** | 1 | 0.58 | 8 | 219.09 | 1 | 2.18 | 1 | 0.21 |
| **Tax proceedings** | 6 | 3.66 | 7 | 4.12 | 5 | 42.12 | 1 | 2.91 |
| **Other proceedings** | - | - | - | - | 1 | Not Quantifiable | - | - |
| **Notices** | 2 | Not Quantifiable | - | - | - | - | - | - |

For further information relating to these proceedings, please refer to the section "Outstanding Litigations and Material Developments" beginning on page 361 of the DRHP.

3. ***The purposes for which the proceeds of the Fresh Issue are to be utilized have not been appraised by any bank or financial institution. In the event of any upward revision in the estimates, our proposed expenditure would increase which could adversely affect our results of operations, profitability and our ability to effectively implement our business plans.***

   We intend to use the proceeds that we receive from the Fresh Issue for the purposes described in section "Objects of the Issue" beginning on page 76 of the DRHP. The estimated project cost has not been appraised by any bank or financial institution. The fund requirements are based on management estimates and on current market conditions. In view of the competitive nature of our industry, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our project expenditure programmes or increase in our proposed expenditure for our project and which may adversely affect our results of operations profitability and our ability to effectively implement our business plans.

   Further, the utilization of the proceeds from the Fresh Issue will be monitored by our Board and is not subject to any monitoring by any independent agency.

4. ***Our Company is yet to place orders towards expansion of manufacturing facilities at our SEZ and DTA units at Pithampur and for setting up Dripper Project at Kashipur. Any delay in placing of such orders or delay in supply of plant and machinery in particular, may lead to time and/or cost overruns which would adversely affect our business operations, financial condition and profitability.***

   Our Company proposes to incur expenditure amounting to ₹ 270.29 million towards expansion of manufacturing facilities at our SEZ and DTA units at Pithampur and for setting up Dripper Project at Kashipur. We are yet to place orders or to enter into contracts for the total estimated cost of the above projects. Delay in placing of such orders, may lead to time and/or cost overruns and would consequently adversely affect our business operations, financial condition and profitability. For further details, please refer to the section "Objects of the Issue" on page 76 of the DRHP.

5. ***Our Company is proposing to enter into a new segment of manufacturing injection moulded products for drip irrigation systems and proposes to utilise a part of the Fresh Issue proceeds for the same, the success of which cannot be assured.***

   We propose to utilise a part of the Fresh Issue proceeds for the manufacture of injection moulded products for drip irrigation systems as mentioned in the section "Objects of the Issue" beginning on page 76 of the DRHP. Our Company has no track record or prior experience in the manufacture of injection moulded products. There can be no assurance that this proposed venture would be successful and may expose us to managerial, technical and logistical challenges. Any failure on our part to meet such challenges could disrupt our business plans and may have a material adverse effect on our business, prospects, results of operations and financial condition.

6. ***Our exports to US and Europe contributed 61.69 %, 78.49% and 72.05% of our total revenues for FY 2010, 2009 and 2008 respectively. Any change in the policies governing the packaging industry and /or an economic slowdown in these regions may affect our financial condition and business operations.***

   Based on our restated consolidated financial statements for the financial years 2010, 2009 and 2008, 61.69%, 78.49% and 72.05% of our total revenues was contributed by exports to US and Europe. In the event of change in policies or laws in these regions with respect to Environment, Health and Safety (EHS) norms, quality standards, branding or restrictions on usage of certain products/raw materials, our financial condition and business operations may be adversely affected. Further, in the event of any economic slowdown in these regions, our customers may reduce or postpone the orders significantly, which may negatively affect our revenues and profitability. Further any local social unrest, change in governmental policies and natural disaster in and around these regions could have a material adverse effect on our business, financial position and results of operations.

7. ***We have sought for a condonation of delay from the Reserve Bank of India in respect of delay in filing Form FC GPR pertaining to the allotment of 85,114 Equity Shares to Pack Plast Limited Pte, Singapore. In the event that the RBI does not condone the delay, we may be subject to penalties.***

   As per the provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, in the event of a company allotting any securities to a non resident, such company is required to file with its authorised dealer, Form FC GPR within 30 days of such allotment. Our Company had received from Pack Plast Pte Limited, Singapore monies in three tranches towards subscription of our Equity Shares. The monies were received over a period of five months. In respect of an allotment of 85,114 Equity Shares made in favour of Pack Plast Pte Limited against the monies received, our Company had filed Form FC GPR with the authorised dealer after a period of 55 days from date of allotment. Hence, an application seeking the condonation of delay was filed with the Reserve Bank of India on March 4, 2011. Further, the exchange control regulations stipulate that capital instruments be issued within 180 days of receipt of subscription amounts from a non resident, failing which the consideration so received must be refunded immediately. In the present case although a period of 180 days had elapsed since receipt of the first and second tranches of the subscription consideration, the same was not refunded to Pack Plast Pte Limited nor were capital instruments issued towards the amounts received within the said period of 180 days as such amounts received were in partial payment of the consideration for the issuance of the Equity Shares. However, our Company issued the Equity Shares within the stipulated period of 180 days from date of receipt of the last tranche of the consideration. In the event that the RBI does not condone the delay, we may be subject to penalties.

8. ***Any inability on our part to maintain quality standards or keep pace with the technological developments could adversely impact our business, results of operations and financial conditions.***

   Quality control is a vital element for our sector. Our business is dependent on the trust our customers have in the quality of our products. The products we manufacture must meet our customers' quality standards. Although we have put in place strict quality control procedures, we cannot assure that our products will always be able to satisfy our customers' quality standards. Any negative publicity regarding our Company, or products, including those arising from a drop in quality of our products from our vendors, or any other unforeseen events could adversely affect our reputation, our operations and our results from operations.

   Any rapid change in our customers' expectation on account of changes in technology or introduction of new products or for any other reason and failure on our part to meet their expectation could adversely affect our business, result of operations and financial condition. We believe that we have always expanded our capacities and/or introduced new products based on latest technology to cater to the growing demand of our customers. We also believe that to meet our clients' needs, we must regularly update our existing technology and acquire or develop new technologies on a continuous basis. Our failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect our business and financial results.

9. ***We will not receive any proceeds from the Offer for Sale as disclosed in the Objects of the Issue.***

   This Issue includes an Offer for Sale of up to 2,250,000 Equity Shares by the Selling Shareholder. The proceeds of the Offer for Sale will be paid to the Selling Shareholder and we will not receive any part of such proceeds. We will have access only to the Fresh Issue proceeds. For further details on the objects of the Issue, please refer to the section "Objects of the Issue" beginning on page 76 of the DRHP.

10. ***Delays, if any, in the implementation of the project for which the funds are being raised in the Fresh Issue may have an adverse effect on our business, financial condition and results of operations***

    The success of our business depends mainly on our ability to effectively implement our business and growth strategy. Whilst we will try to successfully implement the schedule as per the plans, there may be unforeseen circumstances which may cause unnecessary delays in the implementation of the proposed project and there can be no assurance that we will be able to implement our strategy on time and within the estimated budget. Our capital expenditure plans are subject to a number of variables, including construction/development delays or defects; force majeure events, unanticipated cost increases amongst others, any of which could delay our implementation schedule. Failure to complete the project according to its specifications or schedule, if at all, may give rise to potential liabilities and / or cost overruns and as a result, our returns on investments may be lower than originally expected, which may have a material adverse impact on the business operations of our Company.

11. ***The Selling Shareholder will continue to have the right to nominate a Director on our Board after the listing of the Equity Shares in the Issue.***

    Pursuant to a Termination Agreement dated February 24, 2011 entered into inter alia amongst our Company and the Selling Shareholder, the Selling Shareholder is entitled to nominate a director on our Company's board and such right shall continue as long as the Selling Shareholder holds at least 5% of the issued and paid up capital of our Company. Currently, Mr. Aswini Sahoo is the nominee Director of the Selling Shareholder on our Board.

    Further, while the decisions of the Board are taken by a simple majority, the affirmative vote of the Selling Shareholder shall be required for deciding on matters relating to (i) Any merger, de-mergers, spin-offs, consolidations, re-organization or any scheme of arrangement under section 391-394 of the Companies Act, 1956 in relation to our Company; (ii) amendment of the Memorandum and Articles of Association of our Company; (iii) changes in the capital structure of our Company including the terms and conditions for the listing or de-listing of the Equity Shares of our Company, issuance of any equity, preference, convertible securities (warrants/debenture), or any buy-back or reduction of the share capital of our Company and including changes in class rights for shares (directly or indirectly); and (iv) Any major project undertaken by our Company which (a) envisages an investment of more than ₹ 2500 million; and (b) has an IRR of less than 20%. Further, for constituting quorum for the meetings of the Board the attendance of the nominee director of the Selling Shareholder is required. However, in accordance with the terms of the agreement dated February 24, 2011, the affirmative voting rights and the quorum rights as detailed herein shall cease to be in force effective two days prior to the filing of the Updated DRHP.

    For further details, please refer to the section "History and Certain Corporate Matters" beginning on page 145 of the DRHP. The interests of the Selling Shareholder may differ from the management of our Company and the Selling Shareholder may choose to exercise its rights in a manner that would represent the Selling Shareholder's best interests.

12. ***We are subject to foreign currency exchange rate fluctuations which could have a material adverse effect on our financial conditions.***

    We incur expenses in foreign currencies during the normal course of business. Such expenses are incurred in purchasing products from our global suppliers at prices which are mutually agreed upon. Further, on the export of our products we receive sale proceeds in foreign currency. Changes in the value of currencies with respect to the Rupee may cause fluctuations in our operating results expressed in Rupees and a possible appreciation of the foreign currencies with respect to the Rupee may have an unfavorable impact on such results in case of purchase of raw material from global players and vice versa in case of fall in the value of the foreign exchange for the purpose of receive sale proceeds for sale of goods. In the course of normal business, we may cover foreign exchange risks using standard market instruments, however, we cannot assure that we will be able to effectively mitigate the adverse impact of currency fluctuations on our operating results.

13. ***Reduction or termination of tax incentives and benefits available to our Company's units/facilities established in Special Economic Zone and other tax exempted areas would adversely impact our tax liabilities.***

    Our Company has established its facilities at Pithampur SEZ and Kashipur (tax exempted area). A SEZ unit in India is entitled to certain tax incentives and benefits, detailed in the section "Statement of Tax Benefits" beginning on page 88 of the DRHP, subject to the fulfilment of the terms and conditions imposed by the SEZ authorities. Similarly our Company's unit at Kashipur is entitled to certain tax incentives and benefits, subject to the fulfilment of the terms and conditions. In the event our Company fails to comply with the said terms and conditions, our Company will not be entitled to such tax incentives and benefits which may have an adverse effect on our results of operations and financial condition. Further, our Company cannot assure you that the Indian Government will not enact laws in the future that would adversely impact the tax incentives and benefits and consequently, the tax liabilities and profits of our Company. As proposed in the Union Budget for 2011-12, units located in SEZ may have to pay Minimum Alternate Tax (MAT) from FY 2012 which may adversely affect our profitability.

14. ***The approval of the Reserve Bank of India for the sale of Equity Shares by the Selling Shareholder as part of this Issue is pending. In the event our Company is unable to receive the requisite approval from RBI the same will adversely affect the Issue.***

As the Selling Shareholder is a non resident entity, the prior approval of the Reserve Bank of India for the sale of Equity Shares as part of this Issue is required to be obtained. In this regard, our Company has vide an application dated March 21, 2011 sought the approval of the RBI for the sale of up to 2,250,000 Equity Shares by way of an Offer for Sale by the Selling Shareholder for sale in the Issue and the same is pending approval. Failure or delay in obtaining the said approval would adversely affect the Issue.

15. ***As on September 30, 2010, contingent liabilities not provided for on a consolidated basis aggregate to ₹811.05 million. In the event that such liabilities materialise, our financial condition may be adversely affected.***

As on September 30, 2010 contingent liabilities not provided for appearing in our consolidated financial statements, as restated aggregated to ₹ 811.05 million and the following table gives the details of such contingent liabilities:

(₹ in Million)

| Particulars | As at September 30, 2010 |
|---|---|
| Estimated Amount of Contract remaining to be executed | 68.13 |
| Bank guarantee Outstanding | 87.20 |
| Corporate guarantees-Other Companies | 4.55 |
| Letter of credit | 486.62 |
| Foreign Bills Discounted | 55.78 |
| Forward Contracts | 93.37 |
| Sales Tax Entry Tax Matters | 3.65 |
| Income Tax Matters | 11.76 |
| **Total** | **811.05** |

If any or all of these contingent liabilities materialize, it could have a material adverse effect on our business, financial condition and results of operations. For further information on such contingent liabilities, please refer to the section "Financial Statements" beginning on page 218 of the DRHP.

16. ***We do not have long term contracts with our customers and substantial portion of our business comes from spot purchase orders and failure to procure such orders on a continuous basis could adversely impact our revenues and profitability.***

Substantial portion of our business is operated on the basis of spot purchase orders instead of long term contracts. We believe, that we have satisfactory business relations with our customers and have received continued business from them in the past but there is no certainty that the same will continue in the future, which could materially affect our business, results of operations and financial condition.

17. ***Our Company has not entered into any supply agreement for the major raw materials required for manufacturing of our products and are exposed to risks relating to fluctuations in commodity prices and shortage of raw material.***

Raw material costs are dependent on commodity prices, which are subject to fluctuations. There can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. If we experience a significant or prolonged shortage of raw materials from any of our suppliers and we cannot procure the raw materials from other sources, we would be unable to meet our production schedules in a timely fashion, which would adversely affect our sales, margins and customer relations. In the absence of such supply agreements, we cannot assure that a particular supplier will continue to supply raw materials to us in the future. In the event the prices of such raw materials were to rise substantially or if imports were to be restricted in any manner, we may find it difficult to make alternative arrangements for supplies of our raw materials, on the terms acceptable to us, which could materially affect our business, results of operations and financial condition.

18. ***An application under Section 621A of the Companies Act has been submitted seeking the compounding of offences committed under section 212 of the Companies Act. The same is pending disposal.***

As per the provision of Section 212 of the Companies Act, every company is required to attach to its balance sheet, a copy of the balance sheet, profit and loss account, director's report and auditor's report of each of its subsidiaries. Our Company had for the financial years ended 2008, 2009 and 2010, failed to comply with the requirements of Section 212 of the Companies Act. Accordingly, an application seeking the compounding of the offences committed was filed on February 5, 2011 and is pending before the appropriate authority. The liability or penalty that may be imposed by the authority is not quantifiable.

19. ***Introduction of alternative packaging materials caused by changes in technology or consumer preferences may affect demand for our existing products which may adversely affect our profitability and business prospects.***

Our products are used mainly by companies who require packaging materials for pharmaceutical, food, chemical and infrastructure industry. Our business is affected by change in technology, consumer preferences, market perception of brand, attractiveness, convenience, safety and environmental norms. Our ability to anticipate such changes and to develop and introduce new and enhanced products successfully on a timely basis will be key factor in our growth and business prospects. There can be no assurance that we will be able to keep pace with the technological advances that may be necessary for us to remain competitive.

Further, any substantial change in preference of consumers who are end users of our products will affect our customers' businesses and, in turn, will affect the demand for our products. Any failure to forecast and/or meet the changing demands of packaging businesses and consumer preferences may have an adverse effect on our business, profitability and growth prospects.

20. ***In the event of any shortfall in the Fresh Issue proceeds to be utilised towards the Objects of the Issue, such deficit shall be met through our internal accruals. In case such internal accruals are not sufficient to meet such deficit, the implementation of our proposed projects may be delayed, which in turn would adversely affect our business and financial condition.***

We propose to fund the shortfall, if any, in the Fresh Issue proceeds from our internal accruals. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; including availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, among others. In case of any variations in the actual utilization of funds earmarked for the above activities or increased fund deployment for a particular activity and our Company is unable to meet such shortfall through internal accruals, the implementation of our proposed projects may be delayed. Such delay would adversely affect our business operations and financial condition.

21. ***We have submitted eight patent applications for registration in respect of our products which are pending before the authorities. Till such time that these patent applications are approved and registered in our favour, we may not be able to effectively protect our rights vis-à-vis the same.***

We have submitted eight patent applications in respect of our products. Till such time that these patent applications are approved and registered in our favour, we will have only restricted legal recourse against any unauthorized use of the same. Competitors or potential competitors may also attempt to copy or reverse engineer aspects of our product lines or to obtain and use information that we regard as proprietary. If we are unable to maintain the security of our proprietary technology, it could adversely affect our results of operations. For further details please refer to the section "Government Approvals" beginning on page 383 of the DRHP

22. ***We have had negative cash flow from operating and investment activities as per restated financial statements. Any negative cash flow in the future would adversely affect our business, results of operations and financial condition.***

We had negative net cash flow from operating, investment and financing activities in FY 2006, 2007, 2008, 2009 and 2010 and for the half year ended September 30, 2010. Our cash flows from operating, investment and financing are further detailed in the table below:

(₹ in Million)

| Sr. No. | Particulars | FY 2006# | FY 2007# | FY 2008 | FY 2009 | FY 2010 | Half-Year ended 30.09.2010 |
|---|---|---|---|---|---|---|---|
| | | | Standalone | Consolidated | | | |
| A | Net Cash Flow from/(used in) Operating Activities | 100.76 | 206.05 | (20.85) | 545.64 | (55.90) | (172.09) |
| B | Net Cash Flow from(used in) from Investment Activities | (85.26) | (362.08) | (480.00) | (1,262.41) | (661.15) | (298.24) |
| C | Net Cash Flow from(used in) from Financing Activities | (11.35) | 163.81 | 504.96 | 810.77 | 741.34 | 457.07 |

*# Prior to April 1, 2007, our Company did not have any subsidiaries. Therefore, the amounts for the FY 2006, 2007 are from the Restated Standalone Financial Statements.*

There can be no assurance that our net cash flow from operating and investment activities will be positive in the future. Any negative cash flows from operating and investment activities in future would adversely affect our business, results of operations and financial condition. For further details please refer to the section "Financial Statements" beginning on page 218 of the DRHP.

23. ***The operations of our Company are subject to manufacturing risk and may be disrupted by failure in the facilities. These liabilities and costs could have a material adverse effect on our business, results of operations and financial condition.***

Due to the nature of the business we are required to be compliant with requisite safety requirements and standards. Our manufacturing facilities are subject to operating risk arising from compliance with the directives of relevant government authorities. The operations of our Company are also subject to operating risks, such as breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, earthquakes and other natural disasters and industrial accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment and environmental damage. Such operating risks may result in non compliance with government regulations, property damage and personal injury which may result in the imposition of civil and criminal penalties, which may adversely affect public perception about our operations and the perception of our suppliers, clients and employees.

Our Company has obtained insurance policies for covering risks such as break down of machinery, fire policy, money policy, marine cargo policy etc. Further, in the event of any force majeure event or such other event which is not covered under our various policies, we shall have to cover ourselves from our internal accruals which can have a material adverse effect on our business operations.

***24. We may be held liable for claims of or from customers on account of any deficiency in the services or manufacturing defects in the products supplied to our customers including penalty for delay in implementation of purchase orders.***

We may be exposed to claims for manufacturing defects in the products supplied under certain customer purchase orders. The quality-control procedures may fail to test for all possible conditions of use or identify all defects in the design, engineering or specifications of the products. Any such defects could require us to undertake service actions or product recalls. These actions could require our Company to expend considerable resources in correcting these problems and could adversely affect demand for the products. Any defect in our Company's products could also result in customer claims for damages. Further, we do not have any defect liability insurance on the products to mitigate the said risk. As a result, our Company may face and be liable for warranty claims for components manufactured by it. In defending such claims, our Company could incur substantial costs and receive adverse publicity which may adversely affect our financial conditions and results of operation.

***25. Our inability to fulfil our export obligations under the EPCG scheme and under the Advance License scheme could subject us to payment of customs duty together with interest and/or penalty, thereby adversely impacting our financial condition.***

We presently import and shall continue to import machinery, furniture and fittings under Export Promotion Capital Goods Scheme (EPCG Scheme). One of the conditions subject to which licenses under EPCG Scheme are granted is to achieve export obligations based on concession in import duty availed. Our total outstanding export obligations under the EPCG schemes and under the Advance License schemes as on January 31, 2011 aggregates to ₹ 827.73 million and ₹ 172.18 million respectively and any failure on our part to achieve the export obligations would subject us to payment of customs duty together with interest and/ or penalty which may adversely affect our financial condition. For further details, please refer to the section "Business Overview– Export Obligations" beginning on page 135 of the DRHP.

***26. We are dependent on third-party transporters for the supply of raw materials and delivery of our products to our customers and any disruption in the transport facility may adversely affect our business operations.***

Our Company is dependent on third-party transporters for the supply of raw materials to our manufacturing units and delivery of our products to our customers. Transport strikes by members of various Indian truckers' unions have taken place in the past and could take place in future, thereby causing an adverse effect on our timely receipt of supplies of raw materials and our ability to deliver our finished products to our customers on time, which could adversely impact our business and results of operation.

***27. We have applied for the renewal of certain licenses which are pending. Failure or delay in obtaining or renewal of the approvals may adversely affect our operations.***

In respect of our existing operations, we are yet to receive certain approvals and permissions from jurisdictional, statutory, regulatory and municipal authorities. A summary of such approvals for which we have applied for but not received are as under:

***Licenses and approvals relating to our SEZ unit***

(i) The consents issued by the Madhya Pradesh State Pollution Control Board under the Water (Prevention & Control of Pollution) Act, 1974 and the Air (Prevention & Control of Pollution) Act, 1981 expire on March 31, 2011. Our Company has on February 24, 2011 submitted an application seeking renewal of the same.

***Licenses and approvals relating to our DTA unit***

(ii) Our Company has obtained factory license bearing registration No. 101/12286/DHR/2 (m)(i). The same expired on December 31, 2010. Our Company has, vide letter dated November 26, 2010 sought for renewal of the same. The renewal of the license is pending;

(iii) The consents issued by the Madhya Pradesh State Pollution Control Board under the Water (Prevention & Control of Pollution Act, 1974 and the Air (Prevention & Control of Pollution Act, 1981 expire on March 31, 2011. Our Company has, vide an application dated March 8, 2011 sought for renewal of the same.

***Licenses and approvals relating to our unit at Kashipur***

(iv) The consent issued by the Uttarakhand State Pollution Control Board under the Air (Prevention & Control of Pollution Act, 1981 and the Water (Prevention & Control of Pollution) Act, 1974 granted vide letter dated November 23, 2009 expired on March 31, 2010. Our Company thereafter, submitted an application dated April 5, 2010 seeking renewal of the same. The renewal of the license is pending.

The licenses and approvals required to be obtained by us for the purpose of carrying on our existing and proposed businesses are granted by governmental or statutory authorities. The grant of these licenses and approvals are affected under the due processes and procedures as prescribed by the applicable governmental/ municipal rules and regulations. Further, the grant of the licenses are contingent upon the satisfaction of certain norms and conditions as may be prescribed by the relevant authority as well as an inspection of our Company's facilities. Consequently, there may be a substantial amount of delay in the receipt of the required approvals.

Though we believe that we have obtained those permits and licenses which are adequate to run our business, we cannot assure that there is no other statutory/regulatory requirement which we are required to comply with. Further, some of these approvals are granted for fixed periods of time and need renewal from time to time. We are required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue any of such permits or approvals in time or at all.

Failure or delay in obtaining approvals or failure by us to renew, maintain or obtain the required permits or approvals in time may result in the interruption of our operations and may have a material adverse effect on our business. Further, the appropriate authorities may initiate penal action against us, restraining our operations, imposition of fines/ penalties or initiating legal proceedings. Consequently failure or delay to obtain the above approvals could have a material adverse effect on our business, financial condition and profitability.

***28. We have, in the last twelve months, issued Equity Shares at prices that may be lower than the Issue Price.***

We have in the last twelve months issued Equity Shares at prices that may be lower than the Issue Price as under:

| Date of Allotment | Number of Equity Shares | Face Value (₹) | Issue Price (₹) | Consideration | Name of Allottee |
|---|---|---|---|---|---|
| July 14, 2010 | 640,000 | 10 | 118.00 | Cash | Kalani Industries Private Limited |
| September 20, 2010 | 233,000 | 10 | 118.00 | Cash | Kalani Industries Private Limited |
| December 31, 2010 | 195,000 | 10 | 118.00 | Cash | Kalani Industries Private Limited |
| February 24, 2011 | 4,486,492 | 10 | 102.53 | Conversion of FCDs | Clearwater Capital Partners (Cyprus) Limited |

For further details regarding such issuances, please refer to the section "Capital Structure" beginning on page 57 of the DRHP.

***29. Competition from other domestic producers and unorganized sector may adversely affect our competitive position and our profitability.***

We face competition from other existing organized and unorganized domestic producers and potential entrants to the industry in which we operate. Players in this market generally compete with each other on key attributes such as technical competence, quality of products and services, pricing and track record. We expect that the competition could increase with new entrants coming into this industry and existing players consolidating their positions. Some of our competitors may have access to significantly greater resources and hence the ability to compete more effectively.

As a result of competition, we may have to price our products at levels that reduce our margins and/or increase our capital expenditures in order to differentiate ourselves from other players and/or increase our advertising and distribution expenditures, all of which may adversely affect our profitability.

Further, we cannot assure that our competitors will not develop or gain access to the information relating to our manufacturing processes and/or technical know-how. The occurrence of any of those events could have a material adverse effect on our ability to compete against our competitors, which would have an adverse impact on our business and financial performance.

30. ***Industry in which we operate does not have a unified code or legislation and is regulated by various rules and regulations passed by governmental and municipal bodies. Any changes to such rules and regulations or failure to comply with the same, may have an adverse effect on our business and results of operations***

Our industry is regulated by different laws, rules and regulations framed by the Central and State Government in various fields. However, there is no single legislation or unified code which governs our industry and hence we have to depend on the various circulars, notifications, laws and regulations passed by governmental and municipal authorities. These laws and regulations may be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses in complying with such laws and regulations, which could materially and adversely affect our business. Any such changes and the related uncertainties with respect to the implementation of the new regulations, or our inability to obtain these approvals and licenses or perform such requirements and conditions on time or at all, may have an adverse effect on our business and results of operations. In addition, we may have to incur capital expenditures to comply with any new regulations, which may also harm our results of operations.

31. ***The nature of our business subjects us to Environmental, Health and Safety (EHS) norms which are stringent in nature and any non compliance may make us liable to penalties which may adversely affect our results of operations.***

We are subject to various central, state and local EHS norms concerning issues such as damage caused by air emissions, wastewater discharges, solid and hazardous waste handling and disposal. These laws impose liability for non-compliance with health and safety regulations norms.

While we believe that our facilities are in compliance in all material aspects with EHS norms, additional costs and liabilities related to compliance with such norms are an inherent part of our business. We could also be subject to substantial civil and criminal liability and other regulatory consequences in the event any of our operations results in contamination of the environment, including the spread of any infection or disease. Further, if as a result of implementation of compliance related measures or non-compliance with EHS norms in any of our units, the operations of such units are suspended, it could have an impact on our operations and profits.

32. ***We operate in a labour intensive industry and any labour disruptions would significantly hamper our manufacturing operations which would adversely affect our business operations.***

We are exposed to the risk of strike and other industrial actions. As on January 31, 2011, our Company has 5,065 employees employed in various divisions and we believe that we enjoy a good relationship with our employees. We may experience strike, work stoppage or other industrial action in the future and any such strike, work stoppage or industrial action could disrupt our operations, which may have a material adverse effect on our business and results of operation.

33. ***Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins.***

The industry we operate in is a labour intensive industry and employee compensation is one of the major components of our manufacturing cost. Wage costs in India have historically been significantly lower than the wage costs in the developed countries. Rapid economic growth in India and increased demand for skilled and semi-skilled workers in India has resulted in the increase of wages for comparable employees in India at a faster rate. Such wage increase in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins.

Further, many of our employees receive salaries that are linked to minimum wage laws in India and any increase in the minimum wage in any state in which we operate could significantly increase our operating costs. The buoyancy in the Indian packaging industry with the opening up of global trade may lead to an increase in wage costs, which could result in increased cost for packaging professionals. This could impact our performance and margins and may result in a material adverse effect on our business.

***34. Mishaps or accidents at our Company's facilities may lead to property damages, property loss and accident claims for which the insurance cover taken by our Company may not be sufficient to cover all material losses thereby adversely affecting our performance.***

Our Company has insured itself against certain eventualities including against property damages, loss of assets, theft, natural calamities. While we believe that we have adequate and appropriate insurance coverage to take care of certain contingencies, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully or in part or will be paid on time. We cannot assure that we have taken out sufficient insurance to cover all material losses. To the extent that we suffer loss or damage for which we do not obtain or maintain insurance, that is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and thus our results of operations and financial performance could be adversely affected.

***35. Our business is capital intensive and requires funding to finance/ part finance our growth and operations. If we experience insufficient cash flows or are unable to obtain the necessary funds to allow us to make required payments on our debt or fund working capital requirements, there may be an adverse effect on our results of operations***

Our business requires significant amount of capital whether by debt or otherwise to keep pace with our growth plans and day to day operations. As at September 30, 2010, on a consolidated basis, we had outstanding secured loans of ₹ 2,863.42 million and unsecured loans of ₹ 491.50 million. In the event that we are unable to procure capital including debt in a timely manner or at terms that are acceptable to us, our growth and business operations may be adversely affected.

***36. There are certain restrictive covenants in the agreements which our Company has entered into with certain banks and financial institutions, which may limit our flexibility in managing our business. Further, we are yet to receive the no objection from certain lenders for the Issue. Failure or delay in obtaining the same would adversely impact the Issue.***

Our Company has entered into agreements with certain banks for long term/short term borrowings for which our Company's fixed assets and/or immovable properties have been charged. Some of these agreements contain restrictive covenants that require our Company to obtain prior permission from the concerned banks/financial institutions prior to undertaking activities such as new projects, diversification, modernization, issue of Equity Shares, change in capital structure, change in management, reduction in Promoters' existing shareholding, declaration of dividend etc. We cannot assure that such consent will be forthcoming. Some of these restrictive covenants may affect some or all of the rights of the shareholders. For further details please refer to the section "Financial Indebtedness" beginning on page 336 of the DRHP.

Our Company has received no objection for the Issue from Axis Bank Limited, The Hong Kong and Shanghai Banking Corporation Limited, Punjab National Bank, Central Bank of India and State Bank of Patiala. However, our Company is yet to receive the no objection for the Issue from State Bank of India and UCO Bank Limited. Failure or delay in obtaining the same would adversely impact the Issue.

37. ***Our assets have been charged in favour of our lenders. Any breach of terms and conditions of the loan agreements may result in alienation of such assets in favour of lenders.***

We have availed of financial assistance and credit facilities from various banks and financial institutions. As security for such financial assistance and credit facilities, the lenders have created a charge on our fixed assets and receivables and inventories. Failure to repay the loans or adhere to the terms and conditions of the loan agreements, the lenders inter alia, have the right to dispose of the assets and receivables charged. Consequently, in the event we are in breach of the loan agreements, the ensuing rights available to the lenders may adversely affect our business and operations.

38. ***Our Company has taken unsecured loans which may be recalled at any time. Consequently, our financial condition may be adversely affected.***

Our Company as on September 30, 2010 has, on a consolidated basis, availed of unsecured loan to tune of ₹ 491.50 million. Unsecured loans are repayable on demand and may be recalled by the lenders at any time without notice, or with short notice, upon default or otherwise. If the lenders exercise their right to recall the said loans, the same could have an adverse affect on the financial position of our Company.

39. ***Our Company may be subject to anti dumping duties, which may adversely impact our financial condition.***

The countries to which we export our products may impose anti dumping duties on such products exported by us. We may be required to pay additional duty on the products exported by us, or we may not be able to export such products in future to such countries which may adversely affect our financial condition.

40. ***In addition to the employees on our rolls, we also engage contract labour which requires us to comply with the applicable regulations, the non-compliance of which, may subject us to penalties which may have adverse financial implications.***

We appoint contractors who in turn engage on-site contract labour for performance of our low skill operations. Any contravention under the Contract Labour (Regulation and Abolition Act), 1970 is punishable with imprisonment for a term which may extend to three months, or with fine which may extend to one thousand rupees, or with both and in the case of a continuing contravention with an additional fine which may extend to one hundred rupees for every day during which such contravention continues after conviction for the first such contravention. If we fail to renew or obtain the contract labour registration in a timely manner, we may be exposed to penalties which may adversely affect our business.

Although our Company does not engage contract labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such requirement to fund wage requirements and/or order from a regulatory body or court requiring us to absorb such contract labourers may have an adverse effect on our results of operations and financial condition.

41. ***Our success depends largely on our senior management and key personnel. Our inability to attract and retain them could adversely affect our business.***

Our success depends on the continued services and performance of the members of our management team and other key employees. If one or more members of our senior management team or key employees were unable or unwilling to continue in their present positions, our business could be adversely affected. Attracting and retaining scarce top quality managerial talent is becoming a serious challenge. Competition for senior management in the industry in which we operate is intense and we may not be able to retain our existing senior management or attract and retain new quality managerial talent.

42. ***Documents pertaining to certain immovable properties occupied on license or lease basis suffer from irregularities in title. Consequently, unless the defects are rectified, the said documents may be inadmissible as evidence in a court of law,***

The leave and license agreements or lease agreements pertaining to some of our premises have not been registered under the provisions of the Registration Act, 1908 and/or have not been stamped in accordance with the applicable stamp acts. Consequently, the said documents may be inadmissible as evidence in a court of law, unless the defects are rectified. Further, any claim by the owners of such premises or termination of our occupancy may disrupt our operations. In the event that we are unable to locate suitable alternate premises on terms that are favourable to us, our business operations may be adversely affected.

43. ***Few of our facilities and offices are situated on leasehold properties and we are subject to the risks, including non-renewal, termination and disputes, associated with such contracts which could have an adverse affect on our business operations.***

We have entered into lease/leave and license agreements for most of our manufacturing facilities and offices. These agreements may not be renewed when they expire and in some events may be terminated prior to their expiration. Moreover, since the arrangements are subject to renewal from time to time on mutually agreeable terms, there may be an increase in lease rentals payable. Failure to renew such said lease/leave and license agreements would adversely impact our business operations, financial condition and profitability. For further details in respect of the said agreements please refer to the section "Business Overview – Property" beginning on page 136 of the DRHP.

44. ***There exists a potential conflict of interest between our Company and our Promoter, Sanovi Trading Private Limited and our Group Company, Pusti Trading Private Limited which may adversely affect our business.***

The main objects of our Promoter, Sanovi Trading Private Limited and our Group Company, Pusti Trading Private Limited are similar to the main object of our Company. Presently, Sanovi Trading Private Limited and Pusti Trading Private Limited do not carry on any business that is similar to our business. However, in the event that either of these companies, engage in any business similar to that of our Company in the future, there would arise a potential conflict of interest between our Company and these entities

45. ***You will not be able to trade any of the Equity Shares you purchase in the Issue immediately on allotment, on the Stock Exchanges.***

The Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain corporate actions must be completed before the listing and trading of the Equity Shares. As per current ICDR Regulations, we are required to ensure the listing and trading of the Equity Shares within 12 Working Days from the Bid/Issue Closing Date. Trading can only commence upon receipt of final trading approvals of the stock exchanges. However, there can be no assurance that trading in the Equity Shares will commence, within the time period specified above or at all.

46. ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows and capital expenditure and there is no assurance we will be able to pay dividends in the future.***

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows and capital expenditures. There can be no assurance that we will be able to pay dividends in the future as has been paid by us in the past.

For details on the dividends paid in the last 5 years please refer to the section "Dividend Policy" beginning on page 217 of the DRHP.

***47. Some of our Group Entities have incurred losses during recent financial years.***

The following of our Group Companies have incurred losses during the preceding three years.

(₹ in Million)

| Sr. No. | Name of the Company | Profit/ (Loss) after Tax for the period | | |
|---|---|---|---|---|
| | | FY 2008 | FY 2009 | FY 2010 |
| 1. | Seven Star Properties Private Limited | 0.09 | 1.77 | (0.25) |
| 2. | Anshuman Properties Private Limited | 0.65 | 1.89 | (1.07) |
| 3. | Sunrise Properties Private Limited | (0.40) | (0.15) | (1.51) |
| 4. | Fantasy Real Estate Private Limited | (0.20) | 0.23 | (1.13) |
| 5. | High Skey Properties Private Limited | 0.33 | 2.35 | (4.30) |
| 6. | Herbal Dream Ayurveda Creations Private Limited | (0.46) | (1.24) | 0.35 |
| 7. | Aloha Hospitals Private Limited | NA | (0.22) | (0.19) |
| 8. | Skyline Advisory Services Private Limited | (1.15) | 0.67 | 0.10 |
| 9. | Indore land and Finance Private Limited | (Negligible) | 0.26 | 1.11 |
| 10. | High Beam Reality Private Limited | NA | 0.02 | (0.02) |
| 11. | Padma Homes Private Limited | (0.22) | (0.20) | (0.31) |
| 12. | TI Travels Private Limited | (0.04) | (0.02) | (0.03) |
| 13. | Chitrakoot Mercantiles Private Limited | (0.02) | (0.04) | (Negligible) |
| 14. | Ecstasy Heights Private Limited# | (0.02) | 0.12 | 0.07 |
| 15. | Ambika Commercial Private Limited* | (0.01) | (0.03) | (0.01) |
| 16. | Olive Commercial Company Limited | (1.02) | 0.34 | 0.24 |
| 17. | Dreamworld Developers Private Limited | (0.02) | 0.03 | (0.56) |
| 18. | Gagan Commercial Agencies Limited | (0.08) | 0.62 | 0.06 |
| 19. | Triple A Constructions Private Limited | (0.01) | (0.07) | 0.02 |
| 20. | Wanderland Real Estates Private Limited | 0.20 | 36.48 | (6.45) |

*# Pursuant to conversion into an LLP on March 11, 2011, undertaking business as Ecstasy Heights LLP*

** Pursuant to conversion into an LLP on January 6, 2011, undertaking business as Ambika Commercial LLP*

***48. Any future equity offerings by us could lead to dilution of your shareholding or adversely affect the market price of the Equity Shares.***

If we do not have sufficient internal resources to fund our investment requirements or working capital needs in the future, we may need to raise funds through equity financing. As a purchaser of the Equity Shares in the Issue, you could experience dilution to your shareholding in the event that we conduct future equity offerings. Such dilution can adversely affect the market price of the Equity Shares and could impact our ability to raise capital through an offering of our equity securities. In addition, any perception by investors that such issuance or sales will occur could also affect the trading price of the Equity Shares.

***49. We have entered into certain transactions with related parties and may continue to do so in future. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.***

We have entered into certain transactions with related parties, including our Promoters, Subsidiaries Group Companies and associates and may continue to do so in future. A summary of the related party transactions entered into by our Company for the preceding five financial years and the half year ended September 30, 2010 as per restated standalone financial statements is as under:

(₹ in Million)

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| **A. Remuneration to Key Management Personnel** | | | | | | |

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| Director Remuneration & Perquisite | 0.51 | 0.44 | 0.06 | 0.00 | 0.00 | 0.00 |
| **Sub-total (A)** | **0.51** | **0.44** | **0.06** | **0.00** | **0.00** | **0.00** |
| **B. Relative of Key Management Personnel** | | | | | | |
| Sale of Shares | 0.00 | 0.44 | 0.00 | 0.00 | 0.00 | 0.00 |
| Receiving of Services | 0.00 | 0.00 | 0.44 | 0.46 | 0.46 | 0.00 |
| **Sub-total (B)** | **0.00** | **0.44** | **0.44** | **0.46** | **0.46** | **0.00** |
| **C. Transactions with Associate Concerns** | | | | | | |
| Sale of Goods | 24.05 | 2.91 | 0.00 | 0.00 | 0.00 | 0.00 |
| Purchase of Goods | 5.82 | 2.18 | 1.61 | 1.62 | 1.21 | 0.15 |
| Purchase of Fixed Assets | 0.00 | 0.44 | 0.00 | 0.59 | 0.00 | 0.00 |
| Rendering of Services | 0.00 | 0.42 | 0.01 | 0.00 | 0.00 | 0.00 |
| Receiving of Services | 2.96 | 8.31 | 3.78 | 1.69 | 0.61 | 0.36 |
| Finance | 0.00 | 0.00 | 6.95 | 0.00 | 0.00 | 33.19 |
| Equity Contribution | 0.00 | 0.00 | 8.85 | 26.31 | 24.66 | 0.00 |
| **Sub-total (C)** | **32.83** | **14.26** | **21.20** | **30.21** | **26.48** | **33.70** |
| **D. Transactions with Subsidiaries** | | | | | | |
| Sale of Goods | 0.00 | 0.00 | 0.00 | 0.86 | 17.62 | 55.57 |
| Purchase of Goods | 0.00 | 0.00 | 0.00 | 0.00 | 34.13 | 33.08 |
| Rendering of Services | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 | 2.84 |
| Finance | 0.00 | 0.00 | (0.82) | (0.11) | 0.00 | 124.94 |
| Equity Contribution | 0.00 | 0.00 | (0.35) | (17.10) | (8.89) | 0.00 |
| **Sub-total (D)** | **0.00** | **0.00** | **(1.18)** | **(16.35)** | **42.88** | **216.44** |
| **Grand Total (A+B+C+D)** | **33.34** | **15.14** | **20.52** | **14.32** | **69.82** | **250.14** |

While we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that our Company could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that our Company will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our Company's financial condition and results of operations. For further details, please refer to the section "Financial Statements" on page 218 of the DRHP.

***50. Mr. P.S. Kalani, father of Mr. Manish Kalani and Mr. Saurabh Kalani, our managing director and chief operating officer respectively, has been named as a wilful defaulter.***

Mr. P.S. Kalani was the managing director and promoter of Gilt Pack Limited (GPL), a company presently under liquidation. GPL had taken a loan from State Bank of India (SBI) and IDBI Bank Limited (IDBI) in the year 1995. Mr. P.S. Kalani had acted as a guarantor in his capacity as a managing director of GPL. GPL had failed to meet its financial obligations and had defaulted in the payment of the loan and subsequently was declared a sick company in accordance with the provisions of Sick Industrial Company (Special Provisions)

Act, 1985. SBI had filed a suit for recovery of the dues before the Debt Recovery Tribunal for an approximate amount of ₹ 692.32 million. Thereafter SBI had assigned the said debt to Kotak Mahindra Bank Limited in the year 2006. Kotak Mahindra Bank has included Mr. P.S. Kalani's name in the list of defaulters. Mr. P.S. Kalani has filed a writ petition before the Madhya Pradesh High Court against the inclusion of his name as wilful defaulter by Kotak Mahindra Bank. The Madhya Pradesh High Court has directed Mr. P.S. Kalani to represent before the redressal committee of Kotak Mahindra Bank, which is pending disposal.

Mr. P.S. Kalani and GPL had filed a counter claim against State Bank of India for ₹ 18,645.6 million, on account of damages caused to the company on account of violation of mandatory guidelines framed by the RBI for sick industries and is pending before the Debt Recovery Tribunal. Mr. P.S. Kalani has also filed a declaratory suit in respect of the validity of the assignment in favour of Kotak Mahindra Bank and the same is presently pending adjudication before the Supreme Court of India.

The outcome of the said matters however, will have no adverse impact on the business operations of our Company.

## EXTERNAL RISK FACTORS

***51. Our Company is subject to various Indian taxes and it avails certain benefits offered by the Government of India. In the event the tax benefits are withdrawn by the Government, it can have a material adverse effect on our business operations.***

Taxes and other levies imposed by the Government of India and/or the State Governments that may affect our industry include: income tax; customs duties; central and state sales tax and other levies; value added tax; entry tax; turnover tax; service tax; and other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time can have a material adverse effect on our results of operation. Further, any change in the tax benefits availed by us may not be as beneficial to us which can have a material adverse effect on our business operations and results of operation.

***52. After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop.***

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

- Volatility in the Indian and global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- Our profitability and performance;
- Perceptions about our future performance or the performance of Indian packaging companies in general;
- Performance of our competitors in the packaging industry and the perception in the market about investments in the packaging industry;
- Adverse media reports on our Company or the packaging industry;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant developments in India's economic liberalisation and deregulation policies; and
- Significant developments in India's financial and environmental regulations.

There has been no public market for our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the prices at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue. Our share price is likely to be volatile and may decline post listing.

53. ***There may be restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

Following the Issue, we may be subject to a daily 'circuit breaker' imposed by the stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers may be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker may limit the upward and downward movements in the price of the Equity Shares. As a result of this no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

54. ***Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.***

Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our Equity Shares.

55. ***Our operations can be adversely affected by natural calamities.***

Our operations are dependent on our ability to protect our places of business including our corporate offices, manufacturing and staging centres and godowns from natural calamities like fire, flood, earthquakes etc. The occurrence of a natural disaster or any other unanticipated problems at our places of business could adversely affect our business operations, financial conditions and profitability.

56. ***The continuation or recurrence of systemic events such as the recent global economic downturn may negatively impact our performance.***

Our Company's revenues are largely dependent on the consumption-led industry. Any economic slowdown may affect the spending power. In the event of an economic slowdown the customers may reduce or postpone their purchases, thereby negatively impacting the revenue and profitability.

57. ***Political, economic and social instability in India or globally could adversely affect our business.***

Our operations and financial results and the market price and liquidity of our Equity Shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other developments in or affecting India. It is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us.

Further, any change in the global market can adversely affect our business operations due to the large number of our products being exported thereby being directly connected with the global market and scenario.

58. ***Change in India's debt rating.***

Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business and could materially affect our future financial performance and the trading price of our Equity Shares.

**Prominent Notes:**

(i) The net worth of our Company as of the financial year ended March 31, 2010 was ₹ 842.20 million and for the half year ended September 30, 2010 was ₹ 1036.00 million as per our standalone restated financial statements. The net worth of our Company as of the financial year ended March 31, 2010 was ₹

811.63 million and for the half year ended September 30, 2010 was ₹ 1048.03 million as per the consolidated restated financial statements.

(ii) Fresh Issue of 4,500,000 Equity Shares of the face value ₹ 10 each at a price of ₹ [●] per Equity Share for cash at a premium aggregating ₹ [●] million and an Offer for Sale of up to 2,250,000 Equity Shares of the face value ₹ 10 each at a price of ₹ [●] per Equity Share for cash at a premium aggregating ₹ [●] million by the Selling Shareholder.

(iii) As on the date of the DRHP, the average cost of acquisition of Equity Shares by our Promoters is as under:-

| Sr. No. | Name of the Promoter | Average Cost of Acquisition (₹) |
|---|---|---|
| 1. | Kalani Industries Private Limited | 59.59 |
| 2. | Miscellani Global Private Limited | 6.81 |
| 3. | Sanovi Trading Private Limited | 8.30 |

(iv) The book value per Equity Share as on the financial year ended March 31, 2010 was ₹ 73.09 and for the half year ended September 30, 2010 was ₹ 82.68 as per our standalone restated financial statements. The book value per Equity Share as on the financial year ended March 31, 2010 was ₹ 70.43 and for the half year ended September 30, 2010 was ₹ 83.64 as per our consolidated restated financial statements.

(v) Except as disclosed in the section "History and Certain Corporate Matters" beginning on page 145 of the DRHP, we have not changed the name of our Company since incorporation.

(vi) There have been no financing arrangements whereby our Promoters, Promoter Group, directors of our corporate Promoters and the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of the DRHP.

(vii) Investors may contact the BRLM or the Compliance Officer for any complaints, information or clarifications pertaining to the Issue.

(viii) The aggregate amount of related party transactions of our Company amounted to ₹ 69.82 million and ₹ 250.14 million for the financial year ended March 31, 2010 and for the half year ended September 30, 2010 respectively as per the restated standalone financial statement for further details please refer to the section "Financial Statements" beginning on page 218 of the DRHP.

## SECTION III- INTRODUCTION

## SUMMARY OF THE INDUSTRY & BUSINESS

*Investors should note that this is only a summary and it does not contain all information that should be considered before investing in our Company's Equity Shares. You should read the entire DRHP, including the section "Risk Factors", "Financial Statements" and "Outstanding Litigations and Material Developments" on pages 12, 218 and 361 respectively, before deciding to invest in our Company's Equity Shares.*

### Industry Overview

### Polymer Industry

Twentieth century revolutionized almost every aspect of human life throughout the world. There were numerous inventions; we sent humans to the moon, invented computers and discovered nuclear power. The invention that made the most dramatic impact of all was "plastic". Imagine a day without plastics: wooden toothbrushes with wooden bristles, solid metal laptops, glass screens and bottles, food packaged in cloth, it is inconceivable. Annually, more than 90 million tons of plastic are made worldwide. The plastics industry adds a lot of value to the society through employment and creating revenue and also replacement of scarce forest resources. It continues to play a crucial role in many innovations that lead to high standards of living, education and health care. Plastics have made spectacular changes in the manufacturing processes of automobile and aviation industries because of its light weight and ease in maintenance and natural sparkle. The space industry benefits as well. One of the most important fields that have benefited from plastics is biomedicine. Plastic plays a part in almost all materials we use in our daily lives and the future is bright with abundant possibilities with demand for better materials, greater functional use, more economical packaging and versatile and durable all-weather products.
*(Source: AIPMA, Diamond Jubilee edition)*

### Global Polymer Industry

World-wide, the plastics and polymer consumption will have an average growth rate of 5% and it will touch a figure of 227 Million Tons by 2015. Globally, it is projected that PET (Bottle grade) will have the highest growth rate of about 11% AAGR (Annual Average Growth Rate) amongst all polymers, followed by PP, PE, PVC and PS in the descending order.

Furthermore, the grades of PE (HDPE, LLDPE, LDPE) are expected to grow above GDP growth annually upto 2020. The forecast about global polyethylene demand is as follows:

- Global polyethylene (PE) demand is forecast to grow an average 4.4% annually through 2020. This is about 1% above the expected global GDP growth.
- LLDPE is expected to experience the fastest growth with an average annual growth rate of 6.2 percent. This comes at the expense of LDPE, which is expected to grow only 1.8% during the same period.
- HDPE growth is forecast to average 4.6 per cent.

*(Source: AIPMA, Diamond Jubilee edition)*

### The Indian Polymer Industry

Despite global competition, the Indian plastics industry is expanding. Large projects have been set up or are under construction for the production of polymers. The Indian industry has the capacity to export polymers in million of tons, which will go up as some of the Indian petrochemical majors are currently operating at low capacity utilisation. With the steady build-up of capacities, the downstream products industry is increasingly accessing local supplies.

The per capita consumption of polymers in India is 4 kg against around 90 kg p.a. in the US, around 60 kg p.a. in the Europe and a global average of 17 kg p.a. With the end user profile changing and new applications being introduced, the demand for plastics is expected to increase at a greater rate and likely to go up to 8 kg p.a. in next couple of years. Six fold increase is expected by the year 2020.

India is one of the fastest growing polymers market in the world and the world's third largest polymers market after the US and China. The significant domestic demand growth is expected from the user industries such as telecom, food and beverages, packaging, transportation, automobiles, entertainment electronics & appliances and consumer durables and from continued substitution of traditional materials like wood, metal and glass. Plastics have also penetrated into agriculture through green houses and PVC pipes. Plastic materials being used in plastic extrusion are: LDPE, LLDPE, HDPE, PP, HIPS, PET, etc.

Indian plastics industry is growing faster than most other countries in the world. Mainly due to increasing urbanization, growing population agricultural development, focus on infrastructure development, booming white goods industry, change in packaging bulk and retail and new applications in irrigation, water management, etc.
*(Source: AIPMA, Diamond Jubilee edition)*

**Packaging Industry**

Packaging today is the science, art and technology of enclosing or protecting products for distribution, storage, sale and use. Packaging also refers to the process of design, evaluation and production of packages.

**Packaging industry serves the following purposes in India:**

1. Containment: Most products must be contained before they can be moved from one place to another. To function successfully, the package must contain the product. This containment function of packaging makes a huge contribution to protecting the environment. Faulty packaging (or under packaging) can lead to spillages and result in major losses and serious damage.

2. Protection and Preservation: Packaging plays a vital role in protecting products as they go from the manufacturer to the consumer. Packaging is designed to ensure that the product reaches the consumer in good condition. The product is protected during transport and distribution; from climatic effects (heat and cold, moisture, vapour, drying atmospheres); from hazardous substances and contaminants; from infestation.

3. Supplementary Product Protection: Packaging can also provide supplementary product protection. This may be achieved by forms of cushioning such as shredded papers, sheets of corrugated paperboard, foamed plastic or wrappings. Packaging therefore contributes to food safety, quality and nutrition. Packaging technology has made major contributions to advancing food science and food safety and reduction of food spoilage.

4. Communication: 'A package must protect what it sells and sell what it protects'. Modern methods of consumer marketing would fail were it not for the messages communicated on the package. The information provided on packaging allows the consumer to make informed decisions on the product's purchase and use.

5. Convenience: Packaging plays an important role in allowing products to respond to the demands and needs of modern consumers. Frozen food packs, microwavable containers, wine cardboard casks, easy-open beverage and food cans and aseptic cartons are good examples of convenience packaging. These types of packaging reflect the demand for convenience and quick food preparation in a way that guarantees freshness. Lightweight medical devices are packaged in peel-open, pre-sterilised containers designed for easy use in operating rooms, patients' rooms, or laboratories. In the administration of drugs, unit-dose packaging, solid and liquid, in small containers allows sealed, unused drugs to be returned to stock. Medical packaging also reduces the risk of accidental overdose or improper use by children (child resistant closures).

6. Environmental Aspects: Packaging reduces the amount of waste going to landfill. Without the benefit of packaging to preserve food, a higher proportion of food would become spoiled and consequently consigned to garbage collection for land disposal. When the food is packaged, the unwanted portions such as skins, outer leaves and trimmings, remain at the processing point where they can be economically recovered and used in the manufacture of valuable by-products.

7. Reduction of Pilferage: Packaging of a wide variety of products sold from self-service counters is designed to reduce stealing. The product may be sold in a blister package sealed to a large paperboard backing. The large card makes the package more difficult to conceal and steal. Other examples of security packages are lock-on caps and tamperproof closures.

8. Marketing Trends: Marketing trends are placing increasing emphasis on the look, sales appeal and quality of retail packaging. Packaging helps sell products by providing product differentiation and presentation, greater brand awareness and convenience. The continuously changing demands of consumers will require higher quality graphics and promotional links between graphics and advertising to support brand identities, plus the ability to reflect current consumer trends and images.

Heightened competition in all product sectors within the country as also the increasing need to look for export markets have contributed to the rising demand for appropriate and at the same time cost-effective, packaging material and technologies.

The packaging industry's growth has led to greater specialization and sophistication from the point of view of health (in the case of packaged foods and medicines) and environment friendliness of packing material. The demands on the packaging industry are challenging, given the increasing environmental awareness among communities.
(*Source: Report on Packaging Industry in India by Indo Italian Chamber of Commerce at www.centroesteroveneto.com*)

**Business Overview**

Our Company was originally constituted as a partnership firm under the Indian Partnership Act, 1932 on January 22, 1966 under the name and style of Saurabh Potteries & Ceramics with its principal place of business at Indore with Mr. Badri Narayan Kalani & Sons (HUF), Ms. Padma Kalani and two others represented by their natural guardian. Since then, the partnership was reconstituted from time to time by way of admission of new partners or resignation of the then existing partners. With effect from March 1, 1993, the name of the partnership was changed to Naviska Packaging and a fresh partnership deed was executed. The partners of the Naviska Packaging were Indore Land & Finance Limited, Ms. Radhabai Kalani, Gagan Commercial Agencies Limited, Olive Commercial Company Limited, Ms. Padma Kalani, Saka Tradings Private Limited, Manka Commercials Private Limited, Million Properties Private Limited and Alpine Properties Private Limited.

Thereafter, pursuant to the provisions of section 567 of Part IX of the Companies Act, Naviska Packaging was converted into a private limited company as Naviska Packaging Private Limited on April 8, 1993. The subscribers to the Memorandum were, Ms. Radhabai Kalani, Ms. Padma Kalani, Indore Land & Finance Limited, Gagan Commercial Agencies Limited, Olive Commercial Company Limited, Saka Tradings Private Limited, Manka Commercials Private Limited, Million Properties Private Limited and Alpine Properties Private Limited.

The name of our Company was changed to Giltpac International India Private Limited w.e.f. June 29, 2001. The name of our Company was again changed to Naviska Packaging Private Limited w.e.f. January 01, 2003. Our Company was converted into a public limited company and the name was changed to Flexituff International Limited w.e.f. April 25, 2003.

We currently manufacture FIBC, Geo-Textile Fabric and Ground Cover, Reverse Printed BOPP Woven Bags, Special PP Bags including Leno Bags. These products are manufactured at our three manufacturing units located in Pithampur (M.P.) and Kashipur (Uttrakhand).

We also have a recycling and reprocessing plant at Kandla which is used for recovering polypropylene and making various compounds of plastics. Our step down subsidiary, Lakshmi Incorporated, U.S.A manufactures reclosable extruded zipper profile which is used as a secondary closure for 5-50 kg bags.

Further, we also have a Research and Development centre at Kashipur which is engaged in the research and development of various compounds for plastic products including engineering plastic, bio-degradable plastic and other new product developments.

As a business philosophy, we have fully integrated and self-sufficient manufacturing units. We believe that we are one of the leading integrated manufacturers of FIBC having largest clean-room area at one place.

Our product wise consolidated sales for last 3 years and half year ended September 30, 2010 are as under:-

(₹ in Million)

| Products | FY 2008 | FY 2009 | FY 2010 | Half year ended September 30, 2010 |
|---|---|---|---|---|
| FIBC | 2018.33 | 2312.70 | 2182.89 | 1617.86 |
| Geo-textile Fabric and Ground Covers | - | - | 99.20 | 160.00 |
| Reverse Printed BOPP Woven Bags | - | - | 200.60 | 205.87 |
| Special PP Bags and Leno Bags | 167.72 | 280.98 | 499.96 | 291.92 |
| Sale of Recycled Granules & Agglomerates | - | - | 27.18 | 93.88 |
| Trading of FIBC | - | - | 172.68 | 302.73 |
| Others | 16.24 | 20.43 | 28.51 | 16.54 |
| **Total** | **2202.29** | **2614.11** | **3211.02** | **2688.80** |

We are a major exporter of FIBC and woven products from India and have been receiving the Top Exporter Award from the PLEXCONCIL, Ministry of Commerce from 2005-06 to 2008-09 every year.

Our consolidated sales for last 3 years and half year ended September 30, 2010 in the domestic and overseas market are as under:-

(₹ in Million)

| Particulars | FY 2008 | % to sales | FY 2009 | % to sales | FY 2010 | % to sales | Half year ended September 30, 2010 | % to sales |
|---|---|---|---|---|---|---|---|---|
| Domestic | 183.96 | 8.35 | 301.40 | 11.53 | 1028.13 | 32.02 | 1070.94 | 39.83 |
| Overseas | 2018.33 | 91.65 | 2312.71 | 88.47 | 2182.89 | 67.98 | 1617.86 | 60.17 |
| **Sales** | **2202.29** | **100.00** | **2614.11** | **100.00** | **3211.02** | **100.00** | **2688.80** | **100.00** |

We export to around 30 countries across the globe and are present in 4 continents with major thrust of exports being to U.S.A and Europe.

Our unit in SEZ, Pithampur which manufactures food grade FIBC, has the following accreditations/certifications.

- AIB-USFDA for Food Contact Packaging Facility (with "Superior" Category)
- BRC–IoP, UK for Food Packaging System. Certificates for Category-1.
- ISO 9001:2008 for Quality System from DNV.
- Complies with ISO-6 (class 1000) for Internal Bubble Cooling System.
- Complies with ISO-7 (class 10000) for Liner Section.
- Complies with ISO-8 (class 100000) for Liner Section (other than liner forming)
- ISO 14001:2004 certified for conforming to environmental management system standards.
- ISO 22000:2005 certified for conforming to food safety standards.
- Customs Trade Partnership against Terrorism (CTPAT) from Ameriglobe FIBC Solutions, U.S.A.

We have witnessed consistent growth in our business and profitability. As per restated consolidated financial results, our Sales and EBIDTA for the last 3 years are as under:-

(₹ in Million)

| Financial Year | Sales | EBIDTA |
|---|---|---|
| 2007-08 | 2,202.29 | 290.86 |
| 2008-09 | 2,614.11 | 362.14 |
| 2009-10 | 3,211.02 | 422.37 |

## SUMMARY OF FINANCIAL INFORMATION

The following tables present the summary financial information of our Company and have been prepared in accordance with Indian GAAP, the Companies Act and the ICDR Regulations. The summary financial information should be read in conjunction with the restated financial information and notes thereto contained in the section "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 218 and 317 respectively of the DRHP.

### STANDALONE STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(₹ in Million)

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| **A. Fixed Assets** | | | | | | |
| **a) Tangible Assets** | | | | | | |
| Gross Block | 427.02 | 771.95 | 953.81 | 2,280.37 | 2,649.64 | 2,756.74 |
| Less: Accumulated Depreciation | 37.81 | 60.04 | 100.10 | 150.74 | 255.83 | 319.74 |
| Net Block | 389.21 | 711.91 | 853.72 | 2,129.63 | 2,393.81 | 2,437.01 |
| Capital Work in progress including Capital Advances | 0.00 | 17.58 | 314.63 | 132.84 | 339.89 | 525.45 |
| **Total (Tangible Assets)** | **389.21** | **729.49** | **1,168.35** | **2,262.47** | **2,733.69** | **2,962.46** |
| **b) Intangible Assets** | | | | | | |
| Gross Block | | | | | | |
| Patent | 0.00 | 0.02 | 0.02 | 0.66 | 0.66 | 0.66 |
| Less: Amortization | 0.00 | 0.00 | 0.00 | 0.02 | 0.09 | 0.12 |
| Net Block | 0.00 | **0.02** | **0.02** | **0.64** | **0.57** | **0.54** |
| **Total Fixed Assets** | **389.21** | **729.51** | **1,168.37** | **2,263.10** | **2,734.26** | **2,963.00** |
| **B. Investments** | **0.44** | **0.00** | **0.35** | **17.45** | **28.84** | **104.72** |
| **C. Current Assets, Loans and Advances** | | | | | | |
| Sundry Debtors | 155.14 | 180.12 | 374.19 | 225.51 | 490.57 | 764.38 |
| Cash & Bank Balances | 15.78 | 23.56 | 27.62 | 121.58 | 134.08 | 122.55 |
| Inventories | 118.63 | 199.65 | 265.62 | 355.28 | 618.67 | 1,012.28 |
| Loans & Advances | 73.49 | 91.49 | 92.28 | 252.07 | 347.35 | 460.58 |
| **Total** | **363.03** | **494.81** | **759.71** | **954.44** | **1,590.68** | **2,359.79** |
| **Less : Current Liabilities & Provisions** | | | | | | |
| Current Liabilities | 177.23 | 330.41 | 289.14 | 481.70 | 682.98 | 1,032.58 |
| Provisions | 4.61 | 6.30 | 15.57 | 7.03 | 13.26 | 22.27 |
| **Net Current Assets** | **181.19** | **158.10** | **455.00** | **465.71** | **894.44** | **1,304.94** |
| **D. Loan Funds** | | | | | | |
| Secured Loan | 238.58 | 413.45 | 494.99 | 1,494.06 | 2,220.99 | 2,714.12 |
| Unsecured Loan | 0.00 | 5.00 | 465.61 | 472.50 | 460.00 | 491.50 |
| **Total** | **238.58** | **418.45** | **960.60** | **1,966.56** | **2,680.99** | **3,205.62** |

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| **E. Deferred Tax Liability** | **31.54** | **51.30** | **68.40** | **81.71** | **134.37** | **131.03** |
| **Net Worth (A+B+C-D-E)** | **300.71** | **417.85** | **594.72** | **697.99** | **842.20** | **1,036.00** |
| **Net Worth represented by:** | | | | | | |
| **F. Equity Share Capital** | **19.90** | **26.98** | **110.91** | **113.14** | **115.23** | **125.31** |
| Share / Warrants Application money pending Allotment | 30.00 | 0.00 | 0.00 | 0.00 | 69.58 | 12.53 |
| **G. Share Warrants** | **0.00** | **0.00** | **8.85** | **7.61** | **6.30** | **1.15** |
| **H. Reserves and Surplus** | **250.87** | **390.87** | **474.96** | **577.24** | **651.08** | **898.12** |
| Less: Miscellaneous Expenditure | 0.05 | 0.00 | 0.00 | 0.00 | 0.00 | 1.10 |
| **Total** | **250.82** | **390.87** | **474.96** | **577.24** | **651.08** | **897.02** |
| **I. Net Worth (F+G+H)** | **300.71** | **417.85** | **594.72** | **697.99** | **842.20** | **1,036.00** |

*Note: The above statement should be read with the Notes to the Restated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.*

## STANDALONE STATEMENT OF PROFITS & LOSSES, AS RESTATED

(₹ in Million)

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| **I. Income** | | | | | | |
| Operating Income : | | | | | | |
| Sales | 1229.06 | 1614.12 | 2202.29 | 2,607.47 | 3,011.09 | 2,287.86 |
| Increase/(Decrease) in Stock | (21.88) | 70.85 | 24.76 | 5.45 | 202.51 | 228.48 |
| Other Income | 4.20 | 5.66 | 12.73 | 5.13 | 7.98 | 13.32 |
| **Total-A** | **1,211.37** | **1,690.63** | **2,239.78** | **2,618.06** | **3,221.58** | **2,529.65** |
| **II. Expenditure** | | | | | | |
| Manufacturing Expenses | 930.12 | 1,304.90 | 1,709.00 | 2,002.11 | 2,492.70 | 1,946.77 |
| Administration Expenses | 21.62 | 27.35 | 32.60 | 33.05 | 49.19 | 37.18 |
| Employee Remuneration & Benefits | 25.81 | 31.80 | 39.00 | 54.05 | 76.09 | 50.99 |
| Selling Expenses | 121.22 | 143.61 | 168.32 | 168.26 | 167.42 | 169.38 |
| Interest & Financial Charges | 44.72 | 55.82 | 140.89 | 206.76 | 202.94 | 136.19 |
| Depreciation | 17.72 | 22.39 | 39.12 | 50.99 | 111.24 | 63.81 |
| Amortization of Miscellaneous Expenditure | 0.05 | 0.05 | 0.25 | 0.25 | 0.25 | 0.13 |
| Preliminary & Share Issue Exp. W/o. | 0.00 | 0.00 | 13.29 | 0.00 | 0.00 | 0.00 |
| **Total-B** | **1,161.26** | **1,585.92** | 2,142.47 | 2,515.49 | 3,099.85 | 2,404.44 |
| **III. Profit before taxation (A-B)** | **50.11** | **104.70** | **97.31** | **102.57** | **121.73** | **125.21** |
| Less: Provision for Taxation | | | | | | |
| -Current | 0.33 | 1.74 | 3.04 | 6.07 | 0.05 | 9.06 |
| -Deferred | 1.55 | 19.76 | 17.09 | 13.32 | 52.65 | (3.33) |
| -Fringe Benefit Tax | 0.88 | 1.14 | 0.94 | 1.67 | 0.00 | 0.00 |
| **IV. Prior Period Items** | **0.00** | **2.85** | **0.25** | **1.96** | **(6.02)** | **(5.79)** |
| **V. Profit After Taxation as per Audited Statement of Accounts (C)** | **47.35** | **79.20** | **75.98** | **79.56** | **75.05** | **125.28** |
| Adjustments on Account of Changes in Accounting Policies | (1.64) | 3.92 | (32.77) | (10.26) | 13.08 | 27.68 |
| **Total Adjustments: (D)** | (1.64) | 3.92 | (32.77) | (10.26) | 13.08 | 27.68 |
| **VI. Adjusted profit/(loss)(C+D)** | **45.71** | **83.12** | **43.21** | **69.30** | **88.13** | **152.96** |

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| Surplus/(Deficit) brought forward from the Previous year | 20.61 | 62.91 | 41.97 | 72.20 | 141.50 | 206.42 |
| **VII. Profit available for appropriation** | **66.32** | **146.04** | **85.18** | **141.50** | **229.62** | **359.37** |
| Proposed Equity Dividend (Final) | 2.98 | 3.48 | 11.09 | 0.00 | 11.33 | 0.00 |
| Tax on Dividend | 0.42 | 0.59 | 1.88 | 0.00 | 1.88 | 0.00 |
| Transfer to General Reserve A/c | 0.00 | 100.00 | 0.00 | 0.00 | 10.00 | 0.00 |
| **VIII. Adjusted Available Surplus/(Deficit) carried forward** | **62.91** | **41.97** | **72.20** | **141.50** | **206.42** | **359.37** |

*Note: The above statement should be read with the Notes to the Restated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.*

## STANDALONE STATEMENT OF CASH FLOWS AS RESTATED

(₹ in Million)

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | | | |
| **Net Profit before tax and extraordinary items:** | **50.11** | **104.70** | **97.31** | **102.57** | **121.73** | **125.21** |
| **Adjustments for:** | | | | | | |
| Depreciation | 17.72 | 22.39 | 39.12 | 50.99 | 111.24 | 63.81 |
| Amortization of Miscellaneous Expenditure | 0.05 | 0.05 | 0.25 | 0.25 | 0.25 | 0.13 |
| Prior Period Adjustment involving cash outflow | 0.00 | (2.85) | 0.00 | (1.29) | 0.00 | 0.00 |
| (Profit)/Loss on sale of Fixed Assets | 0.00 | 0.00 | 0.31 | 0.20 | 0.44 | 0.00 |
| Profit)/Loss on sale of Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.04) |
| Foreign Currency Exchange Fluctuation Reserve | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.85 |
| Interest & Financial Charges | 44.72 | 55.82 | 140.89 | 206.76 | 202.94 | 136.19 |
| Impact of Changes in Accounting Policies | (1.64) | (1.20) | 6.09 | (1.37) | (10.57) | 9.64 |
| **Cash generated from operations before Working Capital Changes** | **110.96** | **178.91** | **283.96** | **358.12** | **426.04** | **335.79** |
| **Adjustments for:** | | | | | | |
| Changes in Trade and Other Receivables | (46.86) | (24.98) | (194.08) | 148.68 | (265.06) | (273.81) |
| Inventories | 40.63 | (81.02) | (65.97) | (89.67) | (263.39) | (393.61) |
| Other Assets | (5.59) | (18.00) | (0.79) | (159.79) | (95.28) | (114.33) |
| Current Liabilities | 2.56 | 153.18 | (41.27) | 192.56 | 201.27 | 349.61 |
| **Cash generated from/(used in) Operations** | **(9.26)** | **29.18** | **(302.10)** | **91.79** | **(422.46)** | **(432.14)** |
| Income Taxes (Paid)/Refund (net) | (0.95) | (2.04) | (2.91) | (3.96) | (5.92) | 5.74 |
| **Net Cash Flow from /(used in) Operating Activities** | **100.76** | **206.05** | **(21.05)** | **445.95** | **(2.34)** | **(90.61)** |
| **B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES** | | | | | | |
| Purchase of Fixed Assets | (85.26) | (362.52) | (480.07) | (1,149.49) | (598.46) | (292.67) |

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| Sale of Fixed Assets | 0.00 | 0.00 | 0.57 | 3.30 | 1.75 | 0.00 |
| Capital Subsidy Recd. Against Fixed Assets | 0.00 | 0.00 | 0.00 | 0.00 | 18.53 | 0.00 |
| (Purchase)/Sale of Investments (net) | 0.00 | 0.44 | 0.00 | 0.00 | (2.50) | 2.54 |
| Proceeds from Sale of Subsidiary | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.44 |
| Investment in Subsidiaries | 0.00 | 0.00 | (0.35) | (17.10) | (8.89) | (78.82) |
| **Net Cash from / (used in) Investing Activities** | **(85.26)** | **(362.08)** | **(479.85)** | **(1,163.28)** | **(589.58)** | **(368.51)** |
| **C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES** | | | | | | |
| Proceeds from Issue of Equity Shares incl. Premium | 0.00 | 70.84 | 99.06 | 26.31 | 24.66 | 124.48 |
| Proceeds from Share/Warrants Application Money | 30.00 | (30.00) | 0.00 | 0.00 | 69.58 | (57.05) |
| Proceeds from Issue of Share Warrants | 0.00 | 0.00 | 8.85 | (1.24) | (1.31) | (5.15) |
| Proceeds/(Repayment) from/of Short Term Borrowings (net) | 11.40 | (7.09) | 525.22 | 47.89 | 467.57 | 200.66 |
| Proceeds/(Repayment) from/of Long Term Borrowings (net) | (8.03) | 189.29 | 16.79 | 958.08 | 246.86 | 320.83 |
| Finance Charges Paid | (44.72) | (55.82) | (140.89) | (206.76) | (202.94) | (136.19) |
| Dividend Paid (including Dividend Distribution Tax) | 0.00 | (3.40) | (4.07) | (12.98) | 0.00 | 0.00 |
| **Net Cash from / (used in) Financing Activities** | **(11.35)** | **163.81** | **504.96** | **811.30** | **604.42** | **447.58** |
| Net increase / (decrease) in Cash and Cash Equivalents | 4.14 | 7.78 | 4.06 | 93.96 | 12.51 | (11.54) |
| Cash and Cash Equivalents at the beginning of the year | 11.63 | 15.78 | 23.56 | 27.62 | 121.58 | 134.08 |
| **Cash and Cash Equivalents at the end of the year** | **15.78** | **23.56** | **27.62** | **121.58** | **134.08** | **122.55** |

*Notes:*

1. *The above statement should be read with the Notes to the Restated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.*
2. *The Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard-3 'Cash Flow Statement' notified by Companies (Accounting Standard) Rules, 2006 (as amended).*
3. *Negative figures in the Cash Flow Statements represents Cash outflow.*

## CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(₹ in Million)

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| **A. Fixed Assets** | | | | |
| **a) Tangible Assets** | | | | |
| Gross Block | 954.06 | 2,293.00 | 2,846.62 | 2,962.54 |
| Less: Accumulated Depreciation | 100.10 | 159.37 | 268.58 | 338.07 |
| Net Block | 853.95 | 2,133.63 | 2,578.03 | 2,624.47 |
| Capital Work in progress including capital advances | 314.88 | 246.64 | 340.17 | 525.45 |
| **Total (Tangible Assets)** | **1,168.84** | **2,380.27** | **2,918.20** | **3,149.92** |
| **b) Intangible Assets** | | | | |
| Gross Block | | | | |
| Patent | 0.02 | 0.66 | 0.66 | 0.66 |
| Goodwill | 0.00 | 0.00 | 9.64 | 9.64 |
| Goodwill (on Consolidation) | 0.00 | 1.05 | 1.05 | 11.44 |
| Less: Depreciation /Amortization | 0.00 | 0.13 | 1.50 | 4.36 |
| Net Block | 0.02 | 1.59 | 9.85 | 17.38 |
| **Total Fixed Assets** | **1,168.86** | **2,381.85** | **2,928.05** | **3,167.30** |
| **B. Investments** | **0.00** | **0.00** | **2.50** | **0.00** |
| **C. Current Assets, Loans and Advances** | | | | |
| Sundry debtors | 374.19 | 243.07 | 630.78 | 935.15 |
| Cash & Bank Balances | 27.67 | 121.98 | 146.27 | 133.02 |
| Inventories | 265.62 | 374.71 | 730.66 | 1,185.63 |
| Loans & Advances | 91.87 | 193.93 | 288.24 | 389.43 |
| **Total** | **759.35** | **933.68** | **1,795.96** | **2,643.23** |
| Less: Current Liabilities & Provisions | | | | |
| Current Liabilities | 289.14 | 557.55 | 930.89 | 1,245.07 |
| Provisions | 15.57 | 7.56 | 15.35 | 27.67 |
| **Net Current Assets** | **454.64** | **368.58** | **849.72** | **1,370.49** |
| **D. Loan Funds & Minority Interest** | | | | |
| Secured Loan | 494.99 | 1,494.06 | 2,370.64 | 2,863.42 |
| Unsecured Loan | 465.61 | 472.50 | 460.00 | 491.50 |
| Minority Interest | 0.00 | 4.20 | 0.00 | 0.00 |
| **Total** | **960.60** | **1,970.76** | **2,830.64** | **3,354.92** |
| **E. Deferred Tax Liability** | **68.41** | **81.91** | **138.00** | **134.83** |
| **Net Worth (A+B+C-D-E)** | **594.49** | **697.77** | **811.63** | **1,048.03** |
| **Net Worth represented by:** | | | | |
| **F. Equity Share Capital** | **110.91** | **113.14** | **115.23** | **125.31** |
| Share/Warrants Application Money | 0.00 | 0.00 | 69.58 | 37.03 |

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| pending Allotment | | | | |
| **G. Share Warrants** | **8.85** | **7.61** | **6.30** | **1.15** |
| **H. Reserves and Surplus** | **474.95** | **577.30** | **620.78** | **886.57** |
| Less: Miscellaneous Expenditure | (0.22) | (0.29) | (0.27) | (2.02) |
| **Total** | **474.73** | **577.01** | **620.51** | **884.55** |
| **Net Worth (F+G+H)** | **594.49** | **697.77** | **811.63** | **1,048.03** |

*Note: The above statement should be read with the Notes to the Restated Consolidated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.*

## CONSOLIDATED STATEMENT OF PROFITS & LOSSES, AS RESTATED

(₹ in Million)

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half-Year ended 30.09.2010 |
|---|---|---|---|---|
| **I. Income** | | | | |
| Operating Income : | | | | |
| Sales | 2,202.29 | 2,614.11 | 3,211.02 | 2,688.80 |
| Increase/(Decrease) in Stock | 24.76 | 3.60 | 263.51 | 279.59 |
| Other Income | 12.73 | 8.55 | 9.94 | 14.56 |
| **Total-A** | **2,239.78** | **2,626.26** | **3,484.47** | **2,982.95** |
| **II. Expenditure** | | | | |
| Manufacturing Expenses | 1709.00 | 2,004.41 | 2,712.81 | 2,302.86 |
| Administration Expenses | 32.60 | 35.28 | 59.87 | 45.94 |
| Employee Remuneration & Benefits | 39.00 | 54.79 | 87.61 | 57.74 |
| Selling Expenses | 168.32 | 169.64 | 201.80 | 213.36 |
| Interest & Financial Charges | 140.89 | 207.29 | 215.67 | 150.85 |
| Depreciation | 39.12 | 51.26 | 115.36 | 69.40 |
| Amortization of Miscellaneous expenditure | 0.25 | 0.25 | 1.45 | 1.81 |
| Amortization of Goodwill on Acquisition | 0.00 | 0.11 | 0.11 | 1.14 |
| Preliminary & Share Issue Exp. W/o. | 13.29 | 0.00 | 0.00 | 0.00 |
| **Total-B** | **2,142.47** | **2,523.03** | **3,394.69** | **2,843.10** |
| **III. Profit before taxation (A-B)** | **97.31** | **103.23** | **89.78** | **139.85** |
| Less: Provision for taxation | | | | |
| -Current | 3.04 | 6.53 | 1.77 | 12.21 |
| -Deferred | 17.09 | 13.51 | 56.10 | -3.18 |
| -Fringe benefit tax | 0.94 | 1.74 | 0.00 | 0.00 |
| IV. Prior Period Items | 0.25 | 1.96 | (6.02) | (5.79) |
| V. Loss on Sale of Subsidiary | 0.00 | 0.00 | 0.00 | 0.84 |
| VI. Pre-acquisition Profits & Share of Minority | 0.00 | 0.24 | (8.04) | 1.20 |
| **VII. Profit After Taxation as per audited statement of accounts (C)** | **75.98** | **79.25** | **45.98** | **134.57** |
| Adjustments on account of changes in accounting policies | (32.77) | (10.26) | 13.08 | 27.68 |
| **Total adjustments (D)** | (32.77) | (10.26) | 13.08 | 27.68 |
| **VIII. Adjusted profit/(loss)(C+D)** | **43.21** | **68.99** | **59.06** | **162.25** |
| Surplus/(Deficit) brought forward from the Previous year | 41.96 | 72.20 | 141.19 | 177.03 |
| **IX. Profit available for appropriation** | **85.17** | **141.19** | **200.24** | **339.28** |
| Proposed equity dividend (Final) | 11.09 | 0.00 | 11.33 | 0.00 |

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half-Year ended 30.09.2010 |
|---|---|---|---|---|
| Tax on dividend | 1.88 | 0.00 | 1.88 | 0.00 |
| Transfer to General Reserve A/c | 0.00 | 0.00 | 10.00 | 0.00 |
| **X. Adjusted Available Surplus/(Deficit) carried forward** | **72.20** | **141.19** | **177.03** | **339.28** |

*Note: The above statement should be read with the Notes to the Restated Consolidated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.*

## CONSOLIDATED STATEMENT OF CASH FLOWS AS RESTATED

(₹ in Million)

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half-Year ended 30.09.2010 |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Net Profit before taxation and extraordinary items:** | **97.31** | **103.23** | **89.78** | **139.85** |
| **Adjustments for:** | | | | |
| Depreciation | 39.12 | 51.26 | 115.36 | 69.40 |
| Amortization of Miscellaneous Expenditure | 0.25 | 0.25 | 1.45 | 1.81 |
| Amortization of Goodwill on Acquisition | 0.00 | 0.11 | 0.11 | 1.14 |
| Foreign Currency Translation Reserve | 0.00 | 0.38 | 2.55 | 2.94 |
| Foreign Currency Exchange Fluctuation Reserve | 0.00 | 0.00 | 0.00 | 0.84 |
| Prior Period Adjustment involving cash outflow | 0.00 | (1.29) | 0.00 | 0.00 |
| (Profit)/Loss on sale of Fixed Assets | 0.31 | 0.49 | 0.44 | 0.00 |
| (Profit)/Loss on sale of Investments | 0.00 | 0.00 | 0.00 | (0.04) |
| Interest & Financial Charges | 140.89 | 207.29 | 215.67 | 150.85 |
| Impact of Changes in Accounting Policies | 6.09 | (1.37) | (10.57) | 9.64 |
| **Cash generated from operations before Working Capital Changes** | **283.96** | **360.34** | **414.80** | **376.44** |
| Adjustments for: | | | | |
| Changes in Trade and Other Receivables | (194.08) | 131.13 | (387.72) | (304.37) |
| Inventories | (65.97) | (109.09) | (355.95) | (454.97) |
| Other Assets | (0.60) | (102.13) | (94.28) | (109.12) |
| Current Liabilities | (41.27) | 268.41 | 373.34 | 314.19 |
| **Cash generated from/(used in) Operations** | **(301.93)** | **188.31** | **(464.61)** | **(554.27)** |
| Income Taxes (Paid)/Refund (net) | (2.89) | (3.02) | (6.08) | 5.74 |
| **Net Cash Flow from /(used in) Operating Activities** | **(20.85)** | **545.64** | **(55.90)** | **(172.09)** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of Fixed Assets | (480.57) | (1266.59) | (678.92) | (301.21) |
| Sale of Fixed Assets | 0.57 | 4.17 | 1.75 | 0.00 |
| Capital Subsidy Recd. Against Fixed Assets | 0.00 | 0.00 | 18.53 | 0.00 |
| (Purchase)/Sale of Investments (net) | 0.00 | 0.00 | (2.50) | 2.54 |
| Proceeds from Sale of Subsidiary | 0.00 | 0.00 | 0.00 | 0.44 |
| **Net Cash from / (used in) Investing Activities** | **(480.00)** | **(1262.41)** | **(661.15)** | **(298.24)** |

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half-Year ended 30.09.2010 |
|---|---|---|---|---|
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from Issue of Equity Shares (including Premium) | 99.06 | 26.31 | 24.66 | 124.48 |
| Proceeds from (Conversion of) Share Application Money | 0.00 | 0.00 | 69.58 | (32.55) |
| Proceeds from (Conversion of) Share Warrants | 8.85 | (1.24) | (1.31) | (5.15) |
| Proceeds/(Repayment) from/of Short Term Borrowings (net) | 525.21 | 47.89 | 506.03 | 200.32 |
| Proceeds/(Repayment) from/of Long Term Borrowings (net) | 16.80 | 958.07 | 358.05 | 320.82 |
| Finance Charges Paid | (140.89) | (207.29) | (215.67) | (150.85) |
| Dividend Paid (including dividend distribution tax) | (4.07) | (12.98) | 0.00 | 0.00 |
| **Net Cash from / (used in) Financing Activities** | **504.96** | **810.77** | **741.34** | **457.07** |
| Net increase / (decrease) in Cash and Cash Equivalents | 4.11 | 93.99 | 24.30 | (13.25) |
| Cash and Cash Equivalents at the beginning of the year | 23.55 | 27.67 | 121.97 | 146.27 |
| Add: Cash and Cash Equivalents acquired on acquisition of subsidiary during the year | 0.00 | 0.31 | 0.00 | 0.00 |
| **Cash and Cash Equivalents at the end of the year** | **27.67** | **121.97** | **146.27** | **133.02** |

*Notes:*
*1. The above statement should be read with the Notes to the Restated Consolidated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.*
*2. The Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard- 3 'Cash Flow Statement' notified by Companies (Accounting Standard) Rules, 2006 (as amended).*
*3. Negative figures in the Cash Flow Statements represents Cash outflow.*

## THE ISSUE

| | |
|---|---|
| **Issue of Equity shares** | |
| *Of which:* | |
| i) Fresh Issue by our Company | 4,500,000 Equity Shares of ₹ 10 each |
| ii) Offer for Sale by the Selling Shareholder(1) | Up to 2,250,000 Equity Shares of ₹ 10 each |
| | |
| **Issue to the Public** | 6,750,000 Equity Shares of ₹ 10 each |
| *Of which:* | |
| i) QIBs portion(2)(3) | Not more than 3,375,000 Equity Shares of ₹ 10 each |
| *Of which:* | |
| Anchor Investor Portion(2)(3) | Upto 1,012,500 Equity Shares of ₹ 10 each |
| Net QIB Portion(2)(3) | Not more than 2,362,500 Equity Shares of ₹ 10 each |
| *Of which:* | |
| - Mutual Fund Portion | 118,125 Equity Shares of ₹ 10 each |
| - Balance for all QIBs including Mutual Funds | 2,244,375 Equity Shares of ₹ 10 each |
| ii) Non - Institutional portion(3) | Not less than 1,012,500 Equity Shares of ₹ 10 each |
| iii) Retail portion(3) | Not less than 2,362,500 Equity Shares of ₹ 10 each |
| Equity Shares outstanding prior to the Issue | 17,212,110 Equity Shares of ₹ 10 each |
| Equity Shares outstanding after the Issue(4) | 21,712,110 Equity Shares of ₹ 10 each |
| **Objects of the Issue:** | |
| Use of Proceeds of the Issue | For information, please refer to the section "Objects of the Issue" beginning on page 76 of the DRHP. Our Company will not receive any proceeds from the Offer for Sale. |

(1) *The Equity Shares offered by the Selling Shareholder in the Issue have been held by them for more than a period of one year as on the date of the DRHP, such period includes the holding period of the FCDs which were converted into Equity Shares.*

(2) *This Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis. Our Company may allocate upto 30% of the QIB Portion to Anchor Investors on a discretionary basis. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIBs in proportion to their Bids.*

(3) *Subject to valid Bids received at or above the Issue Price, allocation to all categories, except Anchor Investor Portion, if any, shall be made on a proportionate basis. Under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.*

(4) *Our Company has at a shareholders meeting dated January 7, 2011 approved an employee stock option scheme. Pursuant to the same, our Company has granted 1,061,750 options to various employees.*

# GENERAL INFORMATION

**Registered Office**:

**Flexituff International Limited**
2nd floor, Main Building,
19, R.N. Mukherjee Road,
Kolkata -700 001
West Bengal.
**Tel:** +91 33 3243 4331
**Fax:** +91 33 2231 2510
**Email:** investors@flexituff.com
**Website:** www.flexituff.com

**CIN No:** U25202WB1993PLC111382

**Corporate Office**

C-41-50, Sector 3,
SEZ, Pithampur,
Dist Dhar 454 775
Madhya Pradesh
**Tel:** +917292 401681-83
**Fax:** +91 7292 401684

**Address of RoC**

Our Company is registered with the Registrar of Companies, Kolkata, West Bengal, which is situated at:

**The Registrar of Companies**
Nizam Palace-II,
MSO Building,
2nd Floor, 234/4 AJC Bose Road,
Kolkata -700 020
West Bengal

**Board of Directors**

The Board of Directors of our Company comprises of the following persons:

| Sr. No. | Name and Designation | DIN | Address |
|---|---|---|---|
| 1. | **Mr. Anirudh Sonpal**<br>*Chairman and Independent Director* | 03367049 | 8, Pitamber Society, Old Padra Road, Vadodra 390 020 |
| 2. | **Mr. Manish Kalani**<br>*Managing Director* | 00169041 | 11, Tukoganj Main Road, Indore 452 001 |
| 3. | **Mr. Pawan Kumar Jain**<br>*Non-Executive Director* | 00012279 | 62, Shikshak Nagar, Aerodrome Road, Indore 452 005 |
| 4. | **Mr. Ravindra Chourasiya**<br>*Non-Executive Director* | 00061084 | 101, Amar Tower, GF 137 Vijay Nagar, Indore 452 010 |
| 5. | **Mr. Aswini Sahoo**<br>*Non Executive Director (Nominee Director of Clearwater Capital Partners (Cyprus) Limited)* | 01931805 | Flat N0. 406, Tower B, Raheja Sherwood, Goregaon East, Mumbai 400 063 |
| 6. | **Mr. Kevan John Upperdine**<br>*Independent Director* | 01214264 | 48, Wood Walk Wombell, Barnsley, South Yorkshire, England S730NF |

| Sr. No. | Name and Designation | DIN | Address |
|---|---|---|---|
| 7. | **Mr. Sharat Anand**<br>*Independent Director* | 00083237 | Flat No. 502, Royal Retreat Apartments, Charmwood Village, Surajkund, Faridabad 121 009 |

For more details on our Directors, please refer to the section "Management" beginning on page 155 of the DRHP.

**Company Secretary & Compliance Officer**

**Dinesh Kumar Sharma**
Flexituff International Limited
C- 41-50, Sector-3
SEZ,
Pithampur
Dist. Dhar 454 775
Madhya Pradesh
Tel: +91 7292 401681- 83
Fax: +91 7292 401684
Email: investors@flexituff.com

**Investors are requested to contact the Compliance Officer and/or Registrar to the Issue and/or the BRLM in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment / share certificates/ credit of securities in depository beneficiary account/ refund orders, etc.**

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount paid on application and designated branch or the collection centre where the application was submitted.

All grievances relating to ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch where the ASBA Bid cum Application Form was submitted. For all Issue related queries and for redressal of complaints, Bidders may also write to the BRLM. All complaints, queries or comments received by SEBI shall be forwarded to the BRLM, who shall respond to such complaints.

**Book Running Lead Manager**

**Collins Stewart Inga Private Limited**
A 404 Neelam Centre,
Hind Cycle Road, Worli,
Mumbai 400 030
**Tel. No.**: +91-22- 2498 2919;
**Fax No.**: +91-22- 2498 2956
**E-mail**: flexituff.ipo@csinga.com
**Investor Grievance ID:** investors@csinga.com
**Website**: www.csinga.com
**Contact person**: Ms. Deepa Mutha / Mr. Kunal Thakkar
**SEBI Registration No**.: INM000010924

**Syndicate Members**

The Syndicate Member(s) will be appointed prior to filing the RHP with RoC.

**Brokers to this Issue**

All the members of the recognised stock exchanges would be eligible to act as brokers to the Issue**.**

**Registrar to the Issue**

**Link Intime India Private Limited**
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai – 400 078
**Tel**: +91 22 2596 0320
**Toll Free**: 1800 220320
**Fax**: +91 22 2596 0329
**Email**: flexituff.ipo@linkintime.co.in
**Website**: www.linkintime.co.in
**Contact Person**: Mr. Sanjog Sud
**SEBI Registration No**: INR000004058

**Legal Advisor to the Issue**

**ALMT Legal**
Advocates & Solicitors,
2, Lavelle Road,
Bangalore 560 001.
**Tel No.:** +91 80 4016 0000
**Fax No.:** +91 80 4016 0001
**E-mail:** flexituff@almtlegal.com
**Website**: www.almtlegal.com

**ALMT Legal**
Advocates & Solicitors,
4th Floor, Express Towers,
Nariman Point,
Mumbai 400 021.
**Tel No.:** +91 22 4001 0000
**Fax No.:** +91 22 4001 0001
**E-mail:** flexituff@almtlegal.com
**Website**: www.almtlegal.com

**Statutory Auditor to our Company**

**M/s L.K. Maheshwari & Co.,**
Chartered Accountants.
324, Starlit Tower,
29, Y.N. Road,
Indore - 452 003
**Tel:** + 91 731 2436951
**Contact Person:** Mr. Abhay Singi
**Email:** abhay.singi@gmail.com

**Bankers to our Company**

**UCO Bank**
Gram Pipliahana,
111-112 Tilak Nagar,
Indore - 452 018
Tel.: +91 731 2490384/82
Fax: +91 731 2490314
Contact: Mr. D.R. Sharma
Email: ucotilakind@sify.com
Website: www.ucobank.com

**Punjab National Bank**
45, G.G. Tower, MCB Siya Ganj
Indore 452 001
Tel.: +91 731 2542501/4210
Fax: +91 731 2431077
Contact: Mr. Somnath Jindal/ Mr. James Minz

Email: 0213@pnb.co.in
Website: www.pnb.co.in

**Central Bank of India**
2nd Floor, Palika Plaza, Phase I,
M.T.H. Compound,
Indore – 452 007
Tel.: +91 731 2540335
Fax: +91 731 2540250
Contact: Mr. M. K. Bajaj
Email: cmindo0764@centralbank.co.in
Website: www.centralbankofindia.co.in

**State Bank of India**
Commercial Branch, Near GPO
A.B. Road
Indore 452 001
Tel.: +91 731 4273220
Fax: +91 731 2707309
Contact: Mr. Pramod Bhavsar
Email: pramod.bhavsar@sbi.co.in
Website: www.sbi.co.in

**State Bank of Patiala**
Mid Corporate Branch, Lower Ground Floor
Orbit Mall, A.B. Road
Indore 452 010
Tel.: +91 731 2554867
Fax: +91 731 4246392
Contact: Mr. S.S Arora
Email: b5895@sbp.co.in
Website: www.sbp.co.in

**The Honkong & Sanghai Banking Corporation Ltd**
52/60, Mahatma Gandhi Road,
Mumbai 400 001
Tel.: +91 22 22674921
Fax: +91 22 22658309
Contact: Mr. Lalit Lahoti
Email: lalitlahoti@hsbc.co.in, animeshvjain@hsbc.co.in, info@hsbc.co.in
Website: www.hsbc.co.in

**Axis Bank Limited**
Kamal Palace
1, Yeshwant Colony,
Y.N. Road
Indore 452 003
Tel: +91 731 4295235
Fax: +91 731 4295235
Contact: Mr. Sambit Das
Email: sambit.das@axisbank.com
Website: www.axisbank.com

**Banker(s) to the Issue and Escrow Collection Bank(s)**

The Bankers to the Issue shall be appointed prior to filing of the RHP with the RoC.

**Refund Bank**

**[•]**

**Self-certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on http://www.sebi.gov.in For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned link.

**Credit Rating**

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

**IPO grading**

The IPO has been graded [●] by [●], indicating [●].

The rationale furnished by the grading agency for its grading will be updated at the time of filing the RHP with the RoC.

**Trustees**

As this is an issue of Equity Shares, the appointment of trustees is not required.

**Monitoring Agency**

Since the Issue size shall not exceed ₹ 5000 million no monitoring agency has been appointed to monitor the funds proposed to be raised in the Issue.

**Statement of Inter se Allocation of Responsibilities for the Issue**

Collins Stewart Inga Private Limited is the sole Book Running Lead Manager to the Issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them.

**Appraising Agency**

The objects of the Issue have not been appraised by any agency. The objects of the Issue and the means of the Finance are therefore based on the internal estimates of our managment.

**Experts**

Except for the below stated reports and certificate included in the DRHP, our Company has not obtained any expert opinions:

1. Certificate issued by Mr. Salil Kumar Barjatya, Chartered Engineer on the installed production capacity of our Company; and
2. Reports of the Statutory Auditor of our Company on the restated financial statements and Statement of Tax Benefits.
3. Report of [•] in respect of the IPO Grading of this Issue (a copy of which will be annexed to the RHP as Annexure A), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange;

**Public Announcement pursuant to filing of the DRHP**

Pursuant to the filing of the DRHP with SEBI, our Company shall on the next day, make a Public Announcement in an English national newspaper, a Hindi national newspaper and in one Bengali newspaper, each with wide circulation. This Public Announcement, subject to the provisions of Section 60 of the Companies Act, shall invite public to give their comments to SEBI and the BRLM in respect of disclosures made in the DRHP.

**BOOK BUILDING PROCESS**

The Book Building refers to the process of collection of Bids on the basis of the RHP within the Price Band. The Issue Price is finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- The Selling Shareholder;
- BRLM;
- Registrar to the Issue;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with Stock Exchanges and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager;
- SCSBs; and
- Escrow Collection Banks.

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to eligible QIBs. Our Company may allocate upto 30% of the QIB Portion to Anchor Investors on a discretionary basis. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIBs in proportion to their Bids. Subject to valid Bids received at or above the Issue Price, allocation to all categories, except Anchor Investor Portion, if any, shall be made on a proportionate basis. Under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least ₹ 100 million. Further, Anchor Investors shall pay the Bid Amount at the time of submission of the Bid cum Application Form to the BRLM.

**QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Allocation to QIBs will be on a proportionate basis. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Date. Allocation to the Anchor Investors will be on a discretionary basis. For further details please refer to the section "Issue Structure" beginning on page 404 of the DRHP.**

Our Company shall comply with the ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company have appointed Collins Stewart Inga Private Limited as the BRLM to manage the Issue and procure subscriptions to the Issue.

All the Bidders, except Anchor Investors, have the option to submit their Bids under the "ASBA Process", which would entail blocking of funds in the investor's bank account rather than immediate transfer of funds to the respective Escrow Accounts.

**The process of Book Building under the ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.**

**Illustration of Book Building and Price Discovery Process** *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of ₹ 40 to ₹ 48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centres' during the bidding period. The illustrative book as shown below indicates the demand for the shares of the company at various prices and is collated from bids from various investors.

| Bid Quantity | Bid Price (₹) | Cumulative Quantity | Subscription |
|---|---|---|---|
| 500 | 48 | 500 | 8.33% |
| 700 | 47 | 1,200 | 20.00% |
| 1,000 | 46 | 2,200 | 36.67% |
| 400 | 45 | 2,600 | 43.33% |
| 500 | 44 | 3,100 | 51.67% |
| 200 | 43 | 3,300 | 55.00% |
| 2,700 | 42 | 6,000 | 100.00% |
| 800 | 41 | 6,800 | 113.33% |
| 1,200 | 40 | 8,000 | 133.33% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. ₹ 42 in the above example. The Issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price i.e. at or below ₹ 42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

**Steps to be taken by the Bidders for Bidding**

1. Check eligibility for making a Bid (please refer to the section "Issue Procedure - Who Can Bid?" on page 410 of the DRHP);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form or ASBA Bid cum Application Form, as the case may be;
3. Ensure that you have mentioned your PAN in the Bid cum Application Form or ASBA Bid cum Application Form (please refer to the section "Issue Procedure – Permanent Account Number ("PAN")" beginning on page 430 of the DRHP); and
4. Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in the RHP and in the Bid cum Application Form or ASBA Form and submitted to SCSBs;
5. Ensure the correctness of your demographic details (as defined in the "Issue Procedure-Bidder's Depository Account and Bank Account Details" beginning on page 426 of the DRHP) given in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, with the details recorded with your Depository Participant.
6. Bids by QIBs will only have to be submitted to the BRLM other than Bids by QIBs who Bid through the ASBA process who shall submit the Bids to the Designated Branch of the SCSBs /Syndicate members. Bids by Anchor Investors shall be submitted only to the BRLM; and
7. Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

**Withdrawal of the Issue**

Our Company and/or the Selling Shareholder, in consultation with the BRLM, reserve the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event, a public notice would be issued in the newspapers. The public notice shall be given in the same newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh DRHP with the SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

**Bid/Issue Programme**

| | |
|---|---|
| **BID/ISSUE OPENS ON*** | **[●]** |
| **BID/ISSUE CLOSES ON**** | **[●]** |

* *Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/Issue Date shall be one Working Day prior to Bid/ Issue Opening Date*
***Our Company may decide to close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the ICDR Regulations.*

Bids and any revision in Bids (except in relation to the Bids received from the Anchor Investors) shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/ Issue Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or in case of bids submitted through ASBA, the designated branches of the SCSBs except that on the Bid/ Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). On the Bid/Issue Closing Date, Bids shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non- Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by BSE and NSE, in case of Bids by Retail Individual Bidders. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the Bidders, except Anchor Investors are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 pm on the Bid/Issue Closing Date. Bidders other than Anchor Investors are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the Selling Shareholder, BRLM and Syndicate Members will not be responsible.

It is clarified that Bids not uploaded in the book, would be rejected. Bids will be accepted only from Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the Stock Exchanges.

In case of discrepancy of data between the Stock Exchanges and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the BRLM, our Company and the Designated Stock Exchange, based on the physical/ electronic records, as the case may be, of the ASBA Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from the SCSB.

The Registrar to the Issue shall only look at the data entered in the electronic records and will not conduct any verification of data in the electronic book *vis* a *vis* the data contained in any physical Bid Cum Application Form for a particular Bidder.

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids submitted by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of time period for acceptance of Bid cum Application Forms and ASBA Bid cum Application Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

Our Company and the Selling Shareholder in consultation with the BRLM reserve the right to revise the Price Band during the Bid/Issue Period in accordance with the ICDR Regulations. Under ICDR Regulations, the Cap Price should not be more than 20% of the Floor Price, i.e. the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price.

In case of revision of the Price Band, the Issue Period will be extended for atleast three additional Working Days after revision of the Price Band subject to the total Bid /Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the changes on the web sites of the BRLM and at the terminals of the Syndicate. Further, the SCSBs shall also be notified by the BRLM, through the Registrar to the Issue, of any such revision.

**Underwriting Agreement**

After the determination of the Issue Price but prior to filing of the Prospectus with the ROC our Company and the Selling Shareholder will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint and are subject to certain conditions as specified in such agreement.

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

*(This portion has been intentionally left blank and will be filled before filing of the Prospectus with the ROC)*

| Name, Address, Telephone, Email and Fax of the Underwriters | Indicated Number of Equity Shares to be Underwritten | Amount Underwritten (₹ in million) |
|---|---|---|
| [•] | [•] | [•] |
| [•] | [•] | [•] |
| **Total** | [•] | [•] |

The above-mentioned amount is an indicative underwriting and would be finalized after determination of the Issue Price and actual allocation. The above underwriting agreement is dated [•]. In the opinion of the Board of Directors of our Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI and are eligible to underwrite as per applicable guidelines.

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

## CAPITAL STRUCTURE

Share capital of our Company as at the date of the DRHP is as set forth below:

| | Share Capital | Aggregate Value at nominal value | Aggregate Value at Issue Price |
|---|---|---|---|
| **A.** | **Authorised Share Capital** | | |
| | 25,000,000 Equity Shares of ₹ 10 each | 250,000,000 | |
| | | | |
| **B.** | **Issued, Subscribed and Paid Up Equity Share Capital (before the Issue)** | | |
| | 17,212,110 Equity Shares of ₹ 10 each(1) | 172,121,100 | |
| | | | |
| **C.** | **Present Issue in Terms of The DRHP** | | |
| | Offer of 6,750,000 Equity Shares of ₹ 10 each(2) | 67,500,000 | [•] |
| | ***Comprising*** | | |
| | **1) Fresh issue** | | |
| | 4,500,000 Equity Shares of ₹ 10 each | 45,000,000 | |
| | **2) Offer for Sale(3)** | | |
| | Up to 2,250,000 Equity Shares of ₹10 each | 22,500,000 | |
| | | | |
| | ***Of Which*** | | |
| | QIB Portion not more than 3,375,000 Equity Shares(4)(5) | 33,750,000 | |
| | Anchor Investor Portion upto 1,012,500 Equity Shares | | |
| | Net QIB Portion of not more than 2,362,500 Equity Shares | | |
| | ***Of which*** | | |
| | Mutual Fund Portion is 118,125 Equity Shares | | |
| | Other QIBs (including Mutual Funds) 2,244,375 Equity Shares | | |
| | Non-Institutional Portion of not less than 1,012,500 Equity Shares(4) | 10,125,000 | |
| | Retail Portion of not less than 2,362,500 Equity Shares(4) | 23,625,000 | |
| | | | |
| **D.** | **Issued, Subscribed and Paid Up Equity Share Capital (After The Issue)** | | |
| | 21,712,110 Equity Shares of ₹ 10 each(6) | 217,121,100 | [•] |
| | | | |
| **E.** | **Share Premium Account** | | |
| | Before the Issue | 833,596,923 | |
| | After the Issue | [•] | |

(1) *All Equity Shares issued by our Company are fully paid-up.*

(2) *The Issue has been authorized pursuant to a Board resolution dated July 14, 2010 and approved by our shareholders vide resolution passed at the Extra-ordinary General Meeting held on January 7, 2011 under Section 81(1A) of the Companies Act.*

(3) ***Offer for Sale***

*The Equity Shares forming part of the Offer for Sale were issued in favour of the Selling Shareholder pursuant to conversion of Fully Convertible Debentures and have been held by the Selling Shareholder for a period more than one year prior to the date of the DRHP, such period including the period that the said Fully Convertible Debentures were held by the Selling Shareholder. Consequently, the said Equity Shares are eligible to be offered for sale. The Selling Shareholder has authorized the Offer for Sale of up to 2,250,000 Equity Shares held by it as part of the Issue pursuant to resolution dated February 24, 2011 passed by its board of directors.*

(4) *Subject to valid bids being received at or above the Issue Price, allocation to all categories, except Anchor Investor Portion shall be made on a proportionate basis. Under-subscription, if any, in any category would be*

*allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.*

(5) *Our Company may allocate upto 30% of the QIB Portion to Anchor Investors on a discretionary basis. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIBs in proportion to their Bids.*

(6) *Our Company has at a shareholders meeting dated January 7, 2011 approved an employee stock option scheme. Pursuant to the same, our Company has granted 1,061,750 options to various employees.*

For further details, please refer to the section titled "Issue Procedure" on page 409 of the DRHP.

***Details of Increase in Authorized Share Capital of our Company***

| Date of General Meeting | Increase in Authorised Share Capital (No of Equity Shares) | Cumulative Number of Equity Shares | Face Value of Equity Shares (in ₹) | Authorized Capital (in ₹) |
|---|---|---|---|---|
| April 8, 1993 (At Incorporation) | - | 500,000 | 10 | 5,000,000 |
| September 11, 2002 | 4,500,000 | 5,000,000 | 10 | 50,000,000 |
| October 30, 2006 | 10,000,000 | 15,000,000 | 10 | 150,000,000 |
| September 30, 2009 | 5,000,000 | 20,000,000 | 10 | 200,000,000 |
| December 8, 2010 | 5,000,000 | 25,000,000 | 10 | 250,000,000 |

**NOTES TO THE CAPITAL STRUCTURE:**

**1. Share Capital History of our Company**

| Date of allotment of Equity Shares | No. of Equity Shares | Face Value (₹) | Issue Price (₹) | Cumulative Paid-up Capital (₹) | Cumulative Securities Premium (₹) | Consideration | Reasons for allotment |
|---|---|---|---|---|---|---|---|
| April 8, 1993 (At Incorporation) | 30,000 | 10 | 10 | 300,000 | - | Cash | Subscriber to Memorandum of Association |
| May 26, 1993 | 210,000 | 10 | 10 | 2,400,000 | - | Cash | Right Issue in the ratio of 7:1. |
| December 11, 2002 | 201,000 | 10 | 100 | 4,410,000 | 18,090,000 | Cash | Preferential allotment |
| March 31, 2003 | 62,000 | 10 | 100 | 5,030,000 | 23,670,000 | Cash | Preferential allotment |
| June 30, 2003 | 180,000 | 10 | 100 | 6,830,000 | 39,870,000 | Cash | Preferential allotment |
| March 20, 2004 | 528,500 | 10 | 100 | 12,115,000 | 87,435,000 | Cash | Preferential allotment |
| April 20, 2004 | 253,000 | 10 | 100 | 14,645,000 | 110,205,000 | Cash | Preferential allotment |
| July 23, 2004 | 425,000 | 10 | 100 | 18,895,000 | 148,455,000 | Cash | Preferential allotment |
| August 12, 2004 | 100,000 | 10 | 100 | 19,895,000 | 157,455,000 | Cash | Preferential allotment |

| Date of allotment of Equity Shares | No. of Equity Shares | Face Value (₹) | Issue Price (₹) | Cumulative Paid-up Capital (₹) | Cumulative Securities Premium (₹) | Consideration | Reasons for allotment |
|---|---|---|---|---|---|---|---|
| March 31, 2007 | 708,376 | 10 | 100 | 26,978,760 | 221,208,840 | Cash | Preferential allotment |
| October 17, 2007 | 7,554,053* | 10 | - | 102,519,290 | 145,668,310 | Nil | Bonus Issue in the ratio of 28:10 |
| November 30, 2007 | 501,401 | 10 | 118 | 107,533,300 | 199,819,618 | Cash | Preferential allotment |
| January 10, 2008 | 100 | 10 | 110 | 107,534,300 | 199,829,618 | Cash | Preferential allotment |
| February 6, 2008 | 338,000 | 10 | 118 | 110,914,300 | 236,333,618 | Cash | Preferential allotment |
| December 9, 2008 | 223,000 | 10 | 118 | 113,144,300 | 260,417,618 | Cash | Conversion of 223,000 Share Warrants# |
| March 12, 2010 | 209,000 | 10 | 118 | 115,234,300 | 282,989,618 | Cash | Conversion of 209,000 Share Warrants# |
| July 14, 2010 | 640,000 | 10 | 118 | 121,634,300 | 352,109,618 | Cash | Conversion of 640,000 Share Warrants# |
| September 20, 2010 | 233,000 | 10 | 118 | 123,964,300 | 377,273,618 | Cash | Conversion of 233,000 Share Warrants# |
| September 20, 2010 | 134,188 | 10 | 160 | 125,306,180 | 397,401,818 | Cash | Preferential allotment |
| December 31, 2010 | 195,000 | 10 | 118 | 127,256,180 | 418,461,818 | Cash | Conversion of 195,000 Share Warrants# |
| February 24, 2011 | 4,486,492 | 10 | 102.53 | 172,121,100 | 833,596,923 | Cash | Conversion of 92 FCDs## |

*Other than as mentioned in the table above, we have not made any issue of Equity Shares during the preceding one year.*

* *Issue of bonus Equity Shares by way of capitalization of the securities premium account*

***# Convertible Share Warrants***

*Our Company's shareholders at the extraordinary general meeting held on November 30, 2007 approved the issuance of 1,500,000 convertible share warrants at a price of ₹ 118 per convertible share warrant. Thereafter, our Board vide resolution dated January 10, 2008 allotted 1,500,000 convertible share warrants in favour of Kalani Industries Private Limited, one of our Promoters, at a price of ₹ 118 per convertible share warrant whereby 5% of the issue price was payable upon issuance of the share warrants and the balance at the time of conversion of the share warrants into Equity Shares. In accordance with the terms of issue of the convertible share warrants, Kalani Industries Private Limited exercised its option to convert 223,000, 209,000, 640,000, 233,000 and 195,000 convertible share warrants in to Equity Shares on December 9, 2008, March 12, 2010, July 14, 2010, September 20, 2010 and December 31, 2010 respectively. For details relating to the terms of issue of the convertible share warrants please refer to the section "History and Certain Corporate Matters" beginning on page 145 of the DRHP.*

***## Details of Fully Convertible Debentures issued by our Company***

*Our Company's shareholders at the extraordinary general meeting held on November 30, 2007 approved the issuance of 92 (ninety two) 0% Fully Convertible Debentures (FCDs) having a face value of ₹ 5,000,000 per debenture in favour of Clearwater Capital Partners (Cyprus) Limited, the Selling Shareholder at par aggregating to ₹460,000,000. Thereafter, the Board vide resolution dated January 10, 2008 allotted the said FCDs in favour of the*

*Selling Shareholder. The Selling Shareholder exercised its option to convert all 92 FCDs into 4,486,492 Equity Shares on February 18, 2011 and such Equity Shares were allotted on February 24, 2011.*

**2. Equity shares allotted for consideration other than Cash**

Our Company has not issued any Equity Shares for consideration other than cash or out of revaluation reserves other than as given below. The bonus shares as per the details mentioned below were issued and allotted pursuant to capitalization of the securities premium account.

| Date of allotment | Ratio of the Bonus Issue | Number of Equity Shares issued | Face Value of Shares (₹) | Amount of Share premium capitalized (₹) | Persons to whom Equity share allotted | Reasons for Issue | Benefits to the Issuer |
|---|---|---|---|---|---|---|---|
| October 17, 2007 | 28:10 | 7,554,053 | 10 | 75,540,530 | Existing shareholders of the Company | Bonus Issue | Nil |

**3. Build up of Promoter's shareholding**

Capital Build up of the Promoters' Equity Shareholding in our Company

| Date of Allotment / Transfer | No. of Equity Shares | Face Value (₹) | Issue / Acquisition Price (₹) | Nature of Consideration | Nature of acquisition Allotment/ Transfer | Cumulative No. of Equity Shares | % of Pre Issue Capital | % of Post Issue Capital |
|---|---|---|---|---|---|---|---|---|
| ***Kalani Industries Private Limited*** | | | | | | | | |
| September 12, 2002 | 239,900 | 10 | 10 | Cash | Transfer | 239,900 | | |
| December 11, 2002 | 6,000 | 10 | 100 | Cash | Allotment | 245,900 | | |
| March 31, 2003 | 100 | 10 | 10 | Cash | Transfer | 246,000 | | |
| June 30, 2003 | 95,000 | 10 | 100 | Cash | Allotment | 341,000 | | |
| March 20, 2004 | 181,000 | 10 | 100 | Cash | Allotment | 522,000 | | |
| October 17, 2007 | 1,461,600 | 10 | - | Nil | Allotment (Bonus Issue) | 1,983,600 | | |
| December 9, 2008 | 223,000 | 10 | 118 | Cash | Allotment | 2,206,600 | | |
| March 12, 2010 | 209,000 | 10 | 118 | Cash | Allotment | 2,415,600 | | |
| July 14, 2010 | 640,000 | 10 | 118 | Cash | Allotment | 3,055,600 | | |
| September 20, 2010 | 233,000 | 10 | 118 | Cash | Allotment | 3,288,600 | | |
| December 31, 2010 | 195,000 | 10 | 118 | Cash | Allotment | **3,483,600** | **20.24** | **16.04** |
| ***Miscellani Global Private Limited*** | | | | | | | | |
| December 23, 2005 | 147,000 | 10 | 10 | Cash | Transfer | 147,000 | | |
| November 1, 2006 | 5,000 | 10 | 10 | Cash | Transfer | 152,000 | | |
| March 31, 2007 | 50,000 | 10 | 100 | Cash | Allotment | 202,000 | | |

| Date of Allotment / Transfer | No. of Equity Shares | Face Value (₹) | Issue / Acquisition Price (₹) | Nature of Consideration | Nature of acquisition Allotment/ Transfer | Cumulative No. of Equity Shares | % of Pre Issue Capital | % of Post Issue Capital |
|---|---|---|---|---|---|---|---|---|
| June 30, 2007 | 118,400 | 10 | 15 | Cash | Transfer | 320,400 | | |
| October 17, 2007 | 897,120 | 10 | - | Nil | Allotment (Bonus Issue) | **1,217,520** | **7.07** | **5.61** |
| ***Sanovi Trading Private Limited*** | | | | | | | | |
| August 28, 2005 | 157,500 | 10 | 10 | Cash | Transfer | 157,500 | | |
| December 28, 2005 | 30,000 | 10 | 10 | Cash | Transfer | 187,500 | | |
| June 30, 2007 | 59,000 | 10 | 100 | Cash | Transfer | 246,500 | | |
| October 17, 2007 | 690,200 | 10 | - | Nil | Allotment (Bonus Issue) | **936,700** | **5.44** | **4.31** |
| | | | | | **Total** | **5,637,820** | **32.75** | **25.97** |

All Equity Shares were fully paid up on allotment. All Equity Shares held by our Promoters are free from pledge or any encumbrance.

**4. Details of Promoter Contribution and Lock-in**:

Pursuant to the Regulation 36 (a) of the ICDR Regulations, an aggregate of 20% of the post Issue equity share capital of our Company held by the Promoters shall be locked in as minimum Promoters' contribution. Such lock-in shall commence from the date of Allotment in the Issue and shall continue for a period of three years from such date. The Equity Shares, which are being locked-in as minimum Promoter's contribution, are eligible for computation of minimum Promoter's contribution in accordance with the provisions of the ICDR Regulations.

The Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution in terms of Regulation 33 of the ICDR Regulations.

The details of the Equity Shares forming part of the promoter's contribution which shall be locked in for a period of three years have been provided below:

| Date of Allotment / Transfer | No. of Equity Shares | Face Value (₹) | Issue / Acquisition Price (₹) | Nature of Consideration | Nature of acquisition Allotment/ Transfer | Cumulative No. of Equity Shares | % of Post Issue Capital |
|---|---|---|---|---|---|---|---|
| ***Kalani Industries Private Limited*** | | | | | | | |
| September 12, 2002 | 239,900 | 10 | 10 | Cash | Transfer | 239,900 | |
| December 11, 2002 | 6,000 | 10 | 100 | Cash | Allotment | 245,900 | |
| March 31, 2003 | 100 | 10 | 10 | Cash | Transfer | 246,000 | |
| June 30, 2003 | 95,000 | 10 | 100 | Cash | Allotment | 341,000 | |
| March 20, 2004 | 181,000 | 10 | 100 | Cash | Allotment | 522,000 | |
| October 17, 2007 | 1,461,600 | 10 | - | Nil | Allotment (Bonus Issue) | 1,983,600 | |
| December 9, 2008 | 223,000 | 10 | 118 | Cash | Allotment | **2,206,600** | **10.16** |
| ***Miscellani Global Private Limited*** | | | | | | | |

| Date of Allotment / Transfer | No. of Equity Shares | Face Value (₹) | Issue / Acquisition Price (₹) | Nature of Consideration | Nature of acquisition Allotment/ Transfer | Cumulative No. of Equity Shares | % of Post Issue Capital |
|---|---|---|---|---|---|---|---|
| December 23, 2005 | 147,000 | 10 | 10 | Cash | Transfer | 147,000 | |
| November 1, 2006 | 5,000 | 10 | 10 | Cash | Transfer | 152,000 | |
| March 31, 2007 | 50,000 | 10 | 100 | Cash | Allotment | 202,000 | |
| June 30, 2007 | 118,400 | 10 | 15 | Cash | Transfer | 320,400 | |
| October 17, 2007 | 897,120 | 10 | - | Nil | Allotment (Bonus Issue) | **1,217,520** | **5.61** |
| ***Sanovi Trading Private Limited*** | | | | | | | |
| August 28, 2005 | 157,500 | 10 | 10 | Cash | Transfer | 157,500 | |
| December 28, 2005 | 30,000 | 10 | 10 | Cash | Transfer | 187,500 | |
| June 30, 2007 | 59,000 | 10 | 100 | Cash | Transfer | 246,500 | |
| October 17, 2007 | 690,200 | 10 | - | Nil | Allotment (Bonus Issue) | **936,700** | **4.31** |
| | | | | | | **Total** | **20.08** |

Our Company has obtained specific written consent from the Promoters for inclusion of the Equity Shares held by them in the minimum Promoters' contribution subject to lock-in. Further, the Promoters have given an undertaking dated March 22, 2011 to the effect that they shall not sell/transfer/dispose of in any manner, Equity Shares forming part of the minimum Promoters' contribution from the date of the DRHP till the date of commencement of lock-in as per the ICDR Regulations.

The Equity Shares held by the Promoters and offered as minimum Promoters' contribution are free from pledge.

(a) **Details of Equity Share capital locked-in for one year**

In terms of the ICDR Regulations, in addition to the lock-in of 20% of the post-Issue shareholding of the Promoters for three years as specified above, the balance pre-Issue share capital of our Company shall be locked-in for a period of one year from the date of allotment in the Issue other than the Equity Shares which are being transferred and sold in the Offer for Sale.

(b) **Other requirements in respect of lock-in**

As per Regulation 39 read with Regulation 36 (a) and 36(b) of the ICDR Regulations, the Equity Shares held by the Promoters which are locked-in for a period of three years from the date of Allotment may be pledged only with scheduled commercial banks or financial institutions as collateral security for loans granted by such bank or financial institution, provided that the pledge of Equity Shares can be created when the loan has been granted by such bank or financial institution for financing one or more of the objects of the Issue and pledge of Equity Shares is one of the terms of sanction of the loan.

Further, the Equity Shares held by the Promoters which are locked-in for a period of one year from the date of Allotment in the Issue can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such bank or financial institution, provided that the pledge of the Equity Shares is one of the terms of sanction of the loan

As per Regulation 40 read with Regulation 37 of the ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue and which are locked-in for period of one year, may be transferred to any other person holding Equity Shares which are locked-in along with Equity Shares proposed to be transferred subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the provisions of the Takeover Regulations as applicable

In terms of Regulation 40 of the ICDR Regulations, the Equity Shares held by the Promoter may be transferred inter se, to any Promoter or persons constituting the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the provisions of the Takeover Regulations as applicable.

Our Company has obtained a consent dated March 22, 2011 from our Promoters for the lock-in of the said 4,360,820 Equity Shares, held by them, for three years from the date of Allotment and for lock-in of the balance pre-Issue Equity Share capital of our Company, held by them, for a period of one year from the date of Allotment.

*(c)* ***Lock-in of Equity Shares to be issued, if any, to the Anchor Investor***

In terms of Schedule XI of the ICDR Regulations, any Equity Shares allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

**5. Build up of Selling Shareholder's shareholding**

Capital build up of the Selling Shareholder in our Company is as follows:

| Date of Allotment / Transfer | No. of Equity Shares | Face Value (₹) | Issue / Acquisition Price (₹) | Nature of Consideration | Nature of acquisition Allotment/ Transfer | Cumulative No. of Equity Shares |
|---|---|---|---|---|---|---|
| January 10, 2008 | 100 | 10 | 110 | Cash | Allotment | 100 |
| May 5, 2009 | 338,000 | 10 | 0.50 | Cash | Transfer | 338,100 |
| February 23, 2011 | (338,000) | 10 | 0.50 | Cash | Transfer | 100 |
| February 24, 2011 | 4,486,492 | 10 | 102.53 | Cash | Allotment | 4,486,592 |

**6. Shareholding pattern of our Company**

(i) The table below presents our Company's shareholding pattern as per Clause 35 of the Listing Agreement:

| Category Code | Category of shareholders | No. of shareholders | Total Number of shares | Number of shares held in dematerialized form | Total shareholding as a % of total no. of shares | | Shares pledged or otherwise encumbered | |
|---|---|---|---|---|---|---|---|---|
| | | | | | As a % of (A+B) | As a % of (A+B +C) | Number of shares | As a % |
| I | II | III | IV | V | VI | VII | VIII | (IX)=(VIII)/(IV)*100 |
| **(A)** | **Shareholding of Promoter and Promoter Group** | | | | | | | |
| **1** | **Indian** | | | | | | | |
| (a) | Individuals / Hindu Undivided Family | - | - | - | - | - | - | - |
| (b) | Central Government/ State Government(s) | - | - | - | - | - | - | - |
| (c ) | Bodies Corporate : | **3** | | | | | | |
| | (i) Kalani Industries Pvt. Ltd. | | 3,483,600 | 3,483,600 | 20.24 | 20.24 | - | - |

| Category Code | Category of shareholders | No. of shareholders | Total Number of shares | Number of shares held in dematerialized form | Total shareholding as a % of total no. of shares | | Shares pledged or otherwise encumbered | |
|---|---|---|---|---|---|---|---|---|
| | | | | | As a % of (A+B) | As a % of (A+B +C) | Number of shares | As a % |
| I | II | III | IV | V | VI | VII | VIII | (IX)=(VIII)/(IV)*100 |
| | (ii) Sanovi Trading Private Ltd. | | 936,700 | 936,700 | 5.44 | 5.44 | - | - |
| | (vi) Miscellani Global Pvt. Ltd. | | 1,217,520 | 1,217,520 | 7.07 | 7.07 | - | - |
| (d) | Financial Institutions/ Banks | - | - | - | - | - | - | - |
| (e) | Any Other (Specify) | - | - | - | - | - | - | - |
| | **Sub Total (A) (1)** | **3** | **5,637,820** | **5,637,820** | **32.75** | **32.75** | **-** | **-** |
| **2** | **Foreign** | | | | | | | |
| (a) | Individuals (Non-Resident Individuals/ Foreign Individuals) | - | - | - | - | - | - | - |
| (b) | Bodies Corporate: | - | - | - | - | - | - | - |
| (c ) | Institutions | - | - | - | - | - | - | - |
| (d) | Any Other (specify) | - | - | - | - | - | - | - |
| | **Sub Total (A) (2)** | - | - | - | - | - | - | - |
| | **Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)** | **3** | **5,637,820** | **5,637,820** | **32.75** | **32.75** | **-** | **-** |
| **(B)** | **Public Shareholding** | | | | | | | |
| **1** | **Institutions** | | | | | | | |
| (a) | Mutual Funds / UTI | - | - | - | - | - | - | - |
| (b) | Financial Institutions / Banks | - | - | - | - | - | - | - |
| (c ) | Central Government/ State Government(s) | - | - | - | - | - | - | - |
| (d) | Venture Capital Funds | - | - | - | - | - | - | - |
| (e) | Insurance Companies | - | - | - | - | - | - | - |
| (f) | Foreign Institutional Investors | - | - | - | - | - | - | - |
| (g) | Foreign Venture Capital Investors | - | - | - | - | - | - | - |
| (h) | Any Other (specify) | - | - | - | - | - | - | - |
| | **Sub Total (B) (1)** | - | - | - | - | - | - | - |
| **2** | **Non-Institutions** | | | | | | | |
| **(a)** | **Bodies Corporate** | 10 | | | | | | |
| | (i) Sorley Holdings Ltd. | | 653,607 | - | 3.80 | 3.80 | - | - |
| | (ii) Clearwater Capital Partners( Cyprus) Ltd. | | 4,486,592 | - | 26.07 | 26.07 | - | - |
| | (iii) Pack Plast Pte Ltd | | 134,188 | - | 0.78 | 0.78 | - | - |
| | (iv) Angelfire Holdings Ltd | | 338,000 | - | 1.96 | 1.96 | - | - |
| | (v) Anshuman Properties Pvt. Ltd. | | 940,500 | 940,500 | 5.46 | 5.46 | - | - |
| | (vi) High Skey Properties Pvt. Ltd. | | 904,400 | 904,400 | 5.25 | 5.25 | - | - |
| | (vii) Saurabh Properties Pvt. Ltd. | | 1,270,530 | 1270,530 | 7.38 | 7.38 | - | - |
| | (viii) Fantasy Real Estate Pvt. Ltd. | | 915,800 | 915,800 | 5.32 | 5.32 | - | - |
| | (ix) Seven Star Properties Pvt. Ltd. | | 952,470 | 952,470 | 5.53 | 5.53 | - | - |
| | (x) Sunrise Properties Pvt. Ltd | | 737,580 | 737,580 | 4.29 | 4.29 | - | - |
| | **Sub Total 2(a)** | **10** | **11,333,667** | **5,721,280** | **65.85** | **65.85** | - | - |

| Category Code | Category of shareholders | No. of shareholders | Total Number of shares | Number of shares held in dematerialized form | Total shareholding as a % of total no. of shares | | Shares pledged or otherwise encumbered | |
|---|---|---|---|---|---|---|---|---|
| | | | | | As a % of (A+B) | As a % of (A+B +C) | Number of shares | As a % |
| I | II | III | IV | V | VI | VII | VIII | (IX)=(VIII)/(IV)*100 |
| (b) | **Individuals** | | | | | | | |
| | **i. Individual shareholders holding nominal share capital up to ₹ 1 lakh** | 1 | | | | | | |
| | (i) Manisha Kalani | | 7,600 | 7,600 | 0.04 | 0.04 | - | - |
| | **ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh** | 3 | | | | | | |
| | (i) Manish Kalani | | 11,400 | 11,400 | 0.07 | 0.07 | - | - |
| | (ii) Mamta Ashra | | 114,429 | - | 0.66 | 0.66 | - | - |
| | (iii) Narsimha Shibroor Kamath | | 107,194 | - | 0.62 | 0.62 | - | - |
| (c ) | **Any Others (Specify)** | | | | | | | |
| | **Sub Total (B)(2)** | **14** | **11,574,290** | **19,000** | **1.40** | **1.40** | **-** | **-** |
| | **Total Public shareholding (B) = (B)(1) + (B)(2)** | **14** | **11,574,290** | **5,740,280** | **67.25** | **67.25** | **-** | **-** |
| | | | | | | | | |
| | **Total (A)+(B)** | **17** | **17,212,110** | **11,378,100** | **100** | **100** | **-** | **-** |
| **(C)** | **Shares held by Custodians and against which Depository Receipts have been issued** | | **-** | **-** | **-** | **-** | **-** | **-** |
| **1** | **Promoter and Promoter Group** | | **-** | **-** | **-** | **-** | **-** | **-** |
| **2** | **Public** | | **-** | **-** | **-** | **-** | **-** | **-** |
| | | | | | | | | |
| | **Total (A)+(B)+(C)** | **17** | **17,212,110** | **11,378,100** | **100** | **100** | **-** | **-** |

**7.** The pre and post-Issue shareholding pattern of our Company is set out below:

| Category | Equity Shares held Pre-Issue | | Equity Shares held Post-Issue** | |
|---|---|---|---|---|
| | Number of Shares | % of equity share capital | Number of Shares | % of equity share capital |
| **A. Promoters*** | | | | |
| Kalani Industries Pvt. Ltd | 3,483,600 | 20.24 | 3,483,600 | 16.04 |
| Miscellani Global Pvt. Ltd | 1,217,520 | 7.07 | 1,217,520 | 5.61 |
| Sanovi Trading Pvt. Ltd | 936,700 | 5.44 | 936,700 | 4.31 |
| **Sub Total (A)** | **5,637,820** | **32.75** | **5,637,820** | **25.97** |
| | | | | |
| **B. Promoter Group (Other than Promoter)** | - | - | - | - |
| **Sub Total (B)** | **-** | **-** | **-** | **-** |
| | | | | |
| **Promoter and Promoter Group Total (A+ B)** | **5,637,820** | **32.75** | **5,637,820** | **25.97** |
| | | | | |

| Category | Equity Shares held Pre-Issue | | Equity Shares held Post-Issue** | |
|---|---|---|---|---|
| | Number of Shares | % of equity share capital | Number of Shares | % of equity share capital |
| **C. Others ( others than Promoter and Promoter Group)** | | | | |
| Clearwater Capital Partners (Cyprus) Limited | 4,486,592 | 26.07 | 2,236,592 | 10.30 |
| Sorley Holdings Limited | 653,607 | 3.80 | 653,607 | 3.01 |
| Pack Plast Pte Limited | 134,188 | 0.78 | 134,188 | 0.62 |
| Mamta Ashra | 114,429 | 0.66 | 114,429 | 0.53 |
| Narsimha Shibroor Kamath | 107,194 | 0.62 | 107,194 | 0.49 |
| Saurabh Properties Private Limited | 1,270,530 | 7.38 | 1,270,530 | 5.85 |
| Seven Star Properties Private Limited | 952,470 | 5.53 | 952,470 | 4.39 |
| Anshuman Properties Private Limited | 940,500 | 5.46 | 940,500 | 4.33 |
| Fantasy Real Estates Private Limited | 915,800 | 5.32 | 915,800 | 4.22 |
| High Skey Properties Private Limited | 904,400 | 5.25 | 904,400 | 4.17 |
| Sunrise Properties Private Limited | 737,580 | 4.29 | 737,580 | 3.39 |
| Manish Kalani | 11,400 | 0.07 | 11,400 | 0.05 |
| Manisha Kalani | 7,600 | 0.04 | 7,600 | 0.04 |
| Angelfire Holdings Limited | 338,000 | 1.96 | 338,000 | 1.55 |
| **Sub Total (c )** | **11,574,290** | **67.25** | **9,324,290** | **42.94** |
| | | | | |
| **Public in the Issue** | **-** | **-** | **6,750,000** | **31.09** |
| | | | | |
| **Total** | **17,212,110** | **100.00** | **21,712,110** | **100.00** |

** None of our promoters or members of our promoter group shall participate in the Issue.*
***The figures provided in this table shall be finalised based upon the actual subscription level in the Issue and the number of Equity Shares to be issued in the Issue, consequent to the Book Building Process.*

**8. The list of top ten shareholders of our Company and the number of Equity Shares held by them is as under:**

(a) As on the date of DRHP:

| Sr. No | Name of the Shareholder | No. of Equity Shares | % shareholding |
|---|---|---|---|
| 1. | Clearwater Capital Partners (Cyprus) Limited | 4,486,592 | 26.07 |
| 2. | Kalani Industries Private Limited | 3,483,600 | 20.24 |
| 3. | Saurabh Properties Private Limited | 1,270,530 | 7.38 |
| 4. | Miscellani Global Private Limited | 1,217,520 | 7.07 |
| 5. | Seven Star Properties Private Limited | 952,470 | 5.53 |
| 6. | Anshuman Properties Private Limited | 940,500 | 5.46 |
| 7. | Sanovi Trading Private Limited | 936,700 | 5.44 |
| 8. | Fantasy Real Estates Private Limited | 915,800 | 5.32 |
| 9. | High Skey Properties Private Limited | 904,400 | 5.25 |
| 10. | Sunrise Properties Private Limited | 737,580 | 4.29 |
| | **Total** | **15,845,692** | **92.05** |

(b) As of ten days prior to the date of DRHP

| Sr. No | Name of the Shareholder | No. of Equity Shares | % shareholding |
|---|---|---|---|
| 1. | Clearwater Capital Partners (Cyprus) Limited | 4,486,592 | 26.07 |

| Sr. No | Name of the Shareholder | No. of Equity Shares | % shareholding |
|---|---|---|---|
| 2. | Kalani Industries Private Limited | 3,483,600 | 20.24 |
| 3. | Saurabh Properties Private Limited | 1,270,530 | 7.38 |
| 4. | Miscellani Global Private Limited | 1,217,520 | 7.07 |
| 5. | Seven Star Properties Private Limited | 952,470 | 5.53 |
| 6. | Anshuman Properties Private Limited | 940,500 | 5.46 |
| 7. | Sanovi Trading Private Limited | 936,700 | 5.44 |
| 8. | Fantasy Real Estates Private Limited | 915,800 | 5.32 |
| 9. | High Skey Properties Private Limited | 904,400 | 5.25 |
| 10. | Sunrise Properties Private Limited | 737,580 | 4.29 |
| | **Total** | **15,845,692** | **92.05** |

(c) As of two years prior to the date of the DRHP:

| Sr. No | Name of the Shareholder | No. of Equity Shares | % shareholding |
|---|---|---|---|
| 1. | Kalani Industries Limited | 2,206,600 | 19.50 |
| 2. | Saurabh Properties Private Limited | 1,270,530 | 11.23 |
| 3. | Miscellani Global Private Limited | 1,217,520 | 10.76 |
| 4. | Seven Star Properties Private Limited | 952,470 | 8.42 |
| 5. | Anshuman Properties Private Limited | 940,500 | 8.31 |
| 6. | Sanovi Trading Private Limited | 936,700 | 8.28 |
| 7. | Fantasy Real Estate Private Limited | 915,800 | 8.09 |
| 8. | High Skey Properties Private Limited | 904,400 | 7.99 |
| 9. | Sorley Holdings Limited | 875,230 | 7.74 |
| 10. | Sunrise Properties Private Limited | 737,580 | 6.52 |
| | **Total** | **10,957,330** | **96.84** |

**9.** None of the directors of our Promoters hold any Equity Shares in our Company.

**10.** Save and except as detailed below, none of our Promoters, Promoter Group, directors of our Corporate Promoters, our Directors and their immediate relatives and the BRLM have purchased or sold any Equity Shares during a period of six months immediately preceding the date on which the DRHP has been filed with SEBI.

| Sr. No. | Name | Date of Transaction | No. of Equity Shares | Price (in ₹) | Nature of Transaction |
|---|---|---|---|---|---|
| 1. | Kalani Industries Private Limited | December 31, 2010 | 195,000 | 118.00 | Conversion of 195,000 Share Warrants |

**11.** Our Company, Promoters, our Directors and the BRLM have not entered into any buy-back and/or safety net facility for purchase of Equity Shares from any person.

**12.** The BRLM and its associates currently do not hold any Equity Shares in our Company.

**13.** There has been no financing arrangement whereby our Company, our Promoters, Promoter Group, directors of our Corporate Promoters and our Directors and their relatives have financed the purchase by any other person of the Equity Shares of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of the DRHP.

**14.** The Equity Shares held by our Promoters are not subject to any pledge.

**15.** Our Company has instituted Employee Stock Option Scheme 2011 ("ESOP 2011"), pursuant to the approval of the shareholders of our Company at their Extra Ordinary General Meeting held on January 7, 2011. As per shareholders approval, employee stock options shall be exercisable into such number of Equity Shares which shall not exceed 1,075,000 Equity Shares. Options may be issued to eligible employees and directors of our Company and its subsidiaries in India. Under ESOP 2011, on January 7, 2011, our Company has granted 1,061,750 options convertible into equal number of Equity Shares of face value of ₹10 each. The following table sets forth the particulars of the options granted during the Financial Year 2010-11 under ESOP 2011 as on the date of the DRHP. No options have been granted prior to this. The ESOP 2011 in compliance with SEBI ESOP Guidelines.

| No. | Particulars | Details |
|---|---|---|
| 1 | Options granted | a) Grant I – Growth Options, consisting of 776,500 options.<br>b) Grant II - Loyalty Options, consisting of 285,250 options. |
| 2 | Date of Grant of option | January 7, 2011 |
| 3 | Exercise price of options | ₹95 |
| 4 | Options Vested | NIL |
| 5 | Vesting Schedule | • Grant I - Growth Options:<br>- 20% on January 7, 2012<br>- 20% on January 7, 2013<br>- 30% on January 7, 2014<br>- 30% on January 7, 2015<br>• Grant II – Loyalty Options: 100% vesting on January 7, 2012 |
| 6 | Options Exercised | NIL |
| 7 | Total number of Equity Shares arising as a result of exercise of options | N. A. |
| 8 | Options lapsed | NIL |
| 9 | Variations in terms of options | NIL |
| 10 | Money realised by exercise of options (₹) | NIL |
| 11 | Total Number of options in force | 1,061,750 |
| 12 | Employee wise details of options granted to: | |

<table>
<tr><th>No.</th><th>Particulars</th><th>Details</th></tr>
<tr><td>i)</td><td>Key Managerial Personnel</td><td>
<table>
<tr><th>Name of employee</th><th>Designation</th><th>No. of options granted</th></tr>
<tr><td>Mr. Mahesh Sharma</td><td>Chief Executive Officer</td><td>319,000</td></tr>
<tr><td>Mr. Rahul Bidasaria</td><td>President (Technical Coordination)</td><td>83,000</td></tr>
<tr><td>Mr. Atul Asawa</td><td>Vice President</td><td>20,000</td></tr>
<tr><td>Mr. Ajay Mundra</td><td>Chief Finance Officer</td><td>20,000</td></tr>
<tr><td>Mr. M. S. Negi</td><td>Vice President(Production SEZ)</td><td>43,000</td></tr>
<tr><td>Mr. Manoj Dwivedi</td><td>Vice President (Human Resources and Productivity)</td><td>50,000</td></tr>
<tr><td>Mr. K. K. Vijayvergiya</td><td>Asst Vice President (Finance & Accounts)</td><td>15,000</td></tr>
<tr><td>Mr. Vinod Sharma</td><td>Chief Scientific Officer</td><td>15,000</td></tr>
<tr><td>Mr. Dinesh Kumar Sharma</td><td>Company Secretary and Compliance Officer</td><td>18,000</td></tr>
<tr><td>Mr. Uttam Kapoor</td><td>General Manager (Overseas Operations)</td><td>19,000</td></tr>
<tr><td>Mr. P.A. Jose</td><td>Vice President (Marketing)</td><td>20,000</td></tr>
<tr><td>Mr. Saravanan P.S.</td><td>Business Head (Micro Irrigation)</td><td>8,000</td></tr>
<tr><td>Mr. N.K. Malviya</td><td>Senior GM (Finance and Accounts)</td><td>13,000</td></tr>
</table>
</td></tr>
<tr><td>ii)</td><td>Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during that year.</td><td>
<table>
<tr><th>Name of employee</th><th>Designation</th><th>No. of options granted</th></tr>
<tr><td>Mr. Mahesh Sharma</td><td>Chief Executive Officer</td><td>319,000</td></tr>
<tr><td>Mr. Rahul Bidasaria</td><td>President (Technical Coordination)</td><td>83,000</td></tr>
</table>
</td></tr>
<tr><td>iii)</td><td>Identified employees who were granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Issuer at the time of grant.</td><td>
<table>
<tr><th>Name of employee</th><th>Designation</th><th>No. of options granted</th></tr>
<tr><td>Mr. Mahesh Sharma</td><td>Chief Executive Officer</td><td>319,000</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>No.</th><th>Particulars</th><th>Details</th></tr>
<tr><td>13</td><td>Diluted Earnings Per Share pursuant to issue of Equity Shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 ‘Earnings Per Share’.</td><td>N. A.</td></tr>
<tr><td>14</td><td>Difference, if any between the employee compensation costs calculated using the intrinsic value of stock options and the employee compensation cost calculated using the fair value of the options and the impact of this difference on profits and on the EPS of the issuer.</td><td>If the Company follows fair value method for accounting the stock options, compensation cost would have been higher by ₹ 2.6 million for Financial Year 2010-11. Consequently Profit for Financial Year 2010-11 would be lower by ₹ 2.6 million and accordingly earnings per share will get diluted to the extent of stock options granted.</td></tr>
<tr><td>15</td><td>Weighted average exercise prices and weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock.</td><td>
<table>
<tr><td colspan="2">Weighted average exercise price of options granted during the year whose:</td></tr>
<tr><td>Exercise price equals market price on the date of grant</td><td>N.A.</td></tr>
<tr><td>Exercise price is greater than market price on the date of grant</td><td>₹ 95 per option</td></tr>
<tr><td>Exercise price is less than market price on the date of grant</td><td>N.A.</td></tr>
<tr><td colspan="2">Weighted average fair value of options granted during the year whose:</td></tr>
<tr><td>Exercise price equals market price on the date of grant</td><td>N.A.</td></tr>
<tr><td>Exercise price is greater than market price on the date of grant</td><td>₹ 18.65 per option</td></tr>
<tr><td>Exercise price is less than market price on the date of grant</td><td>N.A.</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>No.</th><th>Particulars</th><th>Details</th></tr>
<tr><td>16</td><td>Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,<br>(i) Risk-free interest rate<br>(ii) Expected life,<br>(iii) Expected volatility,<br>(iv) Expected dividends,<br>(v) Fair Value of the underlying share at the time of grant of the option.</td><td>The fair value of the options has been calculated using the Black Scholes Options Pricing Model and the significant assumptions used for the two grants are as follows:<br><table>
<tr><th>Particulars</th><th>Grant I</th><th>Grant II</th></tr>
<tr><td>Risk Free Interest Rate</td><td>7.79%</td><td>7.63%</td></tr>
<tr><td>Expected Life</td><td>3.70 years</td><td>2 years</td></tr>
<tr><td>Expected Volatility</td><td>Since the company was unlisted at the time of grant, volatility has been taken as zero</td><td>Since the company was unlisted at the time of grant, volatility has been taken as zero</td></tr>
<tr><td>Expected Dividend</td><td>0.25%</td><td>0.25%</td></tr>
<tr><td>Exercise Price</td><td>₹ 95</td><td>₹ 95</td></tr>
<tr><td>Fair Value of the underlying share at the time of the option grant.</td><td>₹ 94</td><td>₹ 94</td></tr>
</table><br>Based on the above assumptions, the Fair Value per option for Grant I is ₹ 21.24 and for Grant II is ₹ 11.61.</td></tr>
<tr><td>17</td><td>Impact on the profits and on the Earnings Per Share of the last three years if the issuer had followed the accounting policies specified in clause 13 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of options granted in the last three years.</td><td>Options have been granted only in the F.Y. 2010-11 and the impact it will have on the profits has been provided above.</td></tr>
</table>

| No. | Particulars | Details |
|---|---|---|
| 18 | The intention of the holders of the Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the initial public offer (aggregate number of Equity Shares intended to be sold by the holders of options), if any. In case of an employee stock option scheme, this information same shall be disclosed regardless of whether Equity Shares arise out of options exercised before or after the initial public offer. | None |

| No. | Particulars | Details |
|---|---|---|
| 19 | The intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, senior managerial personnel and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one percent of the issued capital (excluding outstanding warrants and conversions), which inter-alia shall include name, designation and quantum of the Equity Shares issued under an employee stock option scheme or employee stock purchase scheme and the quantum they intend to sell within three months. | None |

**16.** The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue will be allocated to QIBs on a proportionate basis. Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

**17.** Under-subscription, if any, in any category would be met with spill over from other categories or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

**18.** Our Promoters and members of our Promoter Group will not subscribe to or apply for Equity Shares in this Issue.

**19.** An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

**20.** Except for Mr. Manish Kalani, our Managing Director, who holds 11,400 Equity Shares, none of our Directors and key managerial employees holds any Equity Shares in our Company.

**21.** 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 DRHP with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.

**22.** We presently do not intend nor have we entered into any negotiations to alter our capital structure within a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement or otherwise. We may, subject to necessary approvals and in line with the relevant statutes/ regulations, consider raising additional capital to fund our business requirements or use Equity Shares as currency for acquisition or participation in any joint ventures with the consent of the shareholders, if applicable.

**23.** There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

**24.** The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on date of the DRHP.

**25.** The Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.

**26.** As on the date of the DRHP, the total number of shareholders in our Company is 17.

**27.** We have not raised any bridge loans against the proceeds of the Issue.

**28.** We have not revalued any of our assets nor have we issued any Equity Shares out of revaluation reserves.

**29.** Except as detailed herein below, our Company has not made any allotment of Equity Shares that may be lower than the Issue Price during the preceding one year:

| Sr. No. | Date of Allotment | Name of person/entity | No. of Equity Shares | Issue price (₹) | Reason | Whether part of Promoter/ Promoter Group |
|---|---|---|---|---|---|---|
| 1. | July 14, 2010 | Kalani Industries Private Limited | 640,000 | 118 | Conversion of share warrants | Yes |
| 2. | September 20, 2010 | Kalani Industries Private Limited | 233,000 | 118 | Conversion of share warrants | Yes |
| 3. | December 31, 2010 | Kalani Industries Private Limited | 195,000 | 118 | Conversion of share warrants | Yes |
| 4. | February 24, 2011 | Clearwater Capital Partners (Cyprus) Limited | 4,486,492 | 102.53 | Conversion of FCDs | No |

**30.** As of the date of the DRHP, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoters or Shareholders, or any other person any option to receive Equity Shares after the offering.

**31.** An over-subscription to the extent of 10% of this Issue size can be retained for the purpose of rounding off to the nearer multiple of minimum allotment.

**32.** No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Bidder.

**33.** There are certain restrictive covenants in the agreements that our Company has entered into with the lenders. These restrictive covenants require our Company to seek the prior permission of the said bank for various activities, including amongst others, entering into any scheme of expansion, taking any new activity, invest or lend money except in the normal course of business, confining our Company's entire banking with the lender, investing by way of share capital, change in the management, change in capital structure etc. Our Company has received no objection for the Issue from Axis Bank Limited, The Hong Kong and Shanghai Banking Corporation Limited, Punjab National Bank, Central Bank of India and State Bank of Patiala. However, our Company is yet to receive the no objection for the Issue from State Bank of India and UCO Bank Limited. Failure or delay in obtaining the same would adversely impact the Issue. For further details, please refer to the section "Financial Indebtedness" beginning on page 336 of the DRHP.

## OBJECTS OF THE ISSUE

The Issue comprises a Fresh Issue by our Company and Offer for Sale by the Selling Shareholder.

**Offer for Sale**

Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholder.

**Objects of the Fresh Issue**

Our Company proposes to utilise the funds which are being raised through Fresh Issue towards funding the following objects and achieve the benefits of listing on the Stock Exchanges

1. Expansion of manufacturing facilities at SEZ and DTA units at Pithampur;
2. Setting up of Dripper Project at Kashipur;
3. Working capital requirements;
4. General corporate purposes;
5. To meet issue expenses.

The main objects and objects incidental or ancillary to the main objects as set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Fresh Issue. Further, we confirm that the activities that we have been conducting until now are in accordance with the objects clause of our Memorandum of Association

The fund requirements described below are based on management estimates and our Company's current business plan and have not been appraised by any bank or financial institution.

**Requirement of Funds**

Our Company intends to utilize the proceeds from the Fresh Issue after deducting the expenses associated with the Issue (the "**Net Proceeds**") for the following objects:

| Particulars | Amount (₹ in Million) |
|---|---|
| Expansion of manufacturing facilities at SEZ and DTA units at Pithampur. | 189.32 |
| Setting up of Dripper Project at Kashipur | 80.97 |
| Working capital requirements | 250.00 |
| General corporate purposes | [●] |
| **Total** | **[●]** |

**Means of Finance**

| Particulars | Amount (₹ in Million) |
|---|---|
| Net Proceeds # | [●] |
| **Total** | [●] |

# *will be updated at the time of filing of the Prospectus.*

Our Company proposes to meet the entire requirement of funds for the Objects from the proceeds of the Fresh Issue. Accordingly, our Company confirms that there is no requirement for us to make firm arrangements of finance through verifiable means towards atleast 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue.

In case there is short fall in the proceeds of the Fresh Issue, the same shall be met through the internal accruals. Further, if our Company incurs any amount towards any of the identified use of the proceeds of the Fresh Issue as mentioned above, our Company will recoup such expenditure from the proceeds of the Fresh Issue.

Our funding requirements are dependent on a number of factors which may not be in the control of our management, changes in our financial condition and current commercial conditions. Such factors may entail rescheduling and / or revision of the planned expenditure at the discretion of our management.

**DETAILS OF THE OBJECTS OF THE ISSUE**

**1.** Expansion of manufacturing facilities at SEZ and DTA units at Pithampur.

**(a)** Our Company proposes to expand the FIBC manufacturing capacity at our SEZ unit at Pithampur by 1,000 MT. The estimated break up of the cost for the expansion is as follows:

| Sr. No. | Expenditure items | Amount (₹ in Million) |
|---|---|---|
| 1. | Purchase of Plant & Machinery | 63.19 |
| | **Total** | **63.19** |

Our Company occupies land admeasuring 5,72,347 sq. ft. at SEZ, Pithampur in Dhar district of M.P. which is located at the distance of approximately 40 Kms from Indore. Our existing manufacturing facilities occupies approximately 295,500 square feet of land. Our Company has sufficient infrastructure for installation of the Plant & Machinery at our existing unit.

**Purchase of Plant & Machinery**

The total estimated cost of plant and machinery to be installed in the facility is ₹63.19 Mn. The estimates of cost of plant and machinery are based on the quotations received from various suppliers. Our Company have not placed orders for any plant and machinery.

The cost break-up of plant and machinery is as follows:

| Sr. No. | Particulars | Supplier/ Manufacturer | Date of Quotation | No. of Units | Amount (₹ in Million) |
|---|---|---|---|---|---|
| 1. | AC Motor & Main Gear Box | Lohia Starlinger Ltd | January 24, 2011 | 4 | 2.55 |
| 2. | DIA 100MM Screw (Barrier), DIA 100MM Barrel and DIA 100MM Sleeve | Shree Gopal Industries | December 23, 2010 | 1 | 1.24 |
| 3. | Heat Exchanger | Samarpan Engineering & Marketing Pvt. Ltd. | October 25, 2010 | 1 | 0.13 |
| 4. | DIA 90 MM Screw (Barrier) Sleeve & Barrel for LOREX – 1400 M/C | Shree Gopal Industries | December 23, 2010 | 1 | 1.20 |
| 5. | DIA 90 MM Screw (Barrier) Sleeve & Barrel for JP | Shree Gopal Industries | December 23, 2010 | 1 | 0.90 |
| 6. | DIA 120 MM Screw (Barrier) and DIA 120 MM Sleeve & Barrel for LOREX – 1200 M/C | Shree Gopal Industries | December 23, 2010 | 1 | 1.40 |
| 7. | (a) M.S. Pipe<br>(b) G.I. Pipe<br>and Pipe fittings thereof | Tube Trade Centre | December 25, 2010 | (a) 300<br>(b) 800 | 0.51 |
| 8. | Water Cooled Compact Chiller | Prasad GWK Cooltech Pvt. Ltd. | February 5, 2011 | 1 | 1.24 |

| Sr. No. | Particulars | Supplier/ Manufacturer | Date of Quotation | No. of Units | Amount (₹ in Million) |
|---|---|---|---|---|---|
| 9. | Screw Air Compressor | Mechnotech Engineering Corporation | November 25, 2010 | 1 | 0.28 |
| 10. | MS Cheese Pipes | Meltec Engineers | November 30, 2010 | 50,000 | 0.93 |
| 11. | Single Girder Floor Operated EOT Crane | R.K. Jain & Co. | November 21, 2010 | 1 | 0.92 |
| 12. | Sewing Machine, | Gabbar Engineering Co. | January 25, 2011 | 40 | 1.92 |
| 13. | Stand & Table | Gabbar Engineering Co. | January 25, 2011 | 40 | 0.37 |
| 14. | Electric Clutch Motor | Gabbar Engineering Co. | January 25, 2011 | 40 | 0.18 |
| 15. | S.S. STTOL & Table | Shanti Enterprises | November 14, 2010 | 35 | 0.30 |
| 16. | Hydro Hydraulic Pallet Baling Press | Hydro Products | October 21, 2010 | 1 | 0.80 |
| 17. | Autoroto Winder Model 200C | Lohia Starlinger Ltd. | January 28, 2011 | 200 | 19.00 |
| 18. | Transformer | Rajasthan Transformer & Electronics | December 6, 2010 | 1 | 2.65 |
| 19. | Utility Distribution Panel Set | Technocrats | December 23, 2010 | 1 | 0.80 |
| 20. | PVC Flexible Cu Cables 1.5sqmm*4C | Dynatech Engineers | November 27, 2010 | 1000 mts | 0.06 |
| 21. | PVC Flexible Cu Cables 4sqmm*4C | Dynatech Engineers | November 27, 2010 | 900 mts | 0.15 |
| 22. | Hydraulic Mobile Aerial Work Platform | Ferro Foundries Pvt. Ltd. | October 9, 2010 | 1 | 0.65 |
| 23. | Automatic Cutter | ASD Technologies | September 29, 2010 | 2 | 1.70 |
| 24. | L&T Conveying System | Larsen & Toubro Ltd | December 22, 2010 | 1 | 2.39 |
| 25. | Gravimetric Dosing Mixing Conveying System | Prasad Koch-Technik Pvt. Ltd. | February 8, 2011 | 1 | 1.01 |
| 26. | Hot Air Dryer with Hopper Loader | Prasad Koch-Technik Pvt. Ltd. | February 8, 2011 | 1 | 0.42 |
| 27. | Raw Material Tank | RKGA Consultants Pvt. Ltd. | December 2, 2010 | 1 | 2.06 |
| 28. | Acrlic Sheet | Shreeji Enterprises | January 12, 2011 | 352 | 1.35 |
| 29. | Ultrasonic Sealing & Slitting Module | Decoup + | November 10, 2010 | 1 | 2.75* |
| 30. | Four Roll Surface Winder | J.P. Industries | December 23, 2010 | 1 | 1.53 |
| 31. | Long Drums for surface winder (318 dia X 1800 mm & 318 dia X 2500 mm) | Nikusha | November 1, 2010 | 1 | 1.60 |
| 32. | Twist Master Model 612 | Minarva Machinery MFRS. Pvt. Ltd. | November 12, 2010 | 1 | 1.23 |
| 33. | Bobbins | Minarva Machinery MFRS. Pvt. Ltd. | November 12, 2010 | 378 | 0.10 |
| 34. | Deknitting Machine | SMEW Textile Machniery Pvt. Ltd. | October 28, 2010 | 1 | 0.63 |

| Sr. No. | Particulars | Supplier/ Manufacturer | Date of Quotation | No. of Units | Amount (₹ in Million) |
|---|---|---|---|---|---|
| | *Add: Duties and other taxes, Freight, Insurance, Packing & Forwarding (15%)* | | | | 8.24 |
| | | | | **Total** | **63.19** |

**The Exchange Rate is €1 = ₹62.54 as on January 31, 2011.*
*(Source: http://www.rbi.org.in/scripts/ReferenceRateArchive.aspx)*

**(b)** Our Company proposes to expand our FIBC manufacturing capacity at our DTA unit at Pithampur by 2,000 MT. The estimated break up of cost for the expansion is as follows:

| Sr. No. | Expenditure items | Amount (₹ in Million) |
|---|---|---|
| 1. | Factory building | 42.32 |
| 2. | Plant and Machinery | 83.81 |
| | **Total** | **126.13** |

***Factory building:***

Our Company occupies land admeasuring 117,417 sq. ft. (10,914 sq. mtrs) at our DTA unit, which is located at the distance of approximately 30 Kms from Indore. Our current factory building structure, administrative block, etc is on the ground floor. Our Company intends to renovate the existing factory building of approximately 7,747 Sq. Mtrs. of area and construct additional stiching shed of approximately 3,757 Sq. Mtrs.

For the expansion of FIBC capacity, the estimated cost of a Stiching shed of 3,757 Sq. Mts. area is ₹ 30 Million. The estimated cost for the strengthing and re-flooring in the existing shed of 7,747 sq.mts area is ₹ 10 million. Further, the estimated cost for dust free & ventilation work is ₹ 2.32 million.

***Plant and Machinery:***

The total estimated cost of plant and machinery to be installed in the facility is ₹ 83.81 million. The estimates of cost of plant and machinery are based on the quotations received from various suppliers. Our Company has not placed orders for any of these plant and machinery.

The plant and machinery requirements have been estimated as under:

| Sr. No. | Particulars | Supplier/ Manufacturer | Date of Quotation | No. of Units | Amount (₹ in Million) |
|---|---|---|---|---|---|
| 1. | Feeder Sleeve | Lohia Starlinger Ltd. | January 24, 2011 | 1 | 0.12 |
| 2. | Barrel DIA 75 MM | Lohia Starlinger Ltd. | January 24, 2011 | 1 | 0.35 |
| 3. | PP Barrier Screw | Lohia Starlinger Ltd. | January 24, 2011 | 1 | 0.70 |
| 4. | Autoroto Winder 200C | Lohia Starlinger Ltd. | January 28, 2011 | 200 | 19.00 |
| 5. | Bimattelc Barrel Dia 90 | Lohia Starlinger Ltd. | January 24, 2011 | 1 | 0.40 |
| 6. | Nitrided PP Barrier Screw | Lohia Starlinger Ltd. | January 24, 2011 | 1 | 0.88 |
| 7. | Feeder Sleeve with Bimattelc Sleeve | Lohia Starlinger Ltd. | January 24, 2011 | 1 | 0.15 |
| 8. | Electric Forklift Truck | PM Projects & Services Pvt Ltd | December 3, 2010 | 1 | 1.02 |
| 9. | Automatic Web Cutting Machine | GCL India (P) Ltd | January 28, 2011 | 2 | 0.75 |
| 10. | Automatic Jumbo Bag Cutting Machine | GCL India (P) Ltd. | January 28, 2011 | 2 | 2.80 |

| Sr. No. | Particulars | Supplier/ Manufacturer | Date of Quotation | No. of Units | Amount (₹ in Million) |
|---|---|---|---|---|---|
| 11. | Automatic Cutter | ASD Technologies | September 29, 2010 | 2 | 1.70 |
| 12. | 4-Shuttle Loom | Gricoline Engineering | December 25, 2010 | 44 | 5.81 |
| 13. | 6-Shuttle Loom | Gricoline Engineering | December 25, 2010 | 12 | 2.04 |
| 14. | Ultrasonic Sealing & Slitting Module | Decoup+ | November 10, 2010 | 5 | 13.76* |
| 15. | Four Roll Surface Winder | J.P. Industries | December 23, 2010 | 2 | 3.06 |
| 16. | Long Drums for surface winder (318 dia X 1800 mm & 318 dia X 2500 mm) | Nikusha | November 1, 2010 | 1 | 1.60 |
| 17. | Kolsite Three Layer Loan Film Plant | Kabra Extrusion technik Ltd. | January 24, 2011 | 1 | 5.92 |
| 18. | Mono Layer Blown Film Plant | Shubham Extrusion Technik Pvt. Ltd. | November 20, 2010 | 1 | 0.76 |
| 19. | PE Suspended Liner Machine | Ploytech Machinery Export Ltd. | October 30, 2010 | 1 | 4.93* |
| 20. | Liner Sealing and Cutting Machine | S.D. Systems | December 23, 2010 | 2 | 1.25 |
| 21. | L&T Conveying System | Larsen & Toubro Ltd. | December 22, 2010 | 1 | 2.39 |
| 22. | Gravimetric Dosing Mixing Conveying System | Prasad Koch-Technik Pvt. Ltd. | February 8, 2011 | 1 | 1.01 |
| 23. | Hot Air Dryer with Hopper Loader | Prasad Koch-Technik Pvt. Ltd. | February 8, 2011 | 1 | 0.42 |
| 24. | Raw Material Tank | RKGA Consultants Pvt. Ltd. | December 2, 2010 | 1 | 2.06 |
| *Add: Duties and other taxes, freight, Insurance, Packing & Forwarding (15%)* | | | | | 10.93 |
| | | | | **Total** | **83.81** |

**The Exchange Rate is €1 = ₹62.54 as on January 31, 2011.*
*(Source: http://www.rbi.org.in/scripts/ReferenceRateArchive.aspx)*

**2. Setting up of Dripper Project at Kashipur :**

Our Company proposes to set up a Dripper Project for manufacturing of Drippers to be used in Drip Irrigation systems at our Kashipur unit for around 811 MT.

The estimated cost for setting up of the Dripper Project at the Kashipur unit is as follows:

| Sr. No. | Expenditure items | Amount (₹ in Million) |
|---|---|---|
| 1. | Plant and Machinery | 80.97 |
| | **Total** | **80.97** |

Our Company proposes to utilise a portion of our present factory building /compound at our unit at Kashipur, Uttarakhand, to set up the Dripper Project.

***Plant and Machinery:***

The total estimated cost of plant and machinery to be installed in the facility is ₹ 80.97 million. The estimates of cost of plant and machinery are based on the quotations received from various suppliers. Our Company has not placed orders for any of these plant and machinery.

The plant and machinery requirements have been estimated as under:

| Sr. No. | Particulars | Supplier/ Manufacturer | Date of Quotation | No. of Units | Amount (₹ in Million) |
|---|---|---|---|---|---|
| 1. | Moulding Machines | Prevision World Co. Ltd. | October 26, 2010 | 2 | 16.36* |
| 2. | 16 MM In Line Dripper Mould | Devu Tools Pvt. Ltd. | October 18, 2010 | 2 | 27.20 |
| 3. | 12 MM In Line Dripper Mould | Devu Tools Pvt. Ltd. | October 18, 2010 | 1 | 13.60 |
| 4. | 76 Zone Husky Temperature Controller | Devu Tools Pvt. Ltd. | October 18, 2010 | 3 | 5.40 |
| 5. | Material Loader | Netstal Maschinen AG | December 9, 2010 | 2 | 0.59# |
| 6. | Masterbatch Dosing Unit | Netstal Maschinen AG | December 9, 2010 | 2 | 0.59# |
| 7. | Conveyer Belt | Netstal Maschinen AG | December 9, 2010 | 2 | 0.98# |
| 8. | Engineering and Testing at Netstal (Service) | Netstal Maschinen AG | December 9, 2010 | 1 | 0.68# |
| 9. | Hydraulic Mobile Aerial Work Platform | Ferro Foundries Pvt. Ltd. | October 9, 2010 | 2 | 1.30 |
| 10. | Water Cooled Compact Chiller | Prasad GWK Cooltech Pvt Ltd | February 5, 2011 | 1 | 1.24 |
| 11. | Screw Air Compressor | Mechnotech Engineering Corporation | November 25, 2010 | 2 | 0.56 |
| 12. | 400 Sq.mmx3.5 Core ARMD ALUM INDL Cable | Shree NM Electricals Ltd. | October 25, 2010 | 2600 mts | 1.91 |
| *Add: Duties and other taxes, Freight, Insurance, Packing & Forwarding (15%)* | | | | | 10.56 |
| | | | | **Total** | **80.97** |

**The Exchange Rate is 100 Japanese Yen = ₹56.02 as on January 31, 2011.*
*(Source: http://www.rbi.org.in/scripts/ReferenceRateArchive.aspx)*
*# The Exchange Rate is1 Swiss Franc = ₹48.86 as on January 31, 2011.*
*(Source: www.xe.com/ict)*

### 3. Working Capital Requirement

Considering the existing growth rate of our Company the working capital needs of our Company are expected at approximately ₹ 1115.80 million for FY 2011 and ₹ 1804.87 million for FY 2012 as assessed based on the working of our Company. Our Company intends to meet its working capital requirement to the extent of ₹ 250.00 million from the proceeds of IPO and the balance will be met from bank and other borrowings and internal accruals at an appropriate time as per the requirement.

Our existing working capital available (FY 2010), estimated working capital requirement for FY 2011 and FY 2012 and the funding for the same is as follows:

(₹ in Million)

| Particulars | FY 2010 (Actual) | FY 2011 (Estimated) | FY 2012 (Estimated) |
|---|---|---|---|
| Inventories | 618.67 | 1,030.24 | 1,499.48 |
| Sundry Debtors | 490.57 | 846.47 | 1,182.77 |
| Other Current Assets | 347.35 | 374.25 | 638.00 |
| Less: Current Liabilities and provisions | 696.24 | 1,135.16 | 1,515.38 |

| Particulars | FY 2010 (Actual) | FY 2011 (Estimated) | FY 2012 (Estimated) |
|---|---|---|---|
| **Total Working Capital Requirements** | **760.35** | **1,115.80** | **1,804.87** |
| **Funding Pattern** | | | |
| Bank and other Borrowings | 661.80 | 1,150.00 | 1,150.00 |
| Internal Accruals | 98.55 | - | 404.87 |
| IPO Proceeds | - | - | 250.00 |

The assumptions for current assets and liabilities for our Company are given in the table below:

| Particulars | FY 2011 | FY 2012 |
|---|---|---|
| **Current Assets:** | | |
| Inventories -raw material | 55 days | 58 days |
| Inventories – finished goods & work in progress | 61 days | 62 days |
| Debtors | 62 days | 62 days |
| **Current Liabilities:** | | |
| Creditors | 75 days | 70 days |
| Provision for Tax | 19.93% of the book profit other than SEZ unit | 20.01% of the book profit |

**4. General Corporate Purpose**

Our Company proposes to utilize part of the Net Proceeds aggregating ₹ [●] million towards general corporate purposes, including but not limited to upgradation of infrastructure facilities, development of additional facilities, funding cost overruns, various inorganic opportunities, any form of exigencies faced by our Company, repayment of loans, etc.

**Issue Related Expenses**

Issue related expenses includes underwriting and Issue management fees, selling commission, distribution expenses, legal fees, fees to advisors, printing and stationery costs, advertising expenses and listing fees payable to the Stock Exchanges etc. The total expenses for this Issue are estimated at ₹ [●] million, which is [●] % of the Issue size, which shall be met out of the proceeds of this Issue and the break-up of the same is as follows:

| Sr. No. | Particulars | Amount* (₹ in Million) | As % of total Issue Size* |
|---|---|---|---|
| 1. | Issue Management (Lead management fees, Underwriting, Selling commission including commission paid to Syndicate Members for procuring ASBA Bids and submitting the same with SCSBs) | **[●]** | **[●]** |
| 2. | Registrars fees | [●] | [●] |
| 3. | Printing of Stationery | [●] | [●] |
| 4. | Advertising and marketing expenses | [●] | [●] |
| 5. | Other expenses (including legal advisors fee, SCSB Commission, regulatory fees including fees paid to SEBI and Stock Exchanges, IPO Grading expenses etc.) | [●] | [●] |
| | **Total** | [●] | [●] |

* *will be incorporated after finalisation of the Issue Price*

While our Company intends to utilise the Net Proceeds in the manner provided above, in the event of a surplus, our Company will use such surplus towards general corporate purposes including meeting future growth requirements. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue.

In the event our Company intends to utilize any portion of the Net Proceeds for any purpose not stated above, such fund utilization shall be subject to shareholders' approval.

**APPRAISAL**

The fund requirements are based on internal management estimates and have not been appraised by any bank or financial institution or any other independent agency.

**SCHEDULE OF IMPLEMENTATION**

**SEZ, Pithampur Unit**

| Activity | Start Date | End Date |
|---|---|---|
| Land | Already available | |
| Factory building | Already available | |
| Placement of orders for plant and machinery | May, 2011 | August, 2011 |
| Installation of plant and machinery | August, 2011 | November, 2011 |
| Trial Run for production | November, 2011 | |
| Commercial Production | December, 2011 | |

**DTA, Pithampur Unit**

| Activity | Start Date | End Date |
|---|---|---|
| Land | Already available | |
| Construction of Factory building | April, 2011 | August, 2011 |
| Placement of orders for plant and machinery | May, 2011 | August, 2011 |
| Installation of plant and machinery | August, 2011 | November, 2011 |
| Trial Run for production | November, 2011 | |
| Commercial Production | December,2011 | |

**Dripper Project at Kashipur Unit**

| Activity | Start Date | End Date |
|---|---|---|
| Land | Already available | |
| Factory building | Already available | |
| Placement of orders for plant and machinery | July, 2011 | September, 2011 |
| Installation of plant and machinery | September, 2011 | November, 2011 |
| Trial Run for production | November, 2011 | |
| Commercial Production | December, 2011 | |

**Deployment of Funds**

Till January 31, 2011 our Company has incurred ₹ 5.08 million towards Issue Expenses which has been financed from our internal accruals.

The same has been certified by M/s. L.K. Maheshwari & Co, Chartered Accountants, vide certificate dated February 07, 2011.

**Funds Deployment Schedule**

Year-wise proposed deployment of proceeds from the Fresh Issue as estimated by our Company is given below:

(₹ in Million)

| Particulars | Total Funds Required | Amount Incurred till January31, 2011# | Balance Deployment in FY 2011 | Deployment in FY 2012 |
|---|---|---|---|---|
| Expansion of existing manufacturing facilities at SEZ ,Pithampur | 63.19 | Nil | Nil | 63.19 |
| Expansion of existing manufacturing facilities DTA, Pithampur | 126.13 | Nil | Nil | 126.13 |
| Setting up of Dripper Project at Kashipur | 80.97 | Nil | Nil | 80.97 |
| Working Capital | 250.00 | Nil | Nil | 250.00 |
| General Corporate Purposes | [●] | Nil | [●] | [●] |
| Issue Related Expenses | [●] | 5.08 | [●] | [●] |
| **Total** | **[●]** | **5.08** | **[●]** | **[●]** |

# *Same has been certified by L. K. Maheshwari & Co., Chartered Accountants; vide their certificate dated February 07, 2011.*

**Interim Use of Net Proceeds**

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility in deploying the proceeds received from the Fresh Issue. The particular composition, timing and schedule of deployment of the Net Proceeds will be determined by our Company based on the development of the expansion plans. Pending utilization of the proceeds out of the Fresh Issue for the purposes described above, our Company intends to temporarily invest the funds in interest bearing liquid instruments including deposits with banks and investments in money market mutual funds and other financial products and investment grade interest bearing securities as may be approved by the Board / committee thereof.

**Monitoring Of Utilization of Funds**

There is no requirement for a monitoring agency as the Issue size is less than ₹ 5,000 Mn. Our Board will monitor the utilization of the Net Proceeds of the Fresh Issue. We will disclose the details of the utilization of the proceeds of the Fresh Issue, under a separate head along with details, if any, of such unutilized proceeds of the Fresh Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Fresh Issue in our Balance Sheet for the relevant Financial Years commencing from FY 2012.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Fresh Issue. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in the DRHP and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Fresh Issue have been utilised in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with clause 43A of the Listing Agreement our Company shall furnish to the stock exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the process of the Fresh Issue from the objects of the Issue as stated above. This information will also be published newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

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

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company and the Selling Shareholder in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by the Book Building Process. The face value of the Equity Shares is ₹ 10 each and the Floor Price is [•] times of the face value and the Cap Price is [•] times of the face value.

**Qualitative Factors**

The key competitive strengths of our Company include the following:

1. Multi product portfolio
2. Multi location company
3. Multi market company
4. Fully integrated, state-of-the-art manufacturing facility
5. Brand recognition
6. End to end solutions
7. Proven management band-width
8. Research and development capability

For details, please refer to the section “Business Overview” beginning on page 116 of the DRHP.

Information presented in this section is derived from our audited restated standalone and consolidated financial statements prepared in accordance with Indian GAAP. Investors should evaluate us taking into consideration its earnings and based on its consolidated growth strategy. Some of the quantitative factors, which may form the basis for computing the price, are as follows:

### 1. ADJUSTED BASIC AND DILUTED EARNINGS PER SHARE (EPS)

**Basic Earnings per Share**

| Period | Consolidated (₹ per Equity Share) | Standalone (₹ per Equity Share) | Weight |
|---|---|---|---|
| Year ended March 31, 2010 | 5.21 | 7.78 | 3 |
| Year ended March 31, 2009 | 6.18 | 6.21 | 2 |
| Year ended March 31, 2008 | 6.79 | 6.79 | 1 |
| **Weighted Average** | **5.80** | **7.09** | |
| Half year ended September 30, 2010 | 13.73 | 12.95 | |

**Diluted Earnings per Share**

| Period | Consolidated (₹ per Equity Share) | Standalone (₹ per Equity Share) | Weight |
|---|---|---|---|
| Year ended March 31, 2010 | 3.86 | 5.76 | 3 |
| Year ended March 31, 2009 | 4.56 | 4.58 | 2 |
| Year ended March 31, 2008 | 5.96 | 5.96 | 1 |
| **Weighted Average** | **4.44** | **5.40** | |
| Half year ended September 30, 2010 | 10.30 | 9.71 | |

**Notes:**

i. *The basic and diluted EPS have been calculated in compliance with Accounting Standard - 20 issued by the Institute of Chartered Accountants of India.*

ii. *The face value of each equity share is ₹ 10 each.*

## 2. Price/ Earning Ratio

**Price Earning Ratio (P/E) in relation to the Issue Price of ₹ [•] per Equity Share of ₹ 10 each**

| Sr. No. | Particulars | Consolidated | Standalone |
|---|---|---|---|
| 1. | P/E based on Basic EPS for the year ended March 31, 2010 | [•] | [•] |
| 2. | P/E based on Diluted EPS for the year ended March 31, 2010 | [•] | [•] |
| 3. | **Industry P/E** | | |
| | Highest | 71.7 | |
| | Lowest | 3.2 | |
| | Industry Composite | 7.2 | |

*(Source: Capital Market Vol. XXV/25, Feb 07 – 20, 2011, Industry – 'Packaging')*

## 3. Return on Net Worth (RONW)

| Period | RONW (%) (Consolidated) | RONW (%) (Standalone) | Weight |
|---|---|---|---|
| Year ended March 31, 2010 | 7.28 | 10.46 | 3 |
| Year ended March 31, 2009 | 9.89 | 9.93 | 2 |
| Year ended March 31, 2008 | 7.27 | 7.27 | 1 |
| **Weighted Average** | **8.15** | **9.75** | |
| Half year ended September 30, 2010 | 15.48 | 14.76 | |

**Note:**
*The return on net worth is arrived at by dividing restated net profit after tax by restated net worth as at the end of the year/ period.*

## 4. Minimum return on increased Net Worth required to maintain pre-Issue Basic EPS is [•].

## 5. Net Asset Value

| Particulars | Consolidated (₹) | Standalone (₹) |
|---|---|---|
| Net Asset Value per Equity Share as of March 31, 2010 | 70.43 | 73.09 |
| Net Asset Value per Equity Share as of September 30, 2010 | 83.64 | 82.68 |
| Net Asset Value per Equity Share after the Issue | [•] | [•] |
| Issue Price per Equity Share | [•] | [•] |

**Note:**
*Net Asset Value per Equity Share represents Net Worth at the end of the year/ period, as restated divided by the number of Equity Shares outstanding at the end of the period/ year.*

## 6. Comparison of accounting ratios with Industry Peers

| Name of the company | | Face Value (₹) | Sales (₹ in crore) | EPS (₹) | RONW (%) | NAV per Equity Share (₹) | P/E Ratio |
|---|---|---|---|---|---|---|---|
| Flexituff International Limited* | Consolidated | 10.00 | 321.10 | 5.21 | 7.28 | 70.43 | [•] |
| | Standalone | 10.00 | 301.11 | 7.78 | 10.46 | 73.09 | [•] |
| **Peer Group** | | | | | | | |
| Jumbo Bag Limited# | | 10.00 | 63.6 | 0.9 | 4.3 | 21.3 | 27.78## |

| Name of the company | Face Value (₹) | Sales (₹ in crore) | EPS (₹) | RONW (%) | NAV per Equity Share (₹) | P/E Ratio |
|---|---|---|---|---|---|---|
| Neo Corp International Limited# | 10.00 | 175.6 | 7.5 | 17.8 | 65.4 | 6.1 |
| Emmbi Polyarns Limited### | 10.00 | 51.84 | 2.0 | 4.0 | 27.1 | 7.2 |

**Based on Restated Summary Statements of the Company for the year ended March 31, 2010. Basic EPS has been considered for the above comparison.*
*#Source: Capital Market Vol. XXV/25, Feb 07 – 20, 2011, Industry – 'Packaging'. The figures of the peer group companies are based on audited standalone financial statements.*
*##P/E is computed based on the closing market price as on February 8, 2011.*
*###Source: Annual Report for the FY 2009-10. Figures are based on audited standalone financial statements. P/E is computed based on the closing market price as on February 8, 2011.*

The Issue Price of ₹ [•] has been determined by our Company and the Selling Shareholder in consultation with the BRLM on the basis of the demand from investors for the Equity Shares through the Book Building Process. The Issue Price of ₹ [•] is [•] times of the face value at the lower end of the price band and [•] times of the face value at the higher end of the price band. Our Company and the BRLM believes that the Issue Price of ₹ [•] is justified in view of the above qualitative and quantitative parameters. Prospective investors should review the entire DRHP, including the sections "Risk Factors", "Industry Overview", "Business Overview" and "Financial Statements" beginning on pages 12, 102, 116 and 218 respectively of the DRHP, to get a more informed view before making any investment decision.

## STATEMENT OF TAX BENEFITS

February 7, 2011

To,
**The Board of Directors**
**Flexituff International Limited**
2nd Floor of Main Building,
19, R.N. Mukherjee Road,
KOLKATA – 700 001

Dear Sirs,

**Statement of Possible Tax Benefits available to Flexituff International Limited and its Shareholders**

We report that the enclosed statement states the possible tax benefits available to Flexituff International Limited (the 'Company') and to the shareholders of the Company under the Income Tax Act, 1961 and other direct and indirect taxes laws, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. Further, the statement does not include comments on the disallowances or other such implications, if any that are associated with the benefits specified therein. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice.

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

(i) the Company or its shareholders will continue to obtain these benefits in future; or

(ii) the conditions prescribed for availing the benefits have been / would be met with.

In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

The enclosed annexure is intended solely for your information and for inclusion in the Draft Red Herring Prospectus in connection with the proposed issue and is not to be used, referred to or distributed for any other purpose without prior written consent.

Thanking you,

Yours faithfully,

For L.K.Maheshwari & Co.
Chartered Accountants
FRN – 000780C

(Abhay Singi)
Partner
M.No. 079873

## ANNEXURE TO STATEMENT OF TAX BENEFITS

These are the special tax benefits available to the Company, subject to compliance with relevant provisions.

**(I) SPECIAL TAX BENEFITS**

**(a) SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY**

**I Under the Income Tax Act, 1961 (the "Act")**

1. The Company has a Unit located at Pithampur, Dist. Dhar (MP), which is registered as a Special Economic Zone (SEZ). U/s 10A(1A) of the Act, the Company is entitled to deduction of such profits and gains as are derived by SEZ from the export of manufactured goods while computing taxable income of the assessee, subject to compliance with conditions specified in Section 10A of the Act. It may be noted that such deduction under section 10A is admissible for the Company, only up to Assessment Year 2013-14 (i.e. year ending on March 31, 2013).

   During the period when deduction is admissible as above, as per section 115JB, while calculating "book profits" the Company will be able to reduce the export profits of SEZ to which the provisions of section 10A apply and will not be required to pay Minimum Alternate Tax at the specified rate of the book profits [Sec.115JB(6)].

2. The Company has a Unit located at Kashipur (Uttaranchal), which is industrial area notified U/s. 80-IC of the Act, the Company is entitled to deduction of one hundred per cent of such profits and gains for five assessment years commencing with the initial assessment year and thereafter, twenty five per cent (or thirty per cent where the assessee is a company) of the profits and gains for next five assessment years, as are derived by said unit from the manufacturing of goods while computing taxable income of the assessee, subject to compliance with conditions specified in Section 80-IC of the Act. It may be noted that such deduction under section 80-IC is admissible for the Company, only up to Assessment Year 2018-19 (i.e. year ending on March 31, 2018).

**(b) SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY**

There are no special tax benefits available to the shareholders of the Company.

**II UNDER THE CENTRAL EXCISE ACT, 1944**

1. The Company has a Unit located at Pithampur, Dist. Dhar (MP), which is registered as a Special Economic Zone (SEZ) and therefore enjoying exemption from payment of Excise duty. Any goods brought into the SEZ from a DTA are exempt from Excise duty.

2. The Company has a Unit located at Kashipur (Uttaranchal), which is enjoying exemption from payment of Excise duty under notification No.50/2003 dated 10.06.2003 for the period from 20.01.2009 to 19.01.2019

**III Under the Finance Act, 1994 (Service Tax)**

The SEZ unit has also enjoyed the exemption from Service Tax on the taxable services by any service provider for consumption of the services within Indore Special Economic Zone as per notification no.4/2004-ST dated 31.03.2004.

**IV Under the Madhya Pradesh Vat Act, 2002**

The Company has a Unit located at Pithampur, Dist. Dhar (MP), which is registered as a Special Economic Zone (SEZ) and which is enjoying exemption from payment of Vat Tax. Any goods brought into the SEZ from a DTA are exempt from Vat Tax.

**V Under the Central Sales Tax Act, 1958**

1. The Company has a Unit located at Pithampur, Dist. Dhar (MP), which is registered as a Special Economic Zone (SEZ) and which is enjoying exemption from payment of Central Sales Tax.

2. The Company has a Unit located at Kashipur (Uttaranchal), which is enjoying concessional rate of tax on clearance of the goods as per notification no. Commercial Tax/2005 dated 09.01.2006 under section 8 (5) of the Central Sales Tax Act, 1958.

## (II) GENERAL TAX BENEFITS

These are the general tax benefits available to the Company and shareholders, subject to compliance with relevant provisions.

**A. Under the Income Tax Act, 1961 (the "Act")**

**I. General Tax Benefits available to the Company**.

**Dividend Exempt under section 10(34)**

1. Under section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after April 1, 2003 by domestic companies on which dividend distribution tax is payable by such companies) received on the shares of a domestic company is exempt from tax.

**Income from units of Mutual Fund exempt under section 10(35)**

2. As per section 10(35) of the Act, any income received from units of a Mutual Fund specified under section 10(23D) of the Act, is exempt from tax.

3. As per section 2(29A) read with section 2(42A) of the Act, shares held in a company or a Unit of a Mutual Fund specified under clause (23D) of section 10 are treated as long term capital asset if the same are held by the assessee for a period of more than twelve months immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares in a company or a Unit of a Mutual Fund specified under clause (23D) of section 10 are held for more than twelve months.

**Computation of Capital Gains and tax thereon**

4. As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax will be exempt in the hands of the Company.

As per section 115JB, while calculating "book profits", the Company will not be able to reduce the long term capital gains to which the provisions of section 10(38) of the Act apply and will be required to pay Minimum Alternate Tax at the specified rate on such book profits.

5. As per the provisions of section 24(b) of the Act, where the property has been acquired, constructed, repaired, renewed or reconstructed by the Company with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing the income from house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or completion of construction of such property.

6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. It may be noted that investment made on or after April 1, 2007 in a long term specified asset by an assessee during any financial year cannot exceed ₹ 50 Lacs. However, such exempt capital gains cannot be reduced from “book profits” of the Company under section 115JB and the Company will be required to pay Minimum Alternate Tax at the specified rate on such book profits.

However, if the Company transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long term specified asset” for making investment under this section on or after April 1, 2007 means any bond, redeemable after three years and issued on or after the April 1, 2007 by:

(i) National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

(ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

**Business income**

7. Under Section 32 of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, machinery, plant or furniture and intangible assets such as know-how, patents, copyrights, trademarks, licenses, franchises or other business or commercial rights of similar nature if acquired on or after April 1, 1998, subject to satisfaction of conditions. In terms of sub section (2) of 32 of the Act, the Company is entitled to carry forward and set off the unabsorbed depreciation arising due to absence / insufficiency of profits or gains chargeable for the previous year. The amount is allowed to be carried forward and set off in the succeeding previous years against any income (not restricted to business income) until the amount is exhausted, without any time limit.

8. Under Section 35D of the Act, the Company will be entitled to a deduction equal to one fifth of the expenditure incurred of the nature specified in that section, including expenditure incurred on the present public issue of shares, such as underwriting commission, brokerage and other charges, as specified in the provision, by way of amortization over a period of 5 successive years, subject to the stipulated limits specified in section 35D(3) of the Act. Other business expenses specifically referred to in sections 29 to 37 of the Act incurred by the Company are eligible for deduction in computing the taxable profits and gains of the business of the Company subject to conditions, if any, specified in the respective provisions.

9. Under section 49 of the Act, in cases where an asset held by the Company becomes its property under a scheme of amalgamation, demerger, etc, the cost of acquisition of such shares in the hands of the Company would be deemed to be the cost at which the previous owner of the asset acquired it. Further, on transfer of such asset by the Company, the period of holding of the previous owner would be included in the period of holding of the Company in order to determine the nature of capital gain (i.e. whether short term or long term).

10. As per provisions of section 71B of the Act, the company is entitled to carry forward losses arising under the head income from house property, that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were first computed and set off such losses against income chargeable under the head “Income from house property” in such assessment year.

11. As per provisions of section 72 of the Act, the company is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head "Profits and gains from business or profession" in such assessment year. The set off is permissible even if the business in which the loss was sustained is not carried on in the year of set off.

    However, under section 73 of the Act, where the company is deemed to be carrying out speculation business, the losses incurred on such business would be permitted to be carried forward and set off only against profits and gains of another speculative business, for a period of 4 consecutive assessment years immediately succeeding the assessment year when the losses were first computed. In this regard, a company would be deemed to be carrying out speculation business where any part of the business of the company (other than a company whose gross total income consists mainly of income which is chargeable under the heads 'Interest on securities', 'Income from house property', 'Capital gains' and 'Income from other sources' or a company, the principal business of which is the business of banking or the granting of loans and advances) consists in the purchase and sale of shares of other companies, to the extent to which the business consists of the purchase and sale of such shares.

12. Under Section 74 of the Act, short-term capital loss suffered during the year is allowed to be carried forward and set-off against short-term as well as long-term capital gains of a subsequent year. Such loss is permitted to be carried forward for eight years immediately succeeding the year, in which such loss arises, for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

13. The Company is entitled to deduction under section 80G of the Act in respect of amounts contributed as donations to certain funds, charitable institutions etc. covered under that section, subject to fulfillment of conditions specified therein.

14. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess). However, where no securities transaction tax is paid on the sale of equity share or a unit of an equity oriented fund, short term capital gains will be subjected to tax at the normal tax rate applicable to Companies.

15. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds will be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is lower. All other long term capital gains (excluding capital gains on sale of depreciable assets) are chargeable at concessional rate of 20% (plus applicable surcharge and education cess).

16. Under section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax ('MAT') paid under section 115JB of the Act for any assessment year commencing on or after April 1, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward to be set off against the difference between normal tax liability and MAT, for a period of up to ten years succeeding the year in which the MAT credit arises.

**II General Tax Benefits available to resident shareholders of the Company**

1. Under section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act, will be exempt from tax to the extent of ₹ 1,500 per minor child.

2. Under Section 10(34) of the Act, any income by way of dividends referred to in Section 115-O of the Act (i.e. dividends declared, distributed or paid on or after April 1, 2003 by domestic companies on which dividend distribution tax is payable by such companies) received on the shares of a domestic company is exempt from income-tax in the hands of the shareholders.

3. As per section 2(29A) read with section 2(42A) of the Act, shares held in a company are treated as long term capital asset if the same are held by the assessee for a period of more than twelve months immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares are held for more than twelve months.

4. Under Section 10(38) of the Act, long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company, where such transaction is chargeable to securities transaction tax, shall be exempt from tax. However, in case of a company, such long term capital gains shall be taken into account in computing tax payable under section 115JB of the Act.

5. Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profit and gains of business or profession". However, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

6. Under section 48 of the Act, if the Company's shares are sold after being held for not less than twelve months, the gains (in case not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement means an amount which bears to the cost of acquisition/ improvement the same proportion as cost inflation index for the year in which the asset is transferred, bears to the cost inflation index for the first year in which the asset was held/ for the year in which the improvement to the asset took place.

7. Under section 49 of the Act, in cases where the shares in the Company becomes the property of a shareholder under a scheme of amalgamation, demerger, etc, the cost of acquisition of such shares in the hands of the shareholder would be deemed to be the cost at which the previous owner of the shares acquired it. Further, on transfer of such shares by the shareholder, the period of holding of the previous owner would be included in the period of holding of the shareholder in order to determine the nature of capital gain (i.e. whether short term or long term).

8. Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets such as shares of the Company (other than those exempt u/s 10(38) of the Act) shall be exempt from tax, subject to the conditions and to the extent specified therein, if such capital gains are invested within a period of six months from the date of transfer in a "long term specified asset", specified in the section. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed ₹ 50 Lacs.

However, if the shareholder transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the April 1 2007:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

9. Under Section 54F of the Act, where in the case of an individual or HUF capital gains arise from transfer of long term assets (other than a residential house and those exempt u/s 10(38) of the Act) such as shares of the Company, then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or 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. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

Such benefit will not be available:

(a) If the individual or Hindu Undivided Family-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

- purchases another residential house other than the new house, within a period of one year after the date of transfer of the shares; or

- constructs another residential house within a period of three years after the date of transfer of the shares; and

(b) the income from such residential house, other than the one residential house owned on the date of transfer of the shares of the Company, is chargeable under the head "Income from house property".

If another residential house is purchased within the period of two years after the date of the transfer of the shares in the Company, or constructed within the period of three years after such date and the income from the new house is chargeable under the head "Income from house property", the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" relating to long term capital assets of the year in which the new residential house is purchased or constructed.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" relating to long term capital assets of the year in which the new residential house is transferred.

10. Under section 72 of the Act, the shareholder is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head "Profits and gains from business or profession" in such assessment year. The set off is permissible even if the business in which the loss was sustained is not carried on in the year of set off.

However, under section 73 of the Act, where the company is deemed to be carrying out speculation business, the losses incurred on such business would be permitted to be carried forward and set off only against profits and gains of another speculative business, for a period of 4 consecutive assessment years immediately succeeding the assessment year when the losses were first computed. In this regard, a company would be deemed to be carrying out speculation business where any part of the business of the company (other than a company whose gross total income consists mainly of income which is chargeable under the heads 'Interest on securities', 'Income from house property', 'Capital gains' and 'Income from other sources' or a company, the principal business of which is the business of banking or the granting of loans and advances) consists in the purchase and sale of shares of other companies, to the extent to which the business consists of the purchase and sale of such shares.

11. Under Section 74 of the Act, short-term capital loss suffered during the year is allowed to be carried forward and set-off against short-term as well as long-term capital gains of a subsequent year. Such loss is permitted to be carried forward for eight years immediately succeeding the year, in which such loss arises, for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

12. Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to securities transaction tax will be taxable under the Act at the rate of 15% (plus surcharge, if applicable and educational cess). However, if the total income as reduced by such short-term capital gains of an individual or a HUF, is below the maximum amount which is not chargeable to income-tax, then, such gains will be reduced by the amount by which the total income falls short of the maximum amount which is not chargeable to income-tax and the balance amount will be subject to tax at the rate of fifteen percent.

    However, where no securities transaction tax is paid on the sale of equity share or a unit of an equity oriented fund, short term capital gains will be subjected to tax at the normal tax rate applicable to the transferee of shares.

13. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in a listed company, held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus surcharge, if applicable and educational cess) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) without indexation, whichever is lower.

    However, if the total income as reduced by such long term capital gains of an individual or a HUF, is below the maximum amount which is not chargeable to income-tax, then, such gains will be reduced by the amount by which the total income falls short of the maximum amount which is not chargeable to income-tax and the balance amount will be subject to tax at the rate of twenty/ ten percent, as applicable.

**III. General Tax Benefits available to Non-Resident Indians/Non-Resident Shareholders (Other than Foreign Institutional Investors)**

1. Under section 10(34) of the Act, any income earned by way of dividends referred to in Section 115-O of the Act (i.e. dividends declared, distributed or paid on or after 1 April 2003 by domestic companies on which dividend distribution tax is payable by such companies), is exempt from tax in the hands of the shareholders.

2. Under section 2(29A) read with section 2(42A), shares held in a company are treated as long term capital asset if the same are held by the assessee for a period of more than twelve months immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares are held for more than twelve months.

3. Under section 10(38) of the Act, long term capital gains arising to a shareholder from transfer of a long term capital asset being an equity share in the company where such transaction is chargeable to securities transaction tax, shall be exempt from tax. However, in case of a company, such long term capital gains shall be taken into account in computing tax payable under section 115JB of the Act.

4. Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profit and gains of business or profession". However, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

5. Section 48 of the Act contains special provisions in relation to computation of long term capital gain on transfer of an Indian company's shares by non-residents. Under the first proviso to section 48 of the Act, in the case of a non resident shareholder, the capital gains/ loss arising from transfer of shares of the Company, acquired in convertible foreign exchange is to be 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 initially utilized in the purchase of shares. The capital gain computed in the original foreign currency is then re-converted into Indian rupees at the prevailing/ prescribed rate of exchange. However, indexation benefit cannot be availed by non residents in computing the capital gains as prescribed above.

6. Under section 49 of the Act, in cases where the shares in the company becomes the property of a shareholder under a scheme of amalgamation, demerger, etc, the cost of acquisition of such shares in the hands of the shareholder would be deemed to be the cost at which the previous owner of the shares acquired it. Further, on transfer of such shares by the shareholder, the period of holding of the previous owner would be included in the period of holding of the shareholder in order to determine the nature of capital gain (i.e. whether short term or long term).

7. Under section 54EC of the Act, capital gains arising from the transfer of long term capital assets (other than those exempt u/s 10(38) of the Act) shall be exempt from tax, subject to the conditions and to the extent specified therein, if such capital gains are invested within a period of six months from the date of transfer in a "long term specified asset", specified in the section. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed ₹ 50 Lacs.

   However, if the shareholder transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

   A "long term specified asset" for making investment under this section on or after April 1, 2007 means any bond, redeemable after three years and issued on or after April 1, 2007 by:

   (i) National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

   (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

8. Under Section 54F of the Act, where in the case of an individual or HUF capital gains arise from transfer of long term assets (other than a residential house and those exempt u/s 10(38) of the Act) such as shares of the Company, then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or 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. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

   Such benefit will not be available:

   (a) If the individual or Hindu Undivided Family-

   - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

   - purchases another residential house other than the new house, within a period of one year after the date of transfer of the shares; or

- constructs another residential house within a period of three years after the date of transfer of the shares; and

(b) the income from such residential house, other than the one residential house owned on the date of transfer of the shares of the Company, is chargeable under the head "Income from house property".

If another residential house is purchased within the period of two years after the date of the transfer of the shares in the Company, or constructed within the period of three years after such date and the income from the new house is chargeable under the head "Income from house property", the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" relating to long term capital assets of the year in which the new residential house is purchased or constructed.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" relating to long term capital assets of the year in which the new residential house is transferred.

9. Under section 72 of the Act, a shareholder is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head "Profits and gains from business or profession" in such assessment year. The set off is permissible even if the business in which the loss was sustained is not carried on in the year of set off.

    However, under section 73 of the Act, where the company is deemed to be carrying out speculation business, the losses incurred on such business would be permitted to be carried forward and set off only against profits and gains of another speculative business, for a period of 4 consecutive assessment years immediately succeeding the assessment year when the losses were first computed. In this regard, a company would be deemed to be carrying out speculation business where any part of the business of the company (other than a company whose gross total income consists mainly of income which is chargeable under the heads 'Interest on securities', 'Income from house property', 'Capital gains' and 'Income from other sources' or a company, the principal business of which is the business of banking or the granting of loans and advances) consists in the purchase and sale of shares of other companies, to the extent to which the business consists of the purchase and sale of such shares.

10. Under Section 74 of the Act, short-term capital loss suffered during the year is allowed to be carried forward and set-off against short-term as well as long-term capital gains of a subsequent year. Such loss is permitted to be carried forward for eight years immediately succeeding the year in which such loss arises, for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

11. Under section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to securities transaction tax will be taxable under the Act at the rate of 15% (plus surcharge, if applicable and educational cess). However, where no securities transaction tax is paid on the sale of equity share or a unit of an equity oriented fund, short term capital gains will be subjected to tax at the normal tax rate applicable to the transferee of shares.

12. Under section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in a company, if such shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus surcharge, if applicable and educational cess). However, in case of listed securities or units, the amount of such tax could be limited to

10% (plus surcharge, if applicable and cess), without indexation benefit, at the option of the shareholder, in cases where securities transaction tax is not levied.

13. As per section 115E of the Act, in the case of a shareholder being a Non-Resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, long term capital gains arising on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable cess), without any indexation benefit.

14. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a Non-Resident Indian, gains arising on transfer of a long term capital asset being shares of the Company will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. Further, if the specified asset or savings certificate in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

15. As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

16. As per section 115H of the Act, where Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

17. As per section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act. For the purpose of aforesaid clauses "Non-Resident Indian" means an Individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

Provisions of the Act vis-à-vis provisions of the Tax Treaty

18. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is resident. As per the provisions of section 90(2) of the Act, the provisions of the Tax Treaty would prevail over the provisions of the Act to the extent they are more beneficial to the non-resident.

**IV General Tax Benefits available to Foreign Institutional Investors (FIIs)**

1. Under section 10(34) of the Act, any income earned by way of dividends referred to in Section 115-O of the Act (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies on which dividend distribution tax is payable by such companies), are exempt from tax in the hands of the institutional investor.

2. Under section 2(29A) read with section 2(42A), shares held in a company are treated as long term capital asset if the same are held by the assessee for more than twelve months period immediately

preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares are held for more than twelve months.

3. Under section 10(38) of the Act, long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company where such transaction is chargeable to securities transaction tax, shall be exempt from tax.

4. Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profit and gains of business or profession". However, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

5. Under section 54EC of the Act, capital gains arising from the transfer of long term capital assets (other than those exempt u/s 10(38) of the Act) shall be exempt from tax, subject to the conditions and to the extent specified therein, if such capital gains are invested within a period of six months from the date of transfer in a "long term specified asset", specified in the section. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed ₹ 50 Lacs.

   However, if the investor transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

   A "long term specified asset" for making investment under this section on or after April 1, 2007 means any bond, redeemable after three years and issued on or after April 1, 2007 by:

   (i) National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

   (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

6. Under section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

7. As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15 % (plus applicable surcharge and cess).

8. As per section 115AD of the Act, FIIs will be taxed on income or capital gains arising in respect of securities (other than unit referred to in section 115AB), at the following rates:

| **Nature of income** | **Rate of Tax* (%)** |
|---|---|
| Long term capital gains other than exempt under the provision of section 10(38) | 10 |
| Short term capital gains other than referred to in section 111A | 30 |

**Plus applicable surcharge and cess.*

In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

9. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor.

*Provisions of the ITA vis-à-vis provisions of the Tax Treaty*

10. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII is resident. As per the provisions of section 90(2) of the ITA, the provisions of the ITA would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

**V. General Tax Benefits available to Mutual Funds**

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

**VI. General Tax Benefits available to Venture Capital Companies/ Funds under the Act**

As per the provisions of section 10(23FB) of the Act, income of

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and

- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and fulfilling such conditions as may be notified in the Official Gazette, set up for raising funds for investment in a Venture Capital Undertaking, which is set up to raise funds for investment in a venture capital undertaking is exempt from income tax. As per the provisions of Income tax Act, "venture capital undertaking" means a domestic company whose shares are not listed in a recognized stock exchange of India and which is engaged the business of:

- Nanotechnology;
- Information technology relating to hardware and software development;
- Seed research and development;
- Bio-technology;
- Research and development of new chemical entities in the pharmaceutical sector;
- Production of bio-fuels;
- Building and operating composite hotel-cum-convention center with seating capacity of more than three thousand; or
- Developing or operating and maintaining or development, operating and maintaining any infrastructure facility as defined in the Income Tax Act; or
- Dairy or poultry industry.

*Provisions of the ITA vis-à-vis provisions of the Tax Treaty*

The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the Venture Capital Companies/ Funds is resident. As per the provisions of section 90(2) of the ITA, the provisions of the ITA would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the Venture Capital Companies/ Funds.

**B. General Tax Benefits available under the Wealth Tax Act, 1957**

Asset as defined under section 2(ea) of the Wealth Tax Act, 1957 does not include shares in companies and hence, shares of the Company are not liable to wealth tax in the hands of shareholders.

**C. General Tax Benefits available under the Gift Tax Act, 1958**

Gift tax is not leviable in respect of any gifts made on or after 1st October 1998. Therefore, any gift of shares of the Company will not attract gift tax.

**Notes:**

(i) All the above benefits are as per the current tax laws. Accordingly, any change or amendment in the laws/regulation, including provision of proposed Direct Taxes Code, would impact the same.

(ii) 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 investments in the shares of the company.

(iii) The above statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

## SECTION IV: ABOUT THE ISSUER

## INDUSTRY OVERVIEW

*Investors should note that this is only an overview and does not contain all information that should be considered before investing in our Company's Equity Shares. The information presented in this section has been obtained from publicly available documents from various sources and Company estimates. We may have reclassified such data for the purposes of presentation in this section. These sources generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The information from the sources contained in this section has not been independently verified. Similarly, internal Company estimates, which we believe to be reliable, have not been verified by any independent agency You should read the entire DRHP, including the information in sections "Risk Factors" and "Financial Statements" beginning on pages 12 and 218, respectively of the DRHP, before deciding to invest in our Company's equity shares.*

### Polymer Industry

Twentieth century revolutionized almost every aspect of human life throughout the world. There were numerous inventions; we sent humans to the moon, invented computers and discovered nuclear power. The invention that made the most dramatic impact of all was "plastic". Imagine a day without plastics: wooden toothbrushes with wooden bristles, solid metal laptops, glass screens and bottles, food packaged in cloth, it is inconceivable. Annually, more than 90 million tons of plastic are made worldwide. The plastics industry adds a lot of value to the society through employment and creating revenue and also replacement of scarce forest resources. It continues to play a crucial role in many innovations that lead to high standards of living, education, and health care. Plastics have made spectacular changes in the manufacturing processes of automobile and aviation industries because of its light weight and ease in maintenance and natural sparkle. The space industry benefits as well. One of the most important fields that have benefited from plastics is biomedicine. Plastic plays a part in almost all materials we use in our daily lives, and the future is bright with abundant possibilities with demand for better materials, greater functional use, more economical packaging and versatile and durable all-weather products.
*(Source: AIPMA, Diamond Jubilee edition)*

### Global Polymer Industry

World-wide, the plastics and polymer consumption will have an average growth rate of 5% and it will touch a figure of 227 Million Tons by 2015. Globally, it is projected that PET (Bottle grade) will have the highest growth rate of about 11% AAGR (Annual Average Growth Rate) amongst all polymers, followed by PP, PE, PVC and PS in the descending order.

Furthermore, the grades of PE (HDPE, LLDPE, LDPE) are expected to grow above GDP growth annually upto 2020. The forecast about global polyethylene demand is as follows:

- Global polyethylene (PE) demand is forecast to grow an average 4.4% annually through 2020. This is about 1% above the expected global GDP growth.
- LLDPE is expected to experience the fastest growth with an average annual growth rate of 6.2 percent. This comes at the expense of LDPE, which is expected to grow only 1.8% during the same period.
- HDPE growth is forecast to average 4.6 per cent.

*(Source: AIPMA, Diamond Jubilee edition)*

### The Indian Polymer Industry

Despite global competition, the Indian plastics industry is expanding. Large projects have been set up or are under construction for the production of polymers. The Indian industry has the capacity to export polymers in million of tons, which will go up as some of the Indian petrochemical majors are currently operating at low capacity utilisation. With the steady build-up of capacities, the downstream products industry is increasingly accessing local supplies.

The per capita consumption of polymers in India is 4 kg against around 90 kg p.a. in the US, around 60 kg p.a. in the Europe and a global average of 17 kg p.a. With the end user profile changing and new applications being introduced, the demand for plastics is expected to increase at a greater rate and likely to go up to 8 kg p.a. in next couple of years. Six fold increase is expected by the year 2020.

India is one of the fastest growing polymers market in the world, and the world's third largest polymers market after the US and China. The significant domestic demand growth is expected from the user industries such as telecom, food and beverages, packaging, transportation, automobiles, entertainment electronics & appliances and consumer durables, and from continued substitution of traditional materials like wood, metal and glass. Plastics have also penetrated into agriculture through green houses and PVC pipes. Plastic materials being used in plastic extrusion are: LDPE, LLDPE, HDPE, PP, HIPS, PET, etc.

Indian plastics industry is growing faster than most other countries in the world. Mainly due to increasing urbanization, growing population agricultural development, focus on infrastructure development, booming white goods industry, change in packaging bulk and retail and new applications in irrigation, water management, etc.
*(Source: AIPMA, Diamond Jubilee edition)*

**Packaging Industry**

Packaging today is the science, art and technology of enclosing or protecting products for distribution, storage, sale, and use. Packaging also refers to the process of design, evaluation, and production of packages.

**Packaging industry serves the following purposes in India:**

1. Containment: Most products must be contained before they can be moved from one place to another. To function successfully, the package must contain the product. This containment function of packaging makes a huge contribution to protecting the environment. Faulty packaging (or under packaging) can lead to spillages and result in major losses and serious damage.

2. Protection and Preservation: Packaging plays a vital role in protecting products as they go from the manufacturer to the consumer. Packaging is designed to ensure that the product reaches the consumer in good condition. The product is protected during transport and distribution; from climatic effects (heat and cold, moisture, vapour, drying atmospheres); from hazardous substances and contaminants; from infestation.

3. Supplementary Product Protection: Packaging can also provide supplementary product protection. This may be achieved by forms of cushioning such as shredded papers, sheets of corrugated paperboard, foamed plastic or wrappings. Packaging therefore contributes to food safety, quality and nutrition. Packaging technology has made major contributions to advancing food science and food safety and reduction of food spoilage.

4. Communication: 'A package must protect what it sells and sell what it protects'. Modern methods of consumer marketing would fail were it not for the messages communicated on the package. The information provided on packaging allows the consumer to make informed decisions on the product's purchase and use.

5. Convenience: Packaging plays an important role in allowing products to respond to the demands and needs of modern consumers. Frozen food packs, microwavable containers, wine cardboard casks, easy-open beverage and food cans and aseptic cartons are good examples of convenience packaging. These types of packaging reflect the demand for convenience and quick food preparation in a way that guarantees freshness. Lightweight medical devices are packaged in peel-open, pre-sterilised containers designed for easy use in operating rooms, patients' rooms, or laboratories. In the administration of drugs, unit-dose packaging, solid and liquid, in small containers allows sealed, unused drugs to be returned to stock. Medical packaging also reduces the risk of accidental overdose or improper use by children (child resistant closures).

6. Environmental Aspects: Packaging reduces the amount of waste going to landfill. Without the benefit of packaging to preserve food, a higher proportion of food would become spoiled and consequently consigned

to garbage collection for land disposal. When the food is packaged, the unwanted portions such as skins, outer leaves and trimmings, remain at the processing point where they can be economically recovered and used in the manufacture of valuable by-products.

7. Reduction of Pilferage: Packaging of a wide variety of products sold from self-service counters is designed to reduce stealing. The product may be sold in a blister package sealed to a large paperboard backing. The large card makes the package more difficult to conceal and steal. Other examples of security packages are lock-on caps and tamperproof closures.

8. Marketing Trends: Marketing trends are placing increasing emphasis on the look, sales appeal and quality of retail packaging. Packaging helps sell products by providing product differentiation and presentation, greater brand awareness and convenience. The continuously changing demands of consumers will require higher quality graphics and promotional links between graphics and advertising to support brand identities, plus the ability to reflect current consumer trends and images.

Heightened competition in all product sectors within the country as also the increasing need to look for export markets have contributed to the rising demand for appropriate, and at the same time cost-effective, packaging material and technologies.

The packaging industry's growth has led to greater specialization and sophistication from the point of view of health (in the case of packaged foods and medicines) and environment friendliness of packing material. The demands on the packaging industry are challenging, given the increasing environmental awareness among communities.
(*Source: Report on Packaging Industry in India by Indo Italian Chamber of Commerce at www.centroesteroveneto.com*)

**Indian Packaging Industry**

The Indian packaging industry can broadly be classified into rigid and flexible packaging. Rigid packing comprises of injection-moulded plastic containers, metal containers, wooden crates, paper board etc while flexible packaging comprises of paper, jute, cotton / plastic bags and pouches.

**Factors Affecting Growth of Packaging Industry in India:**

1. Urbanization: Modern technology is now an integral part of nation's society today with high-end package usage increasing rapidly. As consumerism is rising, rural India is also slowly changing into more of an urban society. The liberalization of the Indian economy, coupled with globalization and the influx of the multi-nationals, has improved the quality of all types of primary and secondary packaging. Also industrialization and expected emergence of the organized retail industry is fuelling the growth of packaging industry.

2. Increasing Health Consciousness: As people are becoming more health conscious, there is a growing trend towards well packed, branded products rather than the loose and unpackaged formats. Today even a common man is conscious about the food intake he consumes in day-to-day life.

3. Low Purchasing Power resulting in Purchase of Small Packets: India being a growing country, purchasing power capacity of Indian consumers is lower; the consumer goods come in small, affordable packages. Apart from the normal products packed in flexible packaging, the use of flexible in India includes some novel applications not usually seen in the developed world. Products like toothpaste, toothpowder, and fairness creams in laminated pouches are highly innovative and are not used elsewhere. Another typical example of such applications is tobacco and betel nut-based intoxicants and mouth fresheners catering to unique Indian taste.

4. Indian Economy Experiencing Good Growth Prospects: The Indian economy is growing at a promising rate, with growth of outputs in agriculture, industry and tertiary sectors. Overall economic growth has proved to be beneficial for the consumer goods market, with more and more products becoming affordable to a larger section of the population.

5. Changing Food Habits amongst Indians: Changing lifestyles and lesser time to spend in kitchens are resulting in more incidence of eating away from homes resulting in explosive growth of restaurants and fast food outlets all over the country. Indians are trying out newer cuisines and also purchasing similar food items for their homes. Therefore, the review period has seen new products like pasta, soups, and noodles being launched in India, fuelling the growth of packaging industry in India.

6. Personal health consciousness amongst Indians: With growing awareness towards contagious diseases like AIDS and other STDs, awareness towards usage of contraceptives and disposables syringes have increased the demand for packaging required for the same.

7. Rural Marketing Pushing Demand for Sachets: India comprises of a big rural market and there has been growing focus on rural marketing, whereby manufacturers are introducing low-priced goods in smaller pack sizes. Low priced sachets have proved to be extremely popular in smaller towns and villages, where people do not prefer to buy larger packs due to financial constraints.

(*Source: Report on Packaging Industry in India by Indo Italian Chamber of Commerce at www.centroesteroveneto.com*)

**Indian Economy Experiencing Good Growth Prospects**

The Indian economy is growing at a promising rate, with growth of outputs in agriculture, industry and tertiary sectors. Overall economic growth has proved to be beneficial for the consumer goods market, with more and more products becoming affordable to a larger section of the population.

The BMI India Retail Report for the third-quarter of 2010, forecasts that the total retail sales will grow from US$ 353 billion in 2010 to US$ 543.2 billion by 2014. With the expanding middle and upper class consumer base, there will also be opportunities in India's tier II and III cities. The greater availability of personal credit and a growing vehicle population to improve mobility also contribute to a trend towards annual retail sales growth of 11.4%. Mass grocery retail (MGR) sales in India are forecast to undergo enormous growth over the forecast period. BMI further predicts that sales through MGR outlets will increase by 154% to reach US$ 15.29 billion by 2014. This is a consequence of India's dramatic, rapid shift from small independent retailers to large, modern outlets.

China and India are predicted to account for almost 91% of the regional retail sales in 2010 and by 2014 their share of the regional market is expected to be more than 92%. Growth in regional retail sales for 2010-2014 is estimated by BMI at 72.2%, an annual average of 14%. India should experience the most rapid rate of growth in the region, followed by China. For India, its forecast market share of 13.9% in 2010 is expected to increase to 14.3% by 2014.

Moreover, for the 4th time in five years, India has been ranked as the most attractive nation for retail investment among 30 emerging markets by the US-based global management consulting firm, A T Kearney in its 8th annual Global Retail Development Index (GRDI) 2009. India remains among the leaders in the 2010 GRDI and presents major retail opportunities. India's retail market is expected to be worth about US$ 410 billion, with 5% of sales through organised retail, meaning that the opportunity in India remains immense. Retail should continue to grow rapidly up to US$ 535 billion in 2013, with 10% coming from organised retail, reflecting a fast-growing middle class, demanding higher quality shopping environments and stronger brands, the report added. Bharti Retail strengthened its position in northern India by opening 59 stores, Bharti Wal-Mart is expected to open 10 to 15 wholesale locations in the next three years, and Marks & Spencer is considering plans to open additional outlets in the next few years.
(*Source: India Brand Equity Foundation at www.ibef.org*)

**Industry perspective of the products manufactured by our Company**

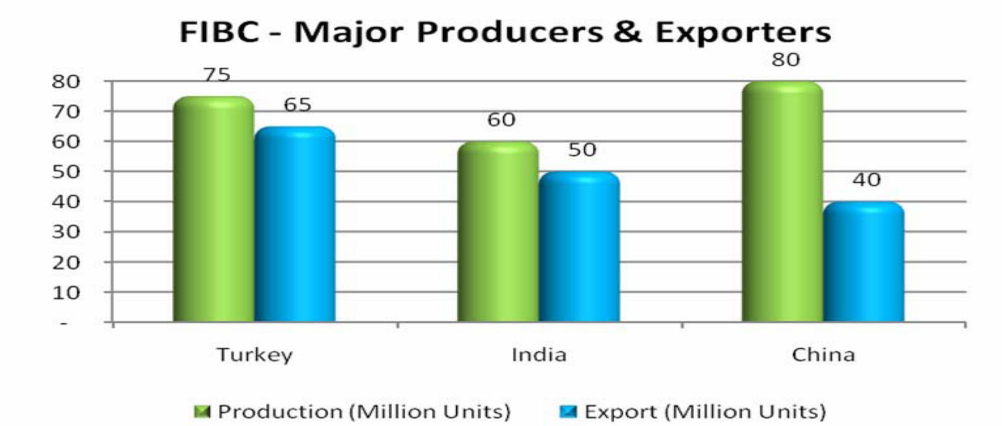
Our Company manufactures the following products:

a) Flexible Intermediate Bulk Containers (FIBC)
b) Geo-Textile Fabric Ground Covers
c) Reverse Printed BOPP Woven Bags
d) Polyolefin Woven Sacks and Leno Bags.

A summary of the industry perspective for the above products is set out below:

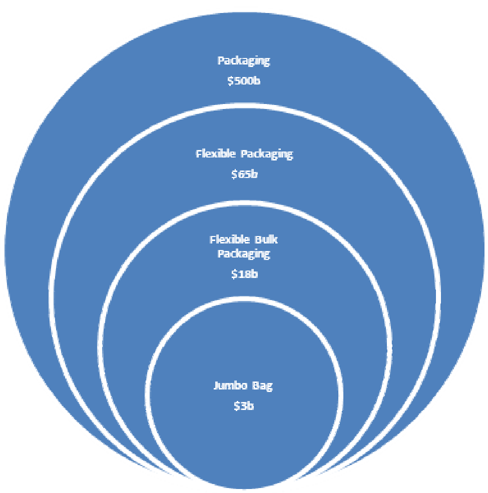
**a) Flexible Intermediate Bulk Containers (FIBC)**

The Indian FIBC Industry is the third largest producer in the world and the Indian producers are supplying to virtually every country across the globe. While the primary mode of selling overseas is through resellers, direct supply to end users is also increasing rapidly.



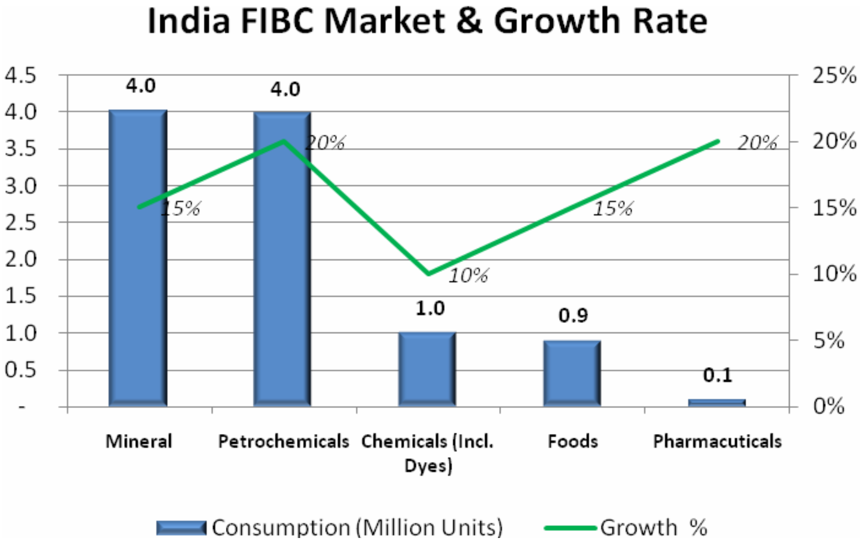

As Jumbo bags gains prominence in the existing markets in India, there is a lot of effort already being made to penetrate new markets which have huge potential in the future. For instance, infrastructure is growing at a phenomenal rate in India and cement being one of the basic raw material offers a huge potential as more and more manufacturers start to adapt bulk transportation that will facilitate cost savings, practical advantages as a result of lesser unit cost of packing and substantial reduction in wastage. In this respect the packaging industry stands to gain in relation to the growing infrastructure sector for manufacturing packages for cements and other raw materials.

The US market has been growing at rate of 10% - 15% per annum in the past whereas Europe has registered annual growth of about 4.5% in the recent past. 5 years ago, the market share of India in FIBC was hardly 3%. Today India commands a considerable portion of the market share. India is currently exporting approximately 75,000 metric tones per annum.




**FIBC consumption in the packaging universe**

As mentioned above, the market for FIBC has grown considerably and a graphical representation of the same is seen below:




*(Source: Indian Flexible Intermediate Bulk Container Association)*

**b) Geo-Textile Fabric Ground Covers**

Geotech segment comprises of technical textile products used in Geotechnical applications pertaining to soil, rock, earth etc. This class of products is loosely called Geotextiles. However Geotextiles specifically refers to permeable fabric or synthetic material, woven or non-woven, which can be used with geotechnical engineering material.

The principal functions performed by Geotextiles are confinement /separation, reinforcement, filtration and drainage, and protection. Application areas include Civil Engineering (roads and pavements, slope stabilization and embankment protection, tunnels, rail-track bed stabilization, ground stabilization and drainage etc), Marine Engineering (Soil Erosion control and embankment protection, breakwaters) and Environmental Engineering (landfills and waste management).

Other specialized Geotech products comprise Geogrids (plastics filaments and tapes etc formed into a very open, grid like configuration having large apertures), Geonets (extruded polymer ribs set in net like fashion with small apertures), Geomembranes (impermeable fabric as barrier) and Geocomposites (products using two or more Geotextiles e.g. Pre-fabricated Drains-PVD).

Geotextiles can be defined as any permeable fabric or synthetic material, woven or non-woven, which can be used in association with soil, rock, earth or any other geotechnical engineering related material. The principal functions performed by Geotextiles are confinement /separation, reinforcement, filtration and drainage, and protection. These functions can be described thus:

a) Confinement / Separation: Confinement provides a media between the aggregate and the subsoil which absorbs the load in the form of tension and prevents change in alignment of the aggregate. Geotextile economically helps the separation concept of keeping two dissimilar materials apart to maximise the physical attributes of each of those materials. The object of separation by geotextiles is to prevent a well defined material or rich material from penetrating the sub-grade or the poor soil. If the separating media of geotextiles is absent, the infiltration of the sub-grade decreases permeability of the aggregate to the point where it cannot adequately transport the water reaching it. Suitable geotextile fabric with good puncture/tear resistance when used as a separator media - eliminates the loss of costly aggregate material into subsoil, prevents upward pumping of subsoil, eliminates contamination and maintains porosity of different levels. For separation purposes, both woven / nonwoven geotextiles may be used.

b) Reinforcement: The purpose of geotextiles in the reinforcement function is to reinforce the weak sub-grade or subsoil. It helps to strengthen the soil surface and to increase the soils ability to stay put especially on the slopes. Due to this the slopes are stabilised either permanently or temporarily and creep stops or at least diminishes. Further, it helps in preventing water from permeating a slope and controlling the amount of infiltration that occurs during various rain events. Reinforcing aspect of geotextiles can be used for roads, temporary roads, pavements, air strips, stabilised road slopes, retaining walls, containment systems, controlling reflective cracking, fibre or fabric reinforced concrete etc. Asphalt impregnated geotextile is used as a paving fabric, relieving stress and acting as moisture barrier. For reinforcement synthetic woven fabric or spun-bond is preferred. Reinforcement is further enhanced by use of geo-grids or geo-nets.

c) Filtration: The purpose of geotextiles with reference to drainage and filtration is simply to retain soil while allowing the passage of water. When geotextiles are used as drains, the water flow is within the plane of the geotextile itself i.e., they have high lateral permeability. At the same time, geotextiles must possess adequate dimensional stability to retain their thickness under pressure. The life of pavement of highways/air fields etc is affected by the time for which the water remains under the structural section and its drainage system which is responsible for the removal of free water which is fed directly from the stone base course beneath the structure. Needle punched nonwoven is the preferred geotextile for such applications where primary requirement is filtration.

d) Drainage: The use of geotextiles in drainage has made significant strides in changing the conventional procedure of using graded filters. Outstanding advantages of geotextiles in drainage are:

- It eliminates the filter sand with the dual media backfill.
- In some cases, it eliminates the need for perforated pipes.
- In situations where only sand backfill is available, it is possible to wrap the drainage pipe with fabric to act as a screening agent. The fabric, thereby, prevents the sand from entering perforation in the pipe.
- With geotextiles, trench excavation is considerably reduced.
- Many times the use of geotextiles eliminates the need for trench shoring.

Needle-punched nonwoven geotextile is preferred where drainage is the primary functional requirement.

e) Protection: Lining is used for cushioning and protection of membrane used for applications such as land fill and waste containment from puncture or training by sharp stone or stress. Geotextiles can also be impregnated with polymeric or mineral sealing materials such as bentonite clay to provide flexible barriers to mixture. Usually spun bond or needle-punched nonwovens are preferred for such applications.

Each of these functions calls for highly specific textile performance characteristics. As the functional requirements are to be met over many years of the life of the civil construction, durability is often a very key requirement. Many applications require several of the above functions to be met simultaneously. Further, the cost of the geotechnical solution is also an important factor to be taken into account in evaluating solutions.

Further, specialized segments (Geogrid, Geonet and Geomembrane) also exist within the Geotextiles space. These are as follows:

a) Geo-grids represent a rapidly growing segment within the geotextiles area. Geogrids are plastics filaments, rovings, and tapes etc formed into a very open, grid like configuration having large apertures, unlike woven, nonwoven or knit textiles. These apertures may vary in size from 1 to even more than 10 cm. They can be mono-axial or bi-axial i.e. be stretched in one or two directions for improved physical properties. Geogrids are mainly used for reinforcement – beneath aggregate in unpaved roads, reinforcement of embankment fills/earth dams, repairing slope failures/landslides, as inserts between geotextiles/geomembranes etc.

b) Geonets constitute another specialized segment within the geo-synthetic area. Geonets are usually formed by a continuous extrusion of parallel sets of polymeric ribs at acute angles to one another. When the ribs are opened, relatively large apertures are formed into a netlike configuration. Geonets are made of polypropylene (PP) or Polyethylene (PE). Geonets are used almost exclusively for their drainage capability for applications like water drainage behind retaining walls, seeping rock slopes, beneath sport fields, building foundations; leachate drainage of landfill side slopes, above landfill liners and surface water drainage within landfill caps.

c) Geo-membranes are impermeable membranes, used where the primary function is to have an impervious barrier for fluids. However, as the possibility of punctures or tears is high in many areas of use, it is common to protect these membranes by use of Geotextiles. Often the geotextiles also perform other functions besides protection of the membrane. Geomembranes are made from continuous polymeric sheets that are very flexible, but can also be made by impregnation of geotextile with asphalt or elastomer sprays or bitumen composites. Geomembranes are used in applications such as liners for water canals, waste canals, solid-waste landfills, covers for solid-waste landfills, waterproofing within tunnels, to control odors in landfills, to prevent infiltration of water in sensitive areas, and beneath asphalt overlays as a waterproofing layer.

d) Geo-composites: these consist of two or more geosynthetic products put together to increase the combinations ability to optimally address the specific application (say filtration/ reinforcement etc) at minimum cost. The best features of different materials are combined in such as way that the benefit/cost ratio is maximized. An example of this is known as wick drains in the U.S. and prefabricated vertical drains, PVDs, in Europe. These consist of a 100 mm wide by 5 mm thick polymer cores, for conducting water, with a geotextile acting as a filter and separator socked around the core.

e) Gabions are rectangular or cylindrical containers fabricated from polymer/metal meshes, usually filled with stone and used for structural purposes (retaining walls, slope and embankment protection etc). These have been used in India since 70s.

**Product characteristics**

In general, the vast majority of Geotextiles are made from polypropylene (PP), polyethylene or polyester formed into fabrics based on type of process. The mechanical and hydraulic properties vary widely depending on type of application designed for. Depending on type (woven/non-woven), process (thermal bonded/resin bonded), desired performance specifications (load bearing ability, tear resistance etc), Geotextiles can range from under 40 GSM to over 3000 GSM (used in landfill applications). Geogrids are usually knitted and PVC coated. Products are designed to be resistant to mildew, bacteria, soil acids (PP) and alkalis (PP, PES) and most chemicals. Apart from the above, Agro based Geotextiles (woven textiles based on Jute, Coir) are also a niche but growing segment. These have the advantage of being bio-degradable as well as being cheaper.

**Market dynamics and key growth drivers: Infrastructure sector in India**

India's economic performance, particularly over the past three years, has been robust on several counts. Economic growth accelerated and averaged over 8 per cent per annum. From Planning commission estimates, it became obvious that to sustain this rate if growth, the country's infrastructure spending would have to increase substantially. Over the past 3-4 years, a clear political consensus has emerged on the need for spending up the development of the country's infrastructure. A number of large infrastructure projects have received support from the government, irrespective of which political party is in power. A key Governmental step has been deregulation/ Policy Streamlining – The government has announced commitments to build large infrastructure projects through significant public expenditure and with the help of private partners - including, for the first time, foreign investors. Currently, few limits exist on foreign direct investment in infrastructure. The Government has also begun the process of privatizing significant government-owned infrastructure assets. Other initiatives in this direction include deregulation of highways, establishing a national highway toll system (including provisions for toll increases), establishing a fair and transparent process for the award of projects in most sectors and putting a sound contractual system in place to protect investor interests (providing model concession agreements for investment in some sectors). The major use of Geotextiles has been in roads – wherein the major function has been separation and reinforcement

Consumption of Geogrids has mostly been for Mechanically Stabilized Earth (MSE) and Reinforced Soil Slope (RSS) applications. Geogrids in NHAI projects have mostly been used in reinforced soil retaining walls and approaches to flyover.

The potential for geo-textile in India for infrastructure projects can be determined from the total expected spend of the infrastructure over next few years as shown below :-

| Sectors | Investment needs during 2006-07 to 2010-11 (₹ Crore) | Projects with potential use of Geotextiles, assuming low penetration | Potential Geotech Spend @ 1% - 2% of project cost (₹ Crore) | Average Geotech spend per annum possible over five year period | Estimated Geotech Spend (₹ Crore '07-08 |
|---|---|---|---|---|---|
| Roads (excluding PMGSY) | 245,000 | 29,400 | 441 | 88 | 76 |
| Power | 665,000 | 33,250 | 333 | 67 | NA |
| Ports | 86,000 | 8,600 | 172 | 34 | 30 |
| Airports | 40,000 | 800 | 8 | 2 | 0 |
| Railways | 122,000 | 7,320 | 73 | 15 | 4 |
| Urban infrastructure | 22,000 | 2,200 | 33 | 7 | 2 |
| Others (Gas pipelines, SEZs, tourism etc.)** | 420,000 | 50,400 | 504 | 101 | 73 |
| **Total** | **1,600,000** | **131,970** | **1,564** | **313** | **185** |

*Note: **Others overlap with Oekotech as end-use etc. also occurs for waste management.*

*(Source: Baseline survey of the technical textile industry in India at Ministry of Textiles- www.technotex.gov.in)*

**c) Reverse Printed BOPP Woven Bags**

This is basically a new development which has led an ordinary woven polypropylene bag to have additional usage and widened its market. A standard woven polypropylene bag which is widely used across the globe has printing limitations and can only be printed with very basic colours or designs. On the other hand, a flexible film like BOPP can be printed with any kind of graphics, designs, pictures as one sees in everyday life with any product packed in a flexible packaging.

A reverse-printed BOPP woven bag has added strengths of beautiful looks to a normal woven polypropylene bag which had its advantages basically in strength and tear resistance.

The advantages of BOPP bags are as follows:-

1. Strong / tear resistant
2. Weather resistant, can be stored outside
3. Resistant to water, grease and Oils.
4. Better shelf visibility
5. High-impact gloss finish
6. Excellent clarity with best of the graphical colorful printing

Thus, the usage of reverse-printed BOPP woven bag is for packing of products in 5 to 50 kilo capacities where customer is looking for attractiveness in terms of printing and, at the same time, strength of a woven polypropylene bag.

Therefore it has found its users mainly in the retail segment in the world market where goods are sold through retail-chains, super-markets and commercial establishments. In USA, a reverse-printed BOPP woven bag is generally used by industry who was using paper bags to have a stronger bag than paper, at the same time, retaining or improving printing qualities which, in turn, improves aesthetics of the bag. The reverse-printed BOPP woven bag is making inroads in this large market.

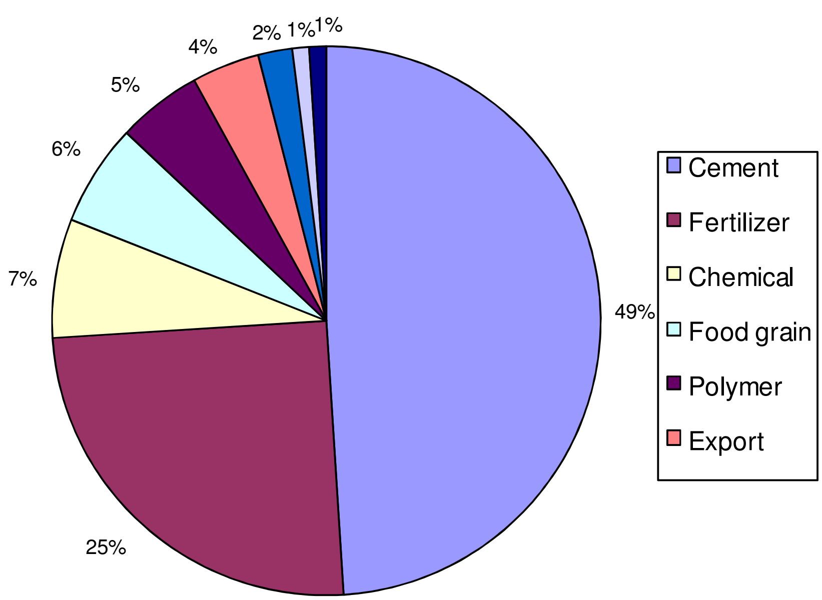
BOPP woven bags were mainly exported to USA from China. However, in the year 2010 the U.S. has imposed anti-dumping duty on BOPP bags from China. This has given a huge opportunity for the Indian manufacturers to enter the USA's vast market.

**d) Polyolefin Woven Sacks and Leno Bags**

Polypropylene bags are made out of Polypropylene woven fabrics and are used for packing 5 to 50 kilo products. The list of user – industries where they are used is:

a) Cement
b) Fertilizer
c) Chemical
d) Food-grain
e) Animal feed
f) Salt
g) Sugar
h) Polymer
i) Export of Sack
j) Others

The distribution of the sacks in the various segments are as under:




*Source: AIFTMA –32nd Annual session Report, IMaCS Analysis*

Expected growth rates of end-user industries:

| Category | Expected Growth |
|---|---|
| Cement | 12% |
| Fertilizer | 10% |
| Chemical | 10% |
| Food grain | 6% |
| Sacks – export | 25% |
| Polymer | 4% |
| Animal feed | 8% |
| Salt | 5% |
| Sugar | 4% |

*(Source: Industry survey, IMaCS Analysis)*

The Current and future forecast of woven sacks consumption is given below:

| Market size for woven sacks | 2007-08 | 2012-13 |
|---|---|---|
| Quantity | 0.641 million MT | 1.127 million MT |
| Value | ₹ 6725 Crores | ₹ 12950 Crores |

*(Source: Industry survey, IMaCS Analysis)*

**LENO BAGS**

Leno bags are excellent for packing & preserving vegetables like potato, onion, ginger, garlic, cabbage etc. and fruits like pineapple, citrus fruits, raw mango, coconut etc.

**Product Characteristics**

The Leno bags have widths between 20cm to 72cm. The length also varies as per the customer‘s requirements. The mesh again is as per requirement with a maximum of 574 tapes in the warp in different colours. Leno bags on an average weigh 50g (or less).

| Size (In cm) Width * height | Application |
|---|---|
| 56.0 x 105.0 | 50 Kg Potato/ Onion |
| 45.8 x 84.0 | 25 Kg Potato/ Onion |
| 30.5 x 66.0 | 10 Kg Potato / Onion |

The Leno Bag is made of netted fabric of virgin Polypropylene (PP) with colour Masterbatch.

**Advantages of a Leno Bag**

- Superior aesthetics
- Excellent mechanical properties
- Chemically Inert
- Ease in handling & storage
- Reuse & recyclable
- Cost Effective

**Market dynamics and key growth drivers**

There is great potential for the leno bags in India and few reasons of the same are mentioned below:

- Suitable for dry skin vegetables (Potato, Onion, Garlic etc.) (India is the 3rd biggest producer)
- Suitable for fruits and vegetables (India is the 2nd biggest producer of fruit and vegetables in the world),
- Suitable for cold storage
- High output from a single loom: Output of single loom = 3.3 MT/month

**Market Size and future forecast**

The current and future forecast of Leno bags consumption is given below:

| Market size for Leno bags | 2007-08 | 2012-13 |
|---|---|---|
| Quantity in '000s | 5.4 MT | 10.8 MT |
| Value | ₹ 57 crore | ₹ 125 crore |

*(Source: Industry survey, IMaCS Analysis)*

The size of the Leno bags industry today is very small - around ₹ 57 crore, but, is expected to grow at over 12% CAGR and reach a size of ₹ 125 crore by 2012-13. In India, there are about 1000 Leno looms.
*(Source: Baseline survey of the technical textile industry in India at Ministry of Textiles- www.technotex.gov.in)*

**Industry prospects of the future products to be manufactured by our Company**

Various products which we are going to start producing and selling are:-

- Polymer Compounding.
- Injection Moulded Articles for drip irrigation industry major being drippers.

A summary of industry prospects for these two is set out below:-

**1. Polymer Compounding**

In spite of all the technological prowess of modern times, plastic compounding has a mysterious aura around it and still remains some-what of an art. This is due to not so well understood structure and behaviour of complex polymeric molecules or due to the empirical nature of many formulations or due to extreme variety and complexity of raw materials.

In 1983, thermoplastic compounding was a less organized industry. Raw materials were difficult to come by. Tariff barriers strongly discouraged imports of good machines and materials.

Simultaneously the tariff barriers were falling making way for importing the best of machines and materials. The Indian Compounding industry became aware that modernization was imperative for survival. So, in spite of the fragmented nature of this industry, pockets of excellence started to emerge.

There are a few new technologies currently on the horizon of the Indian compounding industry, about to make it big in the coming years

- Long fiber technology is certain to make waves in the automotive industry as the pressure on quality and costs keep mounting. Some processes utilize in-line compression moulding as an immediate post compounding operation. Others may use pultrusion type of process to impregnate the fibres with polymer. Recent work in India using conventional tein screw extruders with specially designed screws and barrel achieves in making PP compounds with a significant percentage of well wetted fibers linger than 25-30mm.

- Biodegradable is another segment of plastic that is gaining ground. True biodegradable are the ones which have a polymer backbone that itself degrades, triggered by the presence of light, moisture, soil, gases, or just with time.

- Nanoparticles, lately there has been significant progress in compounding nanofillers. Even though it requires special care in designing the extruder, small amount of nanofillers added to the polymer lead to very significant increase in properties. The cost of nanofillers still remains on the higher side but as volume pick up, it is bound to fall. Automotive industry has a lot to gain from these materials because without significant increase in density shedding kilos from the auto weight thereby increasing fuel efficiency.

- Highly Filled compounds making filler master batches containing more than 80% fillers on twin screw extruders has always been a challenge of sorts. Either it has to be batch process in kneaders or more than one pass is needed thereby making the entire operation inefficient in more than one way. Recent trials have confirmed the possibility of adding fillers in excess of 80% to make highly filled master batches on "Conventional" twin screw extruders at relatively high throughputs in a single pass. Special design of the extruder and feeding system is necessary but this development opens up a new opportunity of a continuous, efficient, fully automated process for compounding of highly filled materials.

The future of compounding is vivid, bright, endless. As new materials and compounding technologies are evolving continuously, markets will explode and it may be no surprise to see the Indian compounding industry double in five years.
*(Source: IPI Journal, The Official Publication of Indian Plastic Institute - Silver Jubilee edition)*

## 2. Drip Irrigation

Drip irrigation is a method which optimises the use of irrigation water by providing it uniformly and directly to the roots of the plants, through a closed network of plastic pipes and emitters. Nutrients can be dissolved in the water to reach the roots.

Drip irrigation has had a remarkably successful track record in India. Today it irrigates more than 600,000 ha in the country. Adoption of drip irrigation has resulted in high yields in sugarcane, grapes, banana, mango, guava, pomegranate, sapota, okra, cabbage, cauliflower, cotton, coconut, arecanut, and roses in the country.

There are over 50 drip system manufacturers in the county. Industry is likely to grow at a much faster rate in the coming years.

Advantages of Drip Irrigation

- Saving of water by 30 to 50% as compared to conventional mode of irrigation.
- Yield increase from 50 to 100%.
- Reduction in fertilizer usage - resulting in cost saving.
- Increased pest control management / efficacy.
- Cultivation of undulated land possible.
- Efficient water management of heavy and light soils.
- Weed growth control.

*(Source: National Committee on Plasticulture Applications in Horticulture at www.ncpahindia.com)*

**Indian Market:**

In India, the irrigated area consists of about 36 percent of the net sown area in India. Presently, the agricultural sector accounts for about 83 percent of all water uses. The remaining uses include 5, 3, 6 and 3 per cent respectively, by domestic, industrial and energy sectors and other consumers. Increasing competition with the other water users in the future would limit the water availability for expanding irrigated area.

In India, there has been a tremendous growth in the area under drip irrigation during the last 15 years. At present, around 3.51 Lakh hectare area is under drip irrigation with the efforts of the Government of India, while it was only 40 hectare area in 1960. Maharashtra (94,000 hectare area), Karnataka (66,000 hectare area) and Tamil Nadu (55,000 hectare area) are some of the states where large areas have been brought under drip irrigation. Many crops are irrigated by the drip method in India with the tree crops occupying the maximum percentage of the total area under drip irrigation, followed by vine crops, vegetables, field crops, flowers and other crops.

The National Committee on Plasticulture Applications in Horticulture (NCPAH), Ministry of Agriculture, Government of India (GOI) has estimated a total of 27 million hectares area in the country that has the potential of drip irrigation application.

The use of drip irrigation can be traced back to the ancient custom in certain parts of India of irrigating a *tulsi* plant kept in the courtyard. During the summer months, the plant was irrigated by a hanging pitcher containing water and a minute hole at its bottom to allow the trickling of water on to the plant. The tribal farmers of Arunachal Pradesh practised a primitive form of drip irrigation system using a slender bamboo as the conduit for water flow. The use of drippers in sub-surface irrigation network was first experimented with-in Germany in 1869. The conspicuous growth of the petrochemical industry during and after the 1950s facilitated manufacturing of plastic pipes at a cost much cheaper than the cost of metallic or cement concrete pipes. Plastic pipes are convenient for water conveyance under pressure and the plastic material are easily formed into the desired configuration. These features of plastic made the field-scale use of drip irrigation practicable.

The drip system was developed for field crops in Israel in the early 1960s and in Australia and North America in the late 1960s.The area under drip irrigation system in the USA alone is about 1 Million hectares.
*(Source: Indian Agricultural Research Institute at www.iari.res.in)*

Under the Centrally Sponsored Scheme out of the total cost of the MI System, 40% will be borne by the Central Government, 10% by the State Government and the remaining 50% will be borne by the beneficiary, either through his/her own resources or soft loan from financial institutions. In the case of drip irrigation, the assistance will be to limited to 50% of the cost of the system for the specified crop spacing and for the area covered under the crop by the farmer.
*(Source: National Committee on Plasticulture Applications in Horticulture at www.ncpahindia.com)*

## BUSINESS OVERVIEW

*Unless stated otherwise, the financial data in this section should be read along with the more detailed financial and other information in the DRHP, including the information contained in the section "Risk Factors" beginning on page 12 of the DRHP. In this section "the Company", "us", "we", "our" refers to Flexituff International Limited and its Subsidiaries on a consolidated basis. Unless stated otherwise, the financial data in this section is as per our consolidated financial statements prepared in accordance with Indian Accounting Policies set forth in the DRHP.*

### OVERVIEW

Our Company was originally constituted as a partnership firm under the Indian Partnership Act, 1932 on January 22, 1966 under the name and style of Saurabh Potteries & Ceramics with its principal place of business at Indore with Mr. Badri Narayan Kalani & Sons (HUF), Ms. Padma Kalani and two others represented by their natural guardian. Since then, the partnership was reconstituted from time to time by way of admission of new partners or resignation of the then existing partners. With effect from March 1, 1993, the name of the partnership was changed to Naviska Packaging and a fresh partnership deed was executed. The partners of the Naviska Packaging were Indore Land & Finance Limited, Ms. Radhabai Kalani, Gagan Commercial Agencies Limited, Olive Commercial Company Limited, Ms. Padma Kalani, Saka Tradings Private Limited, Manka Commercials Private Limited, Million Properties Private Limited and Alpine Properties Private Limited.

Thereafter, pursuant to the provisions of section 567 of Part IX of the Companies Act, Naviska Packaging was converted into a private limited company as Naviska Packaging Private Limited on April 8, 1993. The subscribers to the Memorandum were, Ms. Radhabai Kalani, Ms. Padma Kalani, Indore Land & Finance Limited, Gagan Commercial Agencies Limited, Olive Commercial Company Limited, Saka Tradings Private Limited, Manka Commercials Private Limited, Million Properties Private Limited and Alpine Properties Private Limited.

The name of our Company was changed to Giltpac International India Private Limited w.e.f. June 29, 2001. The name of our Company was again changed to Naviska Packaging Private Limited w.e.f. January 01, 2003. Our Company was converted into a public limited company and the name was changed to Flexituff International Limited w.e.f. April 25, 2003.

We currently manufacture FIBC, Geo-Textile Fabric and Ground Cover, Reverse Printed BOPP Woven Bags, Special PP Bags including Leno Bags. These products are manufactured at our three manufacturing units located in Pithampur (M.P.) and Kashipur (Uttrakhand).

We also have a recycling and reprocessing plant at Kandla which is used for recovering polypropylene and making various compounds of plastics. Our step down subsidiary, Lakshmi Incorporated, U.S.A manufactures reclosable extruded zipper profile which is used as a secondary closure for 5-50 kg bags.

Further, we also have a Research and Development centre at Kashipur which is engaged in the research and development of various compounds for plastic products including engineering plastic, bio-degradable plastic and other new product developments.

As a business philosophy, we have fully integrated and self-sufficient manufacturing units. We believe that we are one of the leading integrated manufacturers of FIBC having largest clean-room area at one place.

Our product wise consolidated sales for last 3 years and half year ended September 30, 2010 are as under:-

(₹ in Million)

| Products | FY 2008 | FY 2009 | FY 2010 | Half year ended September 30, 2010 |
|---|---|---|---|---|
| FIBC | 2,018.33 | 2,312.70 | 2,182.89 | 1,617.86 |
| Geo-textile Fabric and Ground Covers | - | - | 99.20 | 160.00 |
| Reverse Printed BOPP Woven Bags | - | - | 200.60 | 205.87 |
| Special PP Bags and Leno Bags | 167.72 | 280.98 | 499.96 | 291.92 |

| Products | FY 2008 | FY 2009 | FY 2010 | Half year ended September 30, 2010 |
|---|---|---|---|---|
| Sale of Recycled Granules & Agglomerates | - | - | 27.18 | 93.88 |
| Trading of FIBC | - | - | 172.68 | 302.73 |
| Others | 16.24 | 20.43 | 28.51 | 16.54 |
| **Total** | **2,202.29** | **2,614.11** | **3,211.02** | **2,688.80** |

We are a major exporter of FIBC and woven products from India and have been receiving the Top Exporter Award from the PLEXCONCIL, Ministry of Commerce from 2005-06 to 2008-09 every year.

Our consolidated sales for last 3 years and half year ended September 30, 2010 in the domestic and overseas market are as under:

(₹ in Million)

| Particulars | FY 2008 | % to sales | FY 2009 | % to sales | FY 2010 | % to sales | Half year ended September 30, 2010 | % to sales |
|---|---|---|---|---|---|---|---|---|
| Domestic | 183.96 | 8.35 | 301.40 | 11.53 | 1,028.13 | 32.02 | 1,070.94 | 39.83 |
| Overseas | 2,018.33 | 91.65 | 2,312.71 | 88.47 | 2,182.89 | 67.98 | 1,617.86 | 60.17 |
| **Sales** | **2,202.29** | **100.00** | **2,614.11** | **100.00** | **3,211.02** | **100.00** | **2,688.80** | **100.00** |

We export to around 30 countries across the globe and are present in 4 continents with major thrust of exports being to U.S.A and Europe.

Our unit in SEZ, Pithampur which manufactures food grade FIBC, has the following accreditations/certifications.

- AIB-USFDA for Food Contact Packaging Facility (with "Superior" Category).
- BRC–IoP, UK for Food Packaging System. Certificates for Category-1.
- ISO 9001:2008 for Quality System from DNV.
- Complies with ISO-6 (class 1000) for Internal Bubble Cooling System.
- Complies with ISO-7 (class 10000) for Liner Section.
- Complies with ISO-8 (class 100000) for Liner Section (other than liner forming).
- ISO 14001:2004 certified for conforming to environmental management system standards.
- ISO 22000:2005 certified for conforming to food safety standards.
- Customs Trade Partnership against Terrorism (CTPAT) from Ameriglobe FIBC Solutions, U.S.A.

We have witnessed consistent growth in our business and profitability. As per restated consolidated financial results, our Sales and EBIDTA for the last 3 years are as under:

(₹ in Million)

| Financial Year | Sales | EBIDTA |
|---|---|---|
| 2007-08 | 2,202.29 | 290.86 |
| 2008-09 | 2,614.11 | 362.14 |
| 2009-10 | 3,211.02 | 422.37 |

**COMPETITIVE STRENGTHS**

Our competitive strengths are as under:

**Multi-Product Portfolio**:

Our mission statement is to be one-stop shop to our customers for all packaging woven products. We have been expanding and broad-basing our product portfolio and we currently produce FIBCs (500 kg and above), Special PP

Bags and Reverse Printed BOPP Woven Bags (5 to 50 kg), Leno Bags for Agri-products packing, Woven Geo-Textile Bags and Fabric for prevention of land-slides, control for soil erosion, river bank protection, underlay of roads etc. We also manufacture reclosable extruded zipper profile which is used as a secondary closure for 5-50 kg bags. Thus, we have a multi-product portfolio and have the ability to adjust to needs of our customers.

**Multi-Location Company**:

We are present at 3 different locations in India and have 4 separate completely integrated facilities which gives us an edge in terms of better management and control, regional advantages, ability to manage labour, proximity to local markets. Over and above this, it mitigates the risk of any calamity, catastrophe at any single location.

Our manufacturing units at Pithampur (SEZ) and Kashipur enjoy various fiscal advantages due to their location. SEZ enjoys duty-free import and export and various other SEZ advantages including tax reliefs. Similarly, Kashipur enjoys 10 years tax holiday for excise duty, concessional central sales tax @ 1% and income tax benefits for 10 years under section 80 IC of Income Tax Act, 1961.

We also have 2 step down subsidiaries abroad; one in the United Kingdom, Flexiglobal (UK) Limited and the other in the U.S.A, Lakshmi Incorporated. The Flexiglobal (UK) Limited is engaged in distribution and marketing of FIBCs whereas Lakshmi Incorporated is engaged in the manufacturing of a special closure which is added on to make a bag (paper, polyethylene or woven) into a re-closable bag and acts as a distribution platform for our products in U.S.A.

**Multi-market company:**

We are not dependent on a single market and are present both in overseas as well as domestic market. Our products are exported to 30 different countries and in the domestic market we supply our products on PAN India basis. Further, we have exported around 10 million FIBC bags during FY 2009 and FY 2010 from our SEZ Unit.

**Fully Integrated, State-of-the-Art Manufacturing Facility:**

All our manufacturing units are integrated and self sufficient. Our SEZ unit at Pithampur operates in a dust and micro organism free environment where all materials and processes are carried out at off floor levels and away from the walls. All workers and staff are oriented for Good Manufacturing Practices and strict adherence towards cleanliness has been implemented. In pursuit of clean room conditions, air entry and discharge is controlled and entry of air is filtered through-10 micron air filter and cooled to maintain an ambient temperature in the sheds. The facility is also Hazard Analysis and Critical Control Point enabled.

**Brand Recognition:**

We are recognized as one of the most reputed producers of FIBC in the world. Our manufacturing facility at SEZ, Pithampur is one of the few AIB, BRC compliant clean room facilities in the world, which has created the brand recognition in the international and domestic market. Most of our end customers (many of them are Fortune-Global-500 companies) have visited and audited our plant and have approved the same for purchase of our products. Some of our eminent end users are LG Dow, Eastman Chemicals etc. We have also been recognized by PLEXCONCIL, Ministry of Commerce, Government of India as the top exporter for FIBC. Brand recognition combined with our technical competencies and ability to meet client requirements has won us repeat orders from our clients.

**End to End Solutions:**

We offer solutions for various technical issues which the customers face in using FIBCs. We also help and design customized FIBCs, by offering complete range of FIBC for packaging all possible products including fine powdered products, food products, chemicals, liquids, hazardous goods etc. This enables our customers to improve performance and to reduce the cost. Our ability to offer the complete range of FIBCs helps us in retaining our customers and also helps us in getting price advantage over other suppliers.

**Proven Management Band-Width:**

We believe, that our qualified and experienced management has contributed to the growth of our business operations. Our management team has demonstrated business ability by adopting new business models based on market dynamics and offered products catering to the need of our customers. We believe that our management team has various skills which are critical to the successful implementation and delivery of our products.

We have various people in our production and marketing team who have been working with us for more than seven years and have more than fifteen years of experience in the trade.

**Research and Development Capability:**

Our endeavour is to focus and invest substantially in Research & Development activities. We have ear-marked a separate area admeasuring about 15000 sq.ft. dedicated to research and development activities and employ 34 people exclusively for such activities. The Company has spent ₹ 240.59 million on research and development for the period April 1, 2007 till November 30, 2010.

We have developed in-house technology for coating silver onto yarn to make a conductive bag without depending on any external material. A conductive bag is a special bag which when grounded, allows static electricity during filling and discharge of bag to pass through to earth harmlessly. In absence of this, the user runs the risk of an explosion or a high voltage electrical discharge which could lead to fire or explosion in the work-place.

**OUR BUSINESS STRATEGY**

Our business strategy is based upon on our competitive strengths and business opportunities. We intend to excel in our business by implementing the following strategies to our benefit:

As a strategy, we always wanted to be one-stop shop for all woven packaging needs of our customers. To this end, we have developed ourselves as a multi-product, multi-location and multi-market company serving to the needs of our customers. Going forward, we propose to add value added products in our product portfolio. We also propose to further invest in forward and backward integration.

- **Focus on core competence:**

  Manufacturing of FIBC is our core competence and we believe that we enjoy leadership in this field. Our product quality is appreciated worldwide. There is a huge market potential and we need to continuously expand our core competence area to cater to the increasing demand. Uptill now, FIBC is used mostly in developed countries but with the change and shift in the world economic scenario, India and other developing countries have also started using FIBC. We believe that the growing industrial and agricultural production in India will create a larger market for FIBC in times to come. With our capacity, scale of operation and skilled manpower we are rightly placed to leverage our strengths to cater to such rise in demand.

- **Adding products in the core competence area to increase value addition:**

  We have added products like woven geo- textiles, BOPP woven bags and special application fabric which have a large growth potential in India. These products are being used in high growth sector of infrastructure such as roads and coastal development programmes. These products are used for prevention of soil erosion, soil separation, strengthening of underlay of roads and for prevention of land slides etc.

  Since, these products can be manufactured by our Company using its existing infrastructure without incurring substantial additional costs, it provides us a high growth potential.

- **Diversified applications for recycled polymer:**

  We have been able to get specific technology to recycle in-house waste into plastic granules in a single step process. This has helped in bringing down the percentage of wastage at our units at Pithampur from around 10% to 7% over a period of 3 years.

  Taking this development further, we started a full-fledged plastic waste recycling plant at Kandla.

  As a strategy to value add and incentivise the customer, we are offering waste disposal service to our FIBC customers. Most of the FIBC's are used once and are then needed to be disposed off. This provides us access to a cheap source of raw material for our products made out of recycled material. In this manner, we are also contributing towards a greener environment.

  We also propose to make products like polymer compounds for the drip irrigation industry and injection moulded palletes for the international and domestic market from the recycled material.

- **In house Research & Development and product development centre:**

  We are focusing on in house research and product development to develop plastic processing solutions and import substitute products to save costs for our customers.

  Currently we are working on import substitute products like Halogen Free Flame Retardant, Nylon Elastomer, Fluropolymer, ASA (Acrylonitrile Styrene Acrylate).

- **Connecting with the end customers:**

  Presently, we are selling most of our goods to the end customers through middlemen. As we are growing larger, we are getting recognised by the end user which will enable us to deal directly. This will also reduce our marketing cost.

**PRODUCTS**

Presently our Company is mainly engaged in the manufacture and sale of following products namely:

a) Flexible Intermediate Bulk Containers (FIBC)
b) Geo-Textile Fabric and Ground Covers
c) Reverse Printed BOPP Woven Bags
d) Special PP Bags and Leno Bags

A brief description of our products is as follows:

**a) FIBC (Jumbo Bags):**

Jumbo bags are giant size bags in drum or box shape and are internationally known as Bulk bags or Big bags or Flexible Intermediate Bulk Containers. These bags are made out of high tenacity UV stabilized Nylon or Polypropylene or HDPE fabric with four corner loops for easy handling at all points. The capacities of these bags range from 0.5 MT to 2 MT depending on the bulk density of the material.

FIBCs have a very vast use. It is mainly used as a labour-saving device by various industries to package materials in bulk and enables mechanical handling. Thus, various products right from sand and waste products, aggregates, cement, chemicals, minerals, food products, grains, cereals, fruits, vegetables, beans, sugar, salt, plastic, carbon, fertilizer etc are being packed in various kinds of FIBCs.

There are different types of FIBC bags which are manufactured by us at our units, which are as follows:

**Conductive Type-C Bags:** These are special bags which allow static electricity to pass through the bag when the bag is earthed. Fast filling and discharge of an FIBC by a powdered material causes static electricity to accumulate inside the bag. Further, to avert the dangers of explosion due to such accumulation of static charge, conductive properties are created in the bag and bag is earthed to allow safe discharge of electrical charge.

**Dissipative Type-D Bags:** These bags are made by using a technology which allows static electricity charge to dissipate in micro-volts without a bag being earthed.

**High-end Bags for food and pharma industry:** These bags are made with a high degree of precision. Precautions have to be taken so as to avoid contamination of any kind from entering the bag. These are normally laminated or lined bags made in a clean environment. Their main application is in packaging of food products, pharmaceutical products, special plastics for manufacture of specialized electronic items such as compact discs, circuit boards, etc.

**Sift-proof Bags:** These bags are needed for products which are powdery in nature and are stitched in a special manner so as to block needle holes thereby preventing sifting of powder from bags.

**Baffle Bags:** These bags have baffle restraints stitched onto all corners of the bag which prevent the bags from expanding beyond a point. Mainly these bags are used where cargo has to be containerised or space has to be saved.

**Form-fitted Liner Bags**: These are special FIBCs where the liner of the bag is also shaped in the shape of a bag itself. These liners can be attached to bag by various methods i.e. gluing, tabbing or sewing. The main purpose of doing this is to avoid extra liners inside the bag and liner easily forms the shape of the, bag rather than creating bulges in the bag.

**Builder Bag / Tunnel-lift Bag:** These are used specifically in construction and aggregate industry and are used for filling sand, construction waste or aggregates. They are simple FIBCs and are high volume usage bags owing to nature of the industries that they are used in. A relatively recent development in this industry has created a tunnel-lift bag which effectively can be used without a pallet and uses body fabric as a lifting mechanism apart from 4-loops. By avoiding the use of pallets, it saves cost to end-users as a package.

**Single-loop Bags:** These bags are normally made for fertilizer or cement packaging. These bags are different in construction where body-fabric of bag itself is formed into a lifting loop.

**Sling Bags:** These are mainly used to carry 20 to 40 bags of 25 to 50 kg each. Thus, it is an outer bag which enables easy carrying or mechanical handling of small bags without using pallets.

**b) Geo-textile fabric and ground covers:**

These are special woven polypropylene fabrics with properties to ensure passage to measured quantity of water or soil particles and having the desired strength. The use and construction of the fabric is technical and is manufactured following stringent procedures.

These products are being used in high growth sectors of infrastructure development such as roads coastal development programmes. These products are used for prevention of soil erosion, soil separation, strengthening of underlay of roads and for prevention of land slides, river bank protection etc. This product enables the separation of the subsoil from the road aggregates, reduces the crust thickness, improves the performance of the road for longevity and prevents soil fines from pumping up through road aggregates.

We have imported 40 Sulzer Looms especially for the manufacture of Geo-textile fabrics. Our manufacturing capacity is approximately 1,680 MT of this product per annum.

**c) Reverse-Printed BOPP Woven Bags:**

These bags are small polypropylene woven bags which have been laminated with a reverse printed BOPP film. The bag is made of PP woven fabric laminated with printed BOPP film on the outer surface. The BOPP film is printed with roto gravure printing technology and could be printed up to 9 colors, covering all graphics, picture and any type of fonts. They are used for packing products which weigh between 5 to 50 kg such as rice, flour, sugar, animal feed, fertilizers, special chemicals, etc. They are usually used for packing products which are sold in the retail market.

**d) Special PP Bags and Leno Bags:**

These bags are made out of polypropylene woven fabric made from circular looms as a tube thereby reducing stitching needs. We manufacture this product for niche industries like builder bag industry, soya industry, sugar industry meeting their specific requirements.

We manufacture leno bags which are used for packaging of agro products. These bags are made out of mesh fabric made on special looms which create a mesh-locking effect and allows a bag to retain its shape in spite of gaps in weaving. The gaps in the weave allow air to go through bag to avoid germination and rotting of agro products.

In addition to the above products, we also recycle plastic at our Kandla unit and these recycled items can be further processed for the manufacture of Polymer compounding and Injection moulded articles.

**PROPOSED PROJECTS**

- **Polymer Compounding**

Compounding refers to blending of polymers and various additives to make a consistent homogenous mixture which can be directly used to produce a specific product or to be added in a fixed percent in polymers as a masterbatch.

It can be broadly divided into two main categories viz.

- Filler compounds (like Calcium, Elastomer) and
- Modifier compounds (like UV/Colour Masterbatch, Bonding agents, Drip Masterbatch, etc.)

We have installed machinery to produce 10,000 MT of various compounds at Kashipur. We are already pilot-producing these compounds and are test-marketing the same. Our own captive requirement stands at 5000 MT of compounds every year. The main thrust would be given to high growth areas like drip irrigation compounds and specially developed compounds. Some of the key end user industries of polymer compounding products are automobile, appliances, wires and cables etc.

- **Injection-moulded articles**

At present, at Kashipur, we have started trial production for pallets, crates, boxes and other industrial / domestic injection moulded articles.

As part of the expansion programme at Kashipur, we are proposing to manufacture injection moulded articles for drip irrigation industry, with a thrust on production of drippers.

Drip irrigation is a technology widely used in agriculture, landscape, greenhouses and nurseries to apply water directly where it is needed. Drip irrigation minimizes the use of water and enables the injection of fertilizers through the drip irrigation system while at the same time growing healthier plants that have less disease.

Drip irrigation system delivers water to the crop using a network of mainlines, sub-mains and lateral lines with emission points spaced along their lengths. Each dripper/emitter, orifice supplies a measured, precisely controlled uniform application of water, nutrients and other required growth substances directly into the roots of the plant.

Water and nutrients enter the soil from the emitters, moving into the root zone of the plants through the combined forces of gravity and capillary. In this way, the plant's withdrawal of moisture and nutrients are replenished almost immediately, ensuring that the plant never suffers from water stress, thus enhancing quality, its ability to achieve optimum growth and high yield.

There are different kinds of drippers:

**Non-Pressure Compensating Drippers**: These types of drippers constitute majority of the market share and are of the following types:

- **Round Drippers:** In India, majority of the market is for round drippers as this is approved by ISI and is eligible for government subsidy.

- **Flat Drippers:** This is a new technology to save cost of pipe and drippers. This product is substantially economical compared to round drippers. Presently most of the flat drippers are being imported.

**Pressure Compensating (PC) drippers:** This is the latest technology and used especially in hilly areas to compensate for difference in water velocity at the top of the hill or at the bottom of the hill and is able to emit water at a constant rate. Currently, these drippers are expensive and are not widely used in India.

**Other moulded articles for drip irrigation industry and general industry:** We can manufacture other moulded articles for drip irrigation industry such as T-joints, connectors etc and would be able to cater various types of requirements for the drip irrigation industry.

**MANUFACTURING PROCESSES OF THE PRODUCTS OF OUR COMPANY:**

**I. RAW MATERIAL**

Polymer resin, currently being used by us as the main raw material is of the following types:

- PP (Polypropylene)
- HDPE (High Density Polyethylene)
- LDPE (Low Density Polyethylene)
- LLDPE (Linear Low Density Polyethylene)

Other master-batches and additives used other than the above raw materials are:-

i. **UV powder:** It is used to protect polypropylene products from harmful UV rays and substantially delay its degradation on account of UV effect.

ii. **Titanium Dioxide:** It is mainly used to make an opaque white plastic product.

iii. **Colour master-batches:** This is added to make a specific colour plastic product.

iv. **Calcium Carbonate:** This is added as a filler and also to instill anti-fibrillation properties in the product.

**Combination of Raw Materials used for our Products is as follows**

| **Product** | **Raw material** | | | |
|---|---|---|---|---|
| | **PP** | **HDPE/LDPE/ LLDPE *** | **Masterbatches / Additives, etc** | **Scrap** |
| FIBC | 90% | 5% | 5% | - |
| Geo-textile fabric and ground cover | 90% | 5% | 5% | - |
| BOPP Woven bags | 70% | 10% | 20% | - |

| Product | Raw material | | | |
|---|---|---|---|---|
| | PP | HDPE/LDPE/ LLDPE * | Masterbatches / Additives, etc | Scrap |
| Special PP bags | 90% | - | 10% | - |
| PP compound | 20% to 80% | 20% to 30% | 20% to 80% | 0% to 30% |
| Injection moulded products | 20% to 80% | 20% to 80% | 10% | 0% to 80% |

** LDPE/LLDPE is used for Laminates & Liners*

## II. KEY MANUFACTURING PROCESSES

### i. Tape Extrusion:

PP granules in differing combinations along with other raw materials are loaded into the mixer, where the granules are compounded in the mixer for a minimum period of 10 minutes. The mix is fed through the hopper into the extruder and the melt is filtered through a combination of screens and extruded into a film. The film is slit into strips which are stretched in the machine direction (stretching), annealed through a set of hot and cold godets operating under controlled condition of temperature and speed. The resultant tapes are wound on cheese pipes and the bobbins so formed are loaded into the trolley.

### ii. Beaming

It involves process of loading bobbins onto creel stand. The bobbins are loaded, drawn through various combs aided by rollers and the reed before being pulled by take up rolls is wound on a beam.

### iii. Weaving

Weaving of fabric involves the process of loading of bobbins onto the creel stand. The bobbins are loaded, drawn through various combs aided by rollers, the reed and weaving rings before being pulled by take up rolls and winders. Simultaneously, the weft is inserted through a set of shuttles in the reed ring. As the shuttles rotate, the fabric thus woven is pulled by draw rolls and delivered to winders where it is wound on the rolls.

### iv. Webbing

Webbing of belt involves the process of loading of bobbins onto the creel stand. The bobbins are loaded, drawn through various combs aided by rollers and the reed before being pulled by draw rolls and winders. Simultaneously, the weft is inserted through a weft needle placed after the reed. During the shedding of warp tapes, weft needle inserts the weft yarn, which is held in place by a latch thread at one edge of the belt. The belt thus woven is pulled by draw rolls and delivered to winders where it is rolled into the rolls.

### v. Extrusion Lamination

Extrusion lamination involves laying of a thin layer of molten polymer onto the uncoated surface of the fabric. Uncoated fabric is pulled through a cleaning tensioning and preheating mechanism by a laminating roll and delivered to winders for winding. Simultaneously the polymer is heated and pushed through a ‘T’ die just over the fabric, at the laminating roll. Rubberized pressure roll along with the chilled laminating roll, cools and adheres the molten polymer on to the fabric.

### vi. Liner Extrusion

Polymer granules mix is heated and passed through die by extruder. The extruded film is blown to the desired ratio, size and thickness and cooled in air as it is being pulled by a haul off assembly. The extruded film is wound onto plastic pipes on the winder.

vii. **Fabric Cutting**

Fabric cutting operations are carried out both manually and on the auto cutting machines by cutting operators. The fabric is cut into the desired size as per the customer order.

viii. **Printing**

As per the printing design, the Stereos (printing blocks) are placed on to the drums. The printing inks are fed into the trays, which is then transferred in the required thickness to the printing blocks by a set of rubber and anilox rolls. The printing drum rotates and the cut pieces are fed manually into the machine. The printed pieces are manually collected at the end of the conveyor.

ix. **Stitching**

Personnel from the stitching section pick various cut pieces from the cutting section which are stitched together as per the specification.

x. **Knotting / Folding and Baling**

After stitching the bottom spouts of the bags are closed by knotting it as per the specification. The bags are then folded and pass through a metal detector if required. Conforming FIBC are packed order wise with the help of fabric sheet sand bailed in required numbers. Bales are duly identified for exports and quality through a tag / label.

xi. **Flat Weaving (Sulzer Looms)**

The beam is loaded onto the loom and the tapes are drawn through the shedding mechanism, forming the warp. A weft bobbin is separately fed through an accumulator. The shuttle of the loom grips the weft tape and travels through the width of the fabric while the loom is running to weave the fabric onto the loom. The fabric is then pulled and then is wound by the winder as a roll of fabric.

xii. **Rotogravure Printing and Inspection**

The plastic film to be printed is fed on the machine through various sets of rollers as per the design. The rollers have engraving on them to transfer the ink from the tray onto the film in the desired pattern. The ink is dried with the help of hot air and the printed film is wound on a winder. The printed film is then inspected and misprints taken out.

xiii. **Tubing**

The laminated fabric with the printed film is loaded onto the unwinder and is fed into the machine. The fabric is tubed by the machine and edges sealed on a overlap of approx. 50 mm by multiple lines of extruded resin which are being extruded simultaneously and falling on to the 50 mm overlap edge. Thus the machine converts a flat fabric into a tube and cuts the tube in desired length. .

xiv. **Easy open stitching**

The tubed cut lengths are fed in the stitching machine which travel with the help of a conveyor. Simultaneously a flat narrow fabric unwinds and is folded over the edge of the tubed cut piece just before the sewing head. The sewing head stitches this folded piece of fabric onto the cut length with an easy open stitch to see one of the ends of the tube, thereby converting the cut tube into a bag.

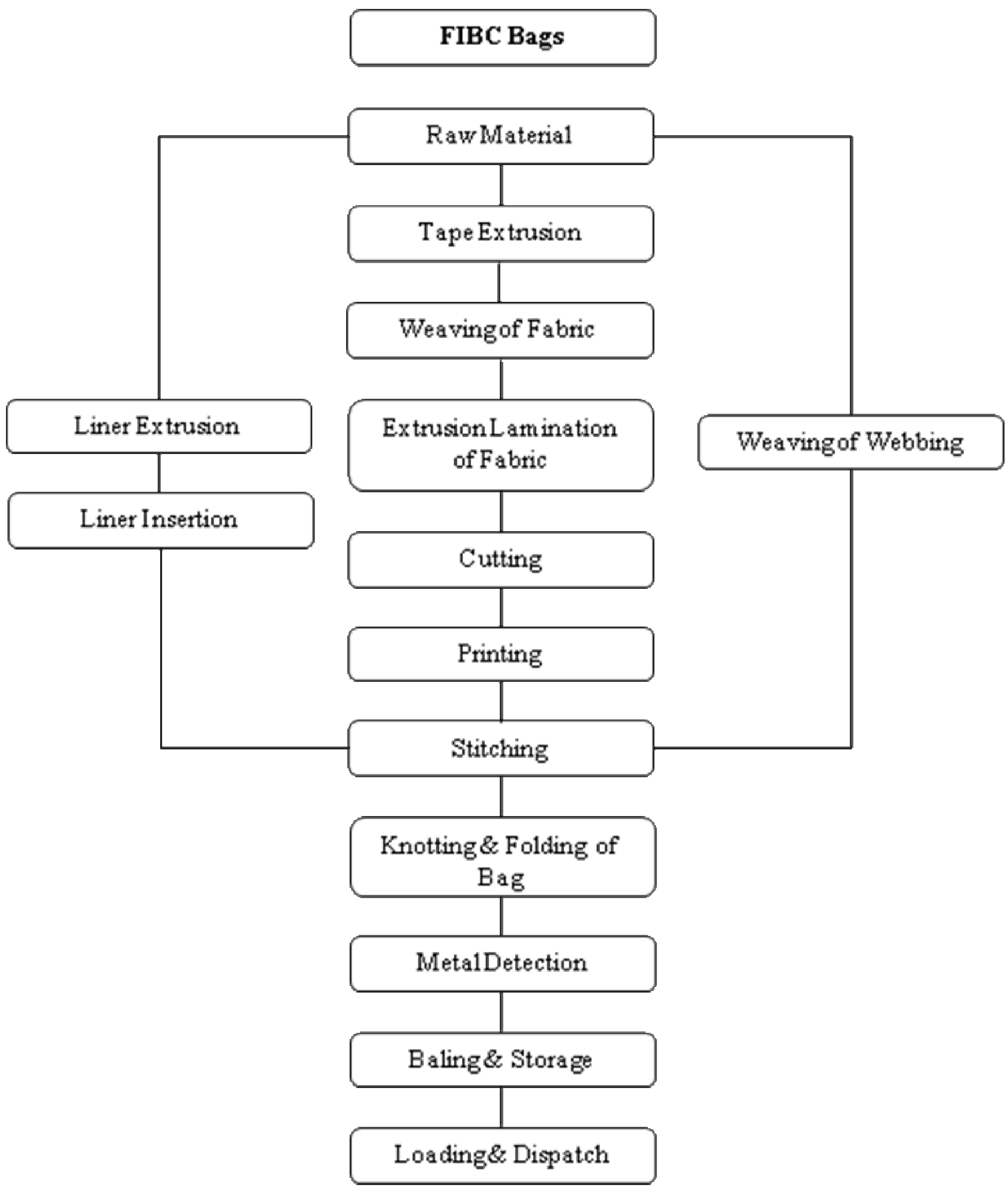
**Polymer Compounding:**

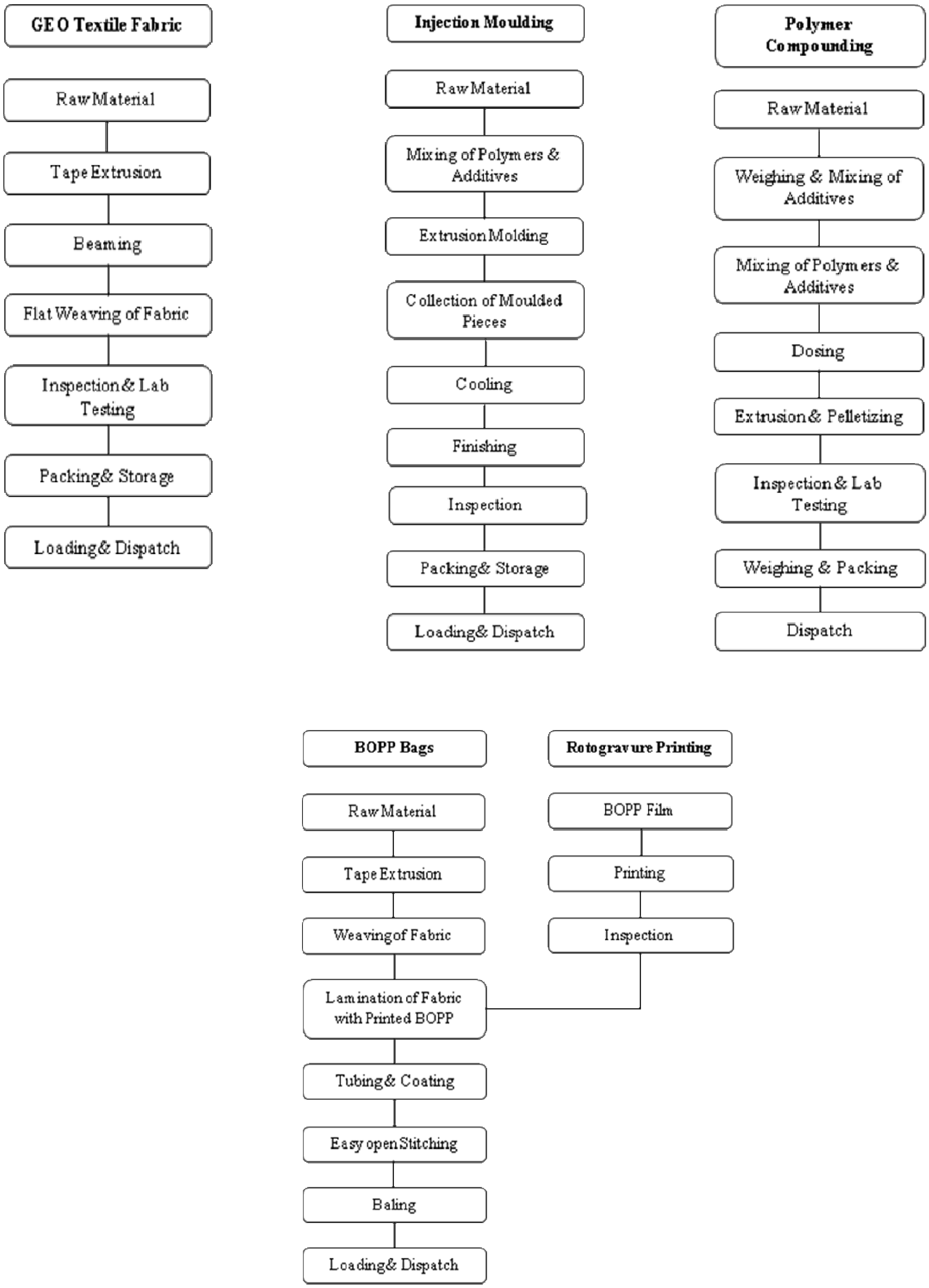
Various polymers and additives which are needed to be mixed and form the compound are fed through multiple feeders onto a twin-screw extruder which uses its sheer force and heating to create a homogenous mixture. The important part of the process is accuracy of these multiple feeders which helps in dosing right amount of material as per formula to create a perfect mix and blend in the right proportion for the final quality of the product and to achieve cost-effectiveness. The extruder then pushes this homogenous mixture through a die creating strands, which are then cooled by immersing the same in water. These hardened strands of plastics are then cut by using a palletizer to make the final product in usable form. The end product is then tested to ensure that the product is within the acceptable norm. The granules, chips which conforms to the norms are then packed in 25/50/1000 kg packings and dispatched to customers.

**Injection-moulded Products:**

To produce injection-moulded products, the additives are mixed in the polymers and fed through a continuous process machine which has an extruder to melt the mixed polymer and additives being fed through its hopper. The molten plastic is then injected in a mould and allowed to cool from inside of the mould thereby retaining and forming a perfect shape. The mould then opens to enable the made-out products to fall out and become ready to take next injection shot of molten plastic. The final product is finished by removing the burrs or any extra piece of plastic sticking to the product and is then inspected before being packed and dispatched to customers.

**PRODUCT WISE FLOW-DIAGRAM OF THE MANUFACTURING PROCESS**




GEO Textile Fabric
Raw Material
Tape Extrusion
Beaming
Flat Weaving of Fabric
Inspection & Lab Testing
Packing & Storage
Loading & Dispatch
Injection Moulding
Raw Material
Mixing of Polymers & Additives
Extrusion Molding
Collection of Moulded Pieces
Cooling
Finishing
Inspection
Packing & Storage
Loading & Dispatch
Polymer Compounding
Raw Material
Weighing & Mixing of Additives
Mixing of Polymers & Additives
Dosing
Extrusion & Pelletizing
Inspection & Lab Testing
Weighing & Packing
Dispatch
BOPP Bags
Raw Material
Tape Extrusion
Weaving of Fabric
Lamination of Fabric with Printed BOPP
Tubing & Coating
Easy open Stitching
Baling
Loading & Dispatch
Rotogravure Printing
BOPP Film
Printing
Inspection

## MANUFACTURING AND OTHER UNITS

### a) Units at Pithampur

#### (i) Unit at Pithampur, SEZ

The unit at SEZ was started in the financial year 2003-04 and our Company manufactures FIBC at this unit. This unit has a capacity of manufacturing 12,200 MTPA.

The facility operates in a dust and micro organism free environment where all materials and processes are carried out at off floor levels and away from the walls. All workers and staff are oriented for Good Manufacturing Practices (GMP) and strict adherence towards cleanliness has been implemented. In pursuit of clean room conditions, the air entry and discharge is controlled and entry of air is filtered through 10 micron air filter and cooled to maintain an ambient temperature of $23^{o}$C to $24^{o}$C in the shed. The facility is also Hazard Analysis and Critical Control Point enabled.

SEZ enjoys duty-free import and export and certain tax deductions.

The installed capacity and production at SEZ unit for last 5 years is as under:-

*(Quantity in MT)*

| Financial Year | Installed Capacity | Production |
|---|---|---|
| 2005-06 | 7,800 | 8,243 |
| 2006-07 | 10,800 | 10,043 |
| 2007-08 | 12,200 | 13,913 |
| 2008-09 | 12,200 | 14,713 |
| 2009-10 | 12,200 | 13,108 |

#### (ii) Unit at Pithampur, DTA

This was our first unit which started in financial year 1993-94 and our Company manufacture FIBCs/ HDPE bags at this unit. This unit has a manufacturing capacity of 10,800 MTPA. This facility though does not have clean room environment, however, it follows same practices and principles in general and produces high quality products.

The installed capacity and production at DTA unit for last 5 years is as under:

*(Quantity in MT)*

| Financial Year | Installed Capacity | Production |
|---|---|---|
| 2005-06 | 6,800 | 4,073 |
| 2006-07 | 8,400 | 4,356 |
| 2007-08 | 10,800 | 4,530 |
| 2008-09 | 10,800 | 5,610 |
| 2009-10 | 10,800 | 7,422 |

### b) Unit at Kashipur, Uttarakhand

The manufacturing unit at Kashipur, Uttarakhand was started in the financial year 2009-10. This unit has a capacity of 16,000 MT and is utilised for the manufacture of Reverse Printed BOPP Woven Bags, Geo-textile Fabrics, Leno Bags and special PP bags. The unit at Kashipur is located in the excise free zone and we have received a tax exemption for a period of 10 years from payment of excise duty and income tax exemption for 5 years.

The installed capacity and production of our unit at Kashipur for the financial year ended 2009-2010 is 16,000 MT and 4,406 MT respectively.

**c) Recycling and reprocessing unit, Kandla**

This unit is operating under our subsidiary, Satguru Polyfab Private Limited and is engaged in the business of recycled granules and agglomerates. The installed capacity and production for the financial year 2009-2010 is 7,500 MT and 1,372 MT respectively.

**d) R&D Centre, Kashipur**

We commenced our research and development programme in the year 2007. We have 10 research associates at this centre. We have three different laboratories i.e. Chemical Laboratory, Polymer Laboratory and Compounding Quality Assurance laboratory dedicated for research related activities. We are fully equipped with chemical and polymer analysis equipment.

Our Company has incurred during the period April 1, 2007 to November 30, 2010 approximately ₹ 240.59 million on various research and development activities.

## CAPACITY & CAPACITY UTILIZATION

Following tables depicts the actual capacity utilization of our Company for the past three financial years and the projected capacity utilization for next three financial years:

| Year | 2009-2010 | | | 2008-09 | | | 2007-08 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Class of Goods** | **Installed Capacity MT** | **Capacity Utilised (as per audited B/S) MT** | **Utilization (%)** | **Installed Capacity MT** | **Capacity Utilised (as per audited B/S) MT** | **Utilization (%)** | **Installed Capacity MT** | **Capacity Utilised (as per audited B/S) MT** | **Utilization (%)** |
| FIBC (jumbo/ HDPE bags) | 23,000 | 20,530 | 89 % | 23,000 | 20,323 | 88% | 23,000 | 18,443 | 80 % |
| Geo textile fabric and Ground cover | 1,600 | 1,051* | 66 % | NIL | NIL | NIL | NIL | NIL | NIL |
| BOPP Bags | 7,200 | 1,169* | 16 % | NIL | NIL | NIL | NIL | NIL | NIL |
| Small PP Bags/ Leno bags/ Sheets | 7,200 | 2,186* | 30 % | NIL | 259** | NIL | NIL | NIL | NIL |
| recycled granules and agglomerates | 7,500 | 1372*** | 18% | NIL | NIL | NIL | NIL | NIL | NIL |
| **Total** | **46,500** | **26,308** | **57%** | **23,000** | **20,582** | **89%** | **23,000** | **18,443** | **80%** |

** Part production started from June 16, 2009 and became fully operational from October 24, 2009.*
*** This is trial production and hence there is no installed capacity in F Y 2008-09.*
**** Production started from October 1, 2009.*

| Year | 2010-2011 (E) | | | 2011-12 (E) | | | 2012-13 (E) | | |
|---|---|---|---|---|---|---|---|---|---|
| **Class of Goods** | **Installed Capacity MT** | **Capacity Utilised MT** | **Utilization (%)** | **Installed Capacity MT** | **Capacity Utilised MT** | **Utilization (%)** | **Installed Capacity MT** | **Capacity Utilised MT** | **Utilization (%)** |
| FIBC (jumbo/HDPE bags) | 25,000 | 26,400 | 106 % | 32,000 | 29,800 | 93 % | 32,000 | 29,800 | 93% |
| Geo textile fabric and Ground cover | 1,600 | 1,440 | 90 % | 1,600 | 1,680 | 105% | 1,600 | 1,680 | 105% |
| BOPP Bags | 7,200 | 6,480 | 90 % | 7,200 | 7,560 | 105% | 7,200 | 7,560 | 105% |
| Small PP Bags/ Leno bags/ Sheets | 7,200 | 6,480 | 90% | 7,200 | 7,560 | 105 % | 7,200 | 7,560 | 105% |
| recycled granules and agglomerates | 7,500 | 7,200 | 96 % | 7,500 | 7,200 | 96% | 7,500 | 7,200 | 96% |
| Injection Moulding Products | NIL | NIL | NIL | 4,811 | 3,603 | 75% | 4,811 | 4,489 | 93 % |
| Polymer Compounding | NIL | NIL | NIL | 10,000 | 8,500 | 85% | 10,000 | 9,500 | 95 % |
| **Total** | **48,500** | **48,000** | **99%** | **70,311** | **65,903** | **94%** | **70,311** | **67,789** | **96%** |

***Note:***

1. *W.r.t. capacity of Pithampur Plant, during FY 2010-11 the Company has increased its production capacity for FIBC by 2,000 MT.*

2. *Production capacity of 18,000 MT for which installation is going on at Kashipur plant will be fully operational from 1st April, 2011. However, the trial production has already started. (Product wise break up of production capacity is: 1) FIBC- 4,000 MT 2) Injection moulding products- 4,000 MT and 3) Polymer compounding- 10,000 MT.*

3. *Out of the proposed IPO proceeds, the company intends to increase FIBC capacity at Pithampur by 3,000 MT and moulding capacity at Kashipur unit at Uttarakhand by 811 MT.*

**Reasons for increase (estimated) in capacity utilisation by more than 25% in the financial years 2010-11, 2011-12 and 2012-13 versus our production for the same products in the year 2009-10.**

**1. Small PP Bags / Leno Bags / Sheets:**

We achieved production of 2186 MT in the financial year 2009-10 whereas we should achieve 6,480 MT in the year 2010-11 and 7,560 MT in the year 2011-12 and 2012-13. Our installed capacity for this product is 7,200 MT. Financial year 2009-10 was the first year of operation of our new plant at Kashipur where this product is being produced. We had power problems for first nine months of operations leading to low productivity and we could achieve only 2,186 MT. In the year 2010-11, our production is going as per schedule and we expect to achieve 90% capacity against only 30% achieved during last financial year. Going forward for the financial years 2011-12 & 2012-13 we should be able to achieve 105% capacity utilization.

2. **BOPP Bags:**

This is a new product being produced at Kashipur unit and financial year 2009-10 was the first year of production. Other than reasons of power as explained above, being a new product, there were uncertainties on product off take which resulted in lower production. Our product has now been received well in the market. Our current production capacity is 7,200 MT and we expect to achieve 6,480 MT in the financial year 2010-11, which is 90% of the installed capacity and 7,560 MT in the financial year 2011-12 and 2012-13 being 105% capacity utilization.

3. **Recycled Granules and Agglomerates :**

The financial year 2009-10 was the first year of production for this product at our Kandla unit. We had imported machines for manufacture of this product which took time to stabilize and thus we were able to start production only from October 2009. Being a new product we had to develop our share in the market and hence produced 1,372 MT only. We expect to achieve 96% capacity utilization i.e. production of 7,200 MT in the financial years 2010-11, 2011-12 & 2012-13.

4. **Geo-Textile Fabric and Ground Cover :**

In the financial year 2009-10 which was the first year of production of geo-textiles, we achieved 66% capacity utilisation i.e. 1,051 MT. Geo-textile is a technical product and is used in infrastructure projects and requires project selling. The market is now established and hence we expect to produce 1,440 MT in the financial year 2010-11 which is 90% of the installed capacity and 105% of the installed capacity in the financial year 2011-12 and 2012-13.

**EMPLOYEES**

Our personnel policies are aimed towards recruiting the talent that we need, to facilitate integration of our employees and to encourage the development of skills in order to support our performance and growth. We seek to adopt an open culture and participative management style to enable us to maximize the benefits from the knowledge and skills

To retain and motivate our employees we have also initiated an ESOP Scheme and have granted 1,061,750 stock options to our employees and also conduct various employee motivation programmes.

As on January 31, 2011, we have a total strength of 5,065 permanent employees the details of which are given below:

| **Category / Department** | **SEZ** | **DTA** | **Kashipur** | **Total** |
|---|---|---|---|---|
| Finance, Accounts and Excise | 27 | 10 | 6 | **43** |
| Marketing | 46 | 8 | 22 | **76** |
| Technical | 29 | 26 | 41 | **96** |
| Administrative | 46 | 80 | 42 | **168** |
| Supervisory | 196 | 124 | 205 | **525** |
| Labour (skilled / unskilled) | 1,694 | 1,505 | 958 | **4,157** |
| **Total** | **2,038** | **1,753** | **1,274** | **5,065** |

We have not entered into any union agreement with our employees and we have not experienced any strikes and labour unrest.

**INFRASTRUCTURE FACILITIES**

**a) Water:**

Our manufacturing process does not require much water. However, water is required for general purposes keeping in mind large labour-force requirement. The existing requirement of water is approximately 300 KL per day. This is mainly met with from our own tubewells, Madhya Pradesh Audhyogik Kendra Vikas Nigam (MPAKVN) supplies and by purchasing water through tankers.

Post expansion at Kashipur, our additional requirement of water will be 100 KL per day which will be met with through our own borewell.

**b) Electricity:**

The total requirement of electricity and its source is given in the table below:

*(All figures in KVA)*

| Particulars | Pithampur | | Kashipur | Kandla |
|---|---|---|---|---|
| | DTA | SEZ | | |
| Electricity requirement | 2,000 | 2,300 | 3,000 | 850 |
| Available contracted load from State Electricity Board / NTPC / MPAKVN | 2,100 | 2,500 | 4,500 | 1,000 |
| D.G. Set (back-up) | 1,000 | 1,000 | 4,000 | -- |

After expansion the additional demand of electricity would be 1,000 KVA at Kashipur unit which will be met through State Electricity Board.

**c) Compressed Air:**

The compressed air requirement at each plant and its availability is as under:

*(All figures in CFM)*

| Particulars | Pithampur | | Kashipur | Kandla |
|---|---|---|---|---|
| | DTA | SEZ | | |
| Required air | 380 | 575 | 500 | 60 |
| Available air | 520 | 680 | 750 | 160 |

For expansion the additional requirement of air at Kashipur would be 100 CFM which would be met through existing available infrastructure.

**HEALTH & SAFETY POLICY**

"Safety of person overrides all the production targets" is policy of our company. Our company is committed to conduct all its activities in such manner so as to avoid harm to employees and contractors, to promote occupational health of its employees and contractors, to comply with all statutory requirements concerning Health & Safety.

**ENVIRONMENT POLICY**

In our company, protection of environment is of prime concern and an important business objective. Our company is conscious of its responsibility towards creating, maintaining and ensuring a safe and clean environment for sustainable development. In particular, our company is committed to comply with relevant laws and regulations as well as take any additional measures considered necessary, to follow a systematic approach to environmental management plan in order to achieve continual performance improvement, to prevent pollution, maximize recycle, reduce wastes and discharges, to plant trees, develop green belt and promote lush-green surrounds at our manufacturing locations to work in harmony with nature.

## RESEARCH & DEVELOPMENT

The Company lays emphasis in polymer research and product development.

We have a separate research laboratory and a product development centre. At our research laboratory we have a chemical laboratory, polymer laboratory and compounding quality assurance laboratory and it is dedicated to modifying polymers and developing new master-batches to be used as a process aid in the production process. In the product development centre we have dedicated professionals who work for improvement of designs of FIBCs and are continuously suggesting design developments to help customers in improving performance of FIBC or reducing cost. Towards this, we have submitted eight applications for grant of patents. For further details, please refer to the section "Government Approvals" beginning on page 383 of the DRHP.

We also work with our various clients to help them develop new patent bags and designs. In this regard, we would like to highlight our achievement in developing combo bags for our customer, M/s B.A.G. Corp., U.S.A.

In the research field, our research associates have undertaken 16 research programs out of which 14 are completed. To give it a major thrust to our research activity we have dedicated the first floor in one of our buildings admeasuring 15000 sq.ft. area. Every year, we make sizeable expenditure from our regular cash-flows to augment our research and product development activities. The expenditure incurred for the period between April 1, 2007 to November 30, 2010 towards Research & Development is ₹ 240.59 million.

## MARKETING STRATEGY

Our Company is a multi-product, multi-market company and has specific marketing strategy related to each product and market segment. Strong and innovative marketing has been our prime focus and instrumental in achieving our milestones and growth.

We have marketing offices at:

- Pithampur: This office handles marketing of FIBCs.
- Delhi: This office handles marketing of BOPP, geo-textile products, special PP bags, compounding and polymers.

Apart from this, we have our sales representatives at Mumbai, Hyderabad and Kolkata and marketing offices in UK and U.S.A.

**Product-Wise Marketing Strategy:**

i. FIBC (Export)

Approximately 95% of FIBC manufactured by us is exported to various countries spread over 4 continents. We have categorised the world into 3 major groups depending on the business potential namely U.S.A, Europe and Rest of the World (ROW). Each area is headed by a senior marketing executive.

Our major customers are as under:-

- B.A.G. Corp., U.S.A
- Pankti International Pte Ltd., Singapore
- Nebig Verppankegen BV, The Netherlands
- ABP Packging Ltd, UK
- Alexander Colquhouns and Sons Pty Ltd., Australia
- Bulklift International Inc., U.S.A
- Baobag, France
- Acadia Industries Inc. U.S.A

ii. FIBC (Domestic)

This is a fast growing segment and signifies growth potential in India. Considering the future potential of FIBC market in India we have given special thrust to his segment and have a dedicated marketing team. This is headed by a senior marketing executive having more than 2 decades of experience.

Our major customers are as under:-

- Ashapura Minechem Ltd.
- Jindal Power & Steel Ltd.
- Micro Inks Ltd.
- Grasim Industries Ltd.
- Wolkem India Ltd.
- Ashtech India Pvt. Ltd.
- EBM India Pvt. Ltd.
- Ultratech Cement Ltd.
- Hindustan Unilver Ltd.

iii. Geo Textile Fabric and Ground Cover

This is a new product and a separate division has been established to handle this product at our Delhi marketing office. A senior marketing professional has been employed having rich experience in this industry. We propose to appoint more senior people for increasing this activity with faster momentum.

Our major customers are:-

- Iberoamericana De Plasticos (Iberoplast), Peru
- J & HM Dickson, Scotland
- Conitex Sonoco U.S.A Inc., U.S.A
- Raintree Nursery, U.S.A

iv. Reverse-Printed Bopp Bags

This product is being controlled from our Delhi office which has over 20 personnel marketing the product on PAN India basis and has 2 dedicated executives for export. Export of BOPP bags is also supported by our subsidiary in USA. For BOPP (domestic) marketing we have a senior general manager heading the division. We have a team of 8 managers and 12 executives marketing these products in different areas of the country. For this purpose we have segmented India into five zones namely north zone, south zone, western zone, central zone and eastern zone. We have 3 graphic designers to assist our customers in designing the print matter of the bags.

The major export customers are:

- Shapiro Packaging, U.S.A
- Lewis Trading Corp., U.S.A
- Langston Companies, Inc., U.S.A
- Commercial Packaging, U.S.A
- Volm Companies, Inc., U.S.A
- Sacos Y Empaques Internacionales, Mexico

The major domestic customers are:

- Rajdhani Flour Mills Ltd.
- KRBL Ltd.

- Nuziveedu Seeds Ltd.
- Indian Potash Ltd.
- Kohinoor Foods Ltd.
- Zuari Rotem Speciality Fertilisers Ltd.

v. Special PP Bags / Leno Bag

This product segment is being marketed through our Delhi office. A senior product manager handles the marketing of this product along with a team of marketing executives. We target end-customers on a PAN-India basis.

The major customers are:-

- Jumbo Sack Corporation, U.S.A
- National Seeds Corporation Ltd.
- Zuari Rotem Speciality Fertilisers Ltd.
- Directorate General of Supplies and Disposals, India
- Dhampur Sugar Mills Ltd.
- Chambal Fertilizers & Chemicals Ltd.
- Nagarjuna Fertlisers & Chemicals Ltd.
- Syngenta India Ltd.

**COLLABORATION**

We have not entered into any technical collaboration with any company.

**COMPETITION**

Our company is a multi-product, multi-locational and multi-market company and have insulated ourselves to a great degree from various competition pockets and market segments. The FIBC industry is highly fragmented worldwide. In view of the large scale operations and state of the art food grade facility, we have competitive edge over other players.

In India, we are the largest exporter of FIBCs. In the BOPP bags segment, the industry is emerging and highly fragmented with few organized players. We do not expect any serious competition in the domestic market. However, in the export market; we face competition from manufacturers in Vietnam and Thailand.

**EXPORT OBLIGATIONS**

Our Company has export obligations under the EPCG Scheme and Advance Licenses Scheme. Our total outstanding export obligations under the EPCG schemes and under the Advance License schemes as on January 31, 2011 is as under:

*Obligations under the EPCG Scheme*

| **Sr. No.** | **Unit** | **Total Export Obligation (₹ Mn)** | **Period upto which the obligations to be fulfilled** |
|---|---|---|---|
| 1. | DTA, Pithampur | 94.63 | September 4, 2011- May 13, 2017 |
| 2. | Kashipur | 733.10 | November 2, 2015 – September 13, 2017 |
| | **Total** | **827.73** | |

*Obligations under the Advance Licences Scheme*

| Sr. No. | Unit | Total Export Obligation (₹ Mn) | Period upto which the obligations to be fulfilled |
|---|---|---|---|
| 1. | DTA, Pithampur | 138.63 | June 25, 2012- October 11, 2013 |
| 2. | Kashipur | 33.55 | April 8, 2012 – July 26, 2013 |
| | **Total** | **172.18** | |

**PROPERTY**

- Our Company owns land admeasuring 15.88 hectares at Kashipur, a part of which has been occupied by our existing manufacturing unit.
- The land on which our SEZ unit is situated is on lease of 99 years from the Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited.
- The land on which our DTA unit is situated and the factory sheds thereon are on lease from Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited; and from Kalani Industries Private Limited.

***Property to be purchased out of the proceeds of the Issue***

We do not intend to purchase any property out of the proceeds of the Issue.

**INTELLECTUAL PROPERTY**

For details on intellectual property of our Company, please refer to the section "Government Approvals" beginning on page 383 of the DRHP.

**INSURANCE**

Our Company has obtained various Insurance policies in respect of our Business and our assets such as standard fire and special perils, marine cargo, property damage, money insurance, machinery breakdown, employee mediclaim and vehicle insurance consistent with industry practice in India.

## REGULATIONS AND POLICIES

*A summary of the relevant regulations and policies as prescribed by the central / state governments that is applicable to the Company in India are provided for herein. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.*

### *LAWS RELATED TO PACKAGING AND LABELING*

#### *Legal Metrology Act, 2009*

Legal Metrology Act, 2009 was enacted with the objectives to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. This act replaced the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985 with effect from March 1, 2011.

#### *Prevention of Food Adulteration Act, 1954*

Prevention of Food Adulteration Act, 1954 ("PFA") provides for norms for prevention of adulteration of food meant for human consumption and also specifies packaging, storage and labelling requirements including nature of containers to be used, manner of sealing, trade name and description of food, ingredients along with weight/volume, batch number and expiry details etc.

#### *Food Safety and Standards Act, 2006*

Food Safety and Standards Act, 2006 ("FSSA") consolidates all laws relating to food and establishes a food safety and standards authority in India. FSSA aims at regulating manufacture, storage, distribution, sale and import pertaining to food for human consumption. FSSA also aims at providing for packaging and labelling requirements. Upon notification by the Central Government, PFA will be repealed and the FSSA will be the consolidated legislation in this sector.

### *TRADE RELATED LAWS*

#### *Foreign Trade (Development and Regulation) Act, 1992*

Foreign Trade (Development and Regulation) Act, 1992 ("FTA") provides for the requirement of importer exporter code for import and export of goods into/from India by any person or company. FTA also provides for suspension and cancellation of the code number under certain circumstances.

#### *The Special Economic Zone Act, 2005 and the Special Economic Zones Rules, 2006*

The Special Economic Zones Act, 2005 was passed by Parliament in May, 2005 which received Presidential assent on the June 23, 2005. The SEZ Act, 2005, supported by SEZ Rules, came into effect on February 10, 2006, providing for the simplification of procedures and for single window clearance on matters relating to central as well as state governments.

SEZs are regulated and governed by the Special Economic Zone Act, 2005 which came into force on February 10, 2006. The SEZ Act has been enacted for the generation of additional economic activity, promotion of exports of goods and services, promotion of domestic and foreign investment, development of infrastructure facilities and matters connected therewith or incidental thereto. The SEZ Act provides that the Government of India, any state government or any person either may, jointly or severally, establish a SEZ in accordance with the procedure under the SEZ Act.

SEZs are specifically delineated duty free enclaves deemed to be foreign territories for purposes of Indian custom controls, duties and tariffs. Any person who intends to set up a SEZ, after identification of the area, is required to make an application to the concerned state government or to the Board of Approval for approval. If the application is made to the State government, it may forward the application together with its recommendations to the Board of Approval. In the event the application is made directly to the Board of Approval, it may grant the approval which is subject to the approval of the concerned State government. On receipt of an application, the SEZ Board may, subject to certain conditions approve the proposal and communicate it to the Government of India. The Government of India may grant the letter of approval, within 30 days of receipt of communication, which may be subject to certain additional conditions. The Government of India initially grants the letter of approval to the proposals for setting up of SEZs, referred to as the 'in-principle approval', which is valid for a period of one year or three years, as the case may be. The developer of the SEZ is required to take effective steps for implementation of the SEZ project within the said validity period. The developer is required to furnish intimation of fulfilment of conditions specified in the 'in-principle' approval to Department of Commerce, Ministry of Commerce and Industry, Government of India (the "DoC") within the specified validity period of the 'in-principle' approval. The DoC, on being satisfied with the proposal and compliance of the developer with the terms of the approval, issues a notification declaring the specified area as an SEZ.

The incentives and facilities offered to developers of SEZ include:

- Single window clearance for Central and State level approvals;
- Exemption from customs/excise duties for development of SEZs for authorized operations approved by the Board of Approval;
- Income tax exemption on income derived from the business of development of SEZ in a block of ten years in 15 years under section 80-IAB of the IT Act;
- Exemption from dividend distribution tax;
- Exemption from service tax;
- Exemption from minimum alternate tax under the IT Act; and
- Exemption from various other duties and taxes under the enactments specified in Schedule I of the SEZ Act.

The Special Economic Zone Rules, 2006 have been enacted to effectively implement the provisions of the SEZ Act. The SEZ Rules provide for a simplified procedure for a single window clearance from the Government of India and State governments for setting up of SEZs and a 'unit' in a SEZ. The SEZ Rules also prescribe the procedure for the operation and maintenance of an SEZ, for setting up and conducting business therein, with an emphasis on 'self certification' and the terms and conditions subject to which the entrepreneur and developer shall be entitled to exemptions, drawbacks and concessions etc. The SEZ Rules also provide for the minimum area requirement for various categories of SEZs.

Various states have their own state SEZ policies. The state SEZ policies prescribe the rules in relation to the various environmental clearances, water and power supply arrangements, state taxes, duties, local taxes and levies etc. and the Company is required to follow the state policy, in addition to any central policies.

***ENVIRONMENTAL LAWS***

There are certain environmental legislations such as the Environmental (Protection) Act, 1986, Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Cess Act, 1977, The Hazardous Wastes (Management and Handling) Rules, 1989 which require compliance.

***Environment (Protection) Act, 1986***

The Environment (Protection) Act, 1986 was enacted as a general legislation to safeguard the environment from all sources of pollution by enabling coordination of the activities of the various regulatory agencies concerned, to enable creation of an authority with powers for environmental protection, regulation of discharge of environmental pollutants etc.

***Air (Prevention and Control of Pollution) Act, 1981***

The Air (Prevention and Control of Pollution) Act, 1981 aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area. No person operating any industrial plant, in any air pollution control area shall discharge or cause emission of any air pollutant in excess of the standards prescribed by the State Board in this regard.

***Water (Prevention and Control of Pollution) Act 1974***

Water (Prevention and Control of Pollution) Act 1974 ("Water Act") was enacted in order to provide for the prevention and control of water pollution by factories and manufacturing industries and for maintaining or restoring the wholesomeness of water. In respect to an industrial undertaking it applies to the (i) Occupier (the owner and management of the undertaking) (ii) Outlet (iii) Pollution and (iv) Trade effluents. The approvals are to be obtained from the corresponding Pollution Control Boards in the state.

***Water (Prevention and Control of Pollution) Cess Act, 1977***

The Water (Prevention and Control of Pollution) Cess Act, 1977 is a legislation providing for the levy and collection of a cess on local authorities and industries based on the consumption of water by such local authorities and industries so as to enable implementation of the Water Act by the regulatory agencies concerned.

***The Hazardous Wastes (Management and Handling) Rules, 1989***

The Hazardous Wastes (Management and Handling) Rules, 1989 ("Rules") provide for control and regulation of hazardous wastes as defined under the Rules discharged by the operations of undertakings and imposes an obligation on every occupier generating hazardous waste to dispose of such hazardous wastes properly including proper collection, treatment, storage and disposal. Every occupier generating hazardous waste is required to obtain an approval from the Pollution Control Board for collecting, storing and treating the hazardous waste.

***INTELLECTUAL PROPERTY LAWS***

***The Patents Act, 1970***

The Patents Act, 1970 ("Patents Act") is the primary legislation governing patent protection in India. In addition to broadly requiring that an invention satisfy the requirements of novelty, utility and non obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The term of a patent granted under the Patents Act is for a period of twenty years from the date of filing of application for the patent. The Patents Act deems that computer programmes per se are not 'inventions' and are therefore not entitled to patent protection.

***Trade Marks Act, 1999***

Trade Marks Act, 1999 ("TM Act") provides for protection of trademarks used by an entity. The mark may be in the nature of a word signature, device, letter, numeral, brand, heading, label etc. Once the trademark is applied for, the same is published in the trademarks journal and in the event if there are no valid oppositions, a certificate of registration is issued.

***Copyright Act, 1957***

The Copyright Act, 1957 came into effect from January 1958. Copyright is an exclusive right. The statutory definition of Copyright is the exclusive right to do or authorizes others to do certain acts in relation to Literary, dramatic or musical works, Artistic work Cinematograph film; and Sound recording. The purpose of recognizing and protecting the copyright of an author is to statutorily protect his work and inspire him to exercise his creative faculties. Copyright is granted for a specific period of time. Whether an act is an infringement or not would depend on the fact whether copyright is subsisting in the work or not. In case the copyright has expired, the work falls in the public domain and any act of reproduction of the work by any person other than then the author would not amount to infringement.

***Designs Act, 2000***

Industrial Designs are governed by the Designs Act, 2000 and Designs Rules 2001 and administered by the Controller General of Patents, Designs and Trade Marks. The registration of a design confers on the registered proprietor the right to take action against third parties who apply the registered design without licence or consent. The registration is valid for 10 years from the date of application i.e. date of filing or the date of priority whichever is earlier. The period may be extended by another period of 5 years on filing an application for extension of copy right before the expiry of the said period of 10 years. Under the Designs Act, "Design" has been defined as the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or 3D or in both forms. The Design should be new and original and has not been disclosed to the public in India or any other country.

***LABOUR LAWS***

There are certain labour legislations including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, Employee State Insurance Act, 1948, Payment of Wages Act, 1936, Payment of Bonus Act, 1965, Minimum Wages Act, 1948, Workers Compensation Act, 1923, Payment of Gratuity Act, 1972, Employees' Provident Funds and Miscellaneous Provisions Act, 1952, The Maternity Benefits Act, 1961 which need compliance.

***The Factories Act, 1948***

The Factories Act, 1948 ("Factories Act") was enacted to provide for health, safety and welfare to workers at factory sites. The Factories Act prescribes for various norms relating to health, safety and welfare of workers and broadly prescribes the manner of licensing and registration of the factories, the authorities having control over enforcement being the inspector of factories at various levels, duties of the occupier of the factory and the working conditions to be ensured at the factory sites. There are also different registers to be maintained under this Act and submission of returns and forms to the prescribed authority on a periodical basis.

***Contract Labour (Regulation and Abolition) Act, 1970***

The Contract Labour (Regulation and Abolition) Act, 1970 ("CLRA") has been enacted to regulate the employment of contract labour in certain establishments, the regulation of their conditions and terms of service and to provide for its abolition in certain circumstances. Under CLRA, both the principal employer and the contractor requires to obtain relevant registration. To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period.

***Employee State Insurance Act, 1948***

The Employee State Insurance Act, 1948 ("ESIA") aims to provide benefits for employees or their beneficiaries in case of sickness, maternity, disablement and employment injury and to make provision for the same. It applies to, inter alia, seasonal power using factories employing ten or more persons and non-power using factories employing 20 or more persons. Every factory or establishment to which the ESIA applies is required to be registered in the manner prescribed in the ESIA. Under the ESIA every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages upto ₹ 15,000 per month are entitled to be insured. In respect of such employees, both the employer and the employee must make certain contributions to the Employee State Insurance Corporation.

***Payment of Wages Act, 1936***

The Payment of Wages Act, 1936 ("Wages Act") is applicable to those persons employed in the factories and other establishments where the monthly wages payable to such persons is less than Rupees 10,000. This Act provides for certain obligations in respect of payment of wages and the time periods for such payments. Apart from that, it also requires the maintenance of certain registers and the display of the abstracts of this Act and Rules there under.

***Payment of Bonus Act, 1965***

The Payment of Bonus Act, 1965 ("Bonus Act"), applies to an employee in a factory or in any establishment where 20 or more persons on any day during an accounting year are employed and who are drawing salary upto ₹ 10,000 per month, who has worked for at least 30 working days in a year. Such an employee is eligible to be paid a bonus.

***Minimum Wages Act, 1948***

The Minimum Wages Act, 1948 ("MWA") came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA. It prescribes penalties for non-compliance by employers for payment of the wages thus fixed.

***Employees' Compensation Act, 1923***

The Employee's Compensation Act, 1923 ("ECA") formerly known as Workman's Compensation Act, 1923, was enacted with the objective to provide for the payment of compensation to employees (as defined under the ECA) by employers for injuries by accident arising out of and in the course of employment and for occupational diseases resulting in death or disablement. The ECA makes every employer liable to pay compensation in accordance with the ECA if a personal injury/disablement/ loss of life is caused to an employee (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the ECA within one month from the date it falls due, the commissioner appointed under the ECA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

***Payment of Gratuity Act, 1972***

The Payment of Gratuity Act, 1972 ("PGA") was enacted with the objective to regulate the payment of gratuity, to an employee who has rendered for his long and meritorious service, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years:

(a) on his/her superannuation;
(b) on his/her retirement or resignation;
(c) on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

The PGA establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company; every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months; and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the central government may, by notification, specify.

***Employees' Provident Funds and Miscellaneous Provisions Act, 1952***

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It provides for the institution of provident funds and pension funds for employees in establishments, which employ more than 20 persons and factories specified in Schedule I of the EPFA. Under the EPFA, the central government has framed the "Employees' Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees' Family Pension Scheme". The funds constituted under these schemes consist of contributions from both the employer and the employees, in the manner specified in the statute. The EPFA prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

***The Maternity Benefits Act, 1961***

The purpose of the Maternity Benefit Act is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for paid leave of 12 weeks, payment of maternity benefits and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

***LOCAL SHOPS AND ESTABLISHMENTS LAWS***

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

***TAXATION LAWS***

***Income-tax Act, 1961***

The Income Tax Act, 1961 ("IT Act") inter-alia provides for taxation of various persons including companies. The rates of corporate taxation, minimum alternative taxes, dividend taxation etc are provided for pursuant to the IT Act.

***Service Tax***

Chapter V of the Finance Act 2010 (as amended) requires that where provision of certain listed services, whole taxable services exceeds ₹ 1,000,000 a service tax with respect to the same must be paid. Every person who is liable to pay service tax must register himself for the same.

***Central Sales Tax Act***

The main object of the Central Sales Tax Act ("CST Act") is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on interstate sales and states the principles and restrictions as per the powers conferred by Constitution.

***Value Added Tax***

VAT is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

***The Central Excise Act, 1944***

The Central Excise Act, 1944 ("Central Excise Act") consolidates and amends the law relating to Central Duties of Excise on goods manufactured or produced in India. Excisable goods under the Act means goods specified in the Schedule to the Central Excise Tariff Act, 1985 as being subject to duty of excise. Factory means any premises, including the precincts thereof, wherein or in any part of which excisable goods are manufactured, or wherein or in any part of which any manufacturing process connected with the production of these goods being carried on or is ordinarily carried out. Under the Act a duty of excise is levied on all excisable goods, which are produced or manufactured in India as and at the rates, set forth in the First Schedule to the Central Excise Tariff Act, 1985.

***The Customs Act, 1962***

The Customs Act, 1962 ("Customs Act") was formulated to prevent illegal imports and exports of goods. The levy and the rate of customs duty in India are governed by the Customs Act and the Customs Tariff Act 1975. Imported goods in India attract basic customs duty, additional customs duty and education cess. The rates of basic customs duty are specified under the Tariff Act. Customs duty is calculated on the transaction value of the goods. Customs duties are administrated by Central Board of Excise and Customs under the Ministry of Finance.

***LAW RELATING TO TRANSFER OF PROPERTY***

***Transfer of Property Act, 1882***

The transfer of property, including immovable property, between living persons, as opposed to the transfer of property by the operation of law, is governed by the Transfer of Property Act, 1882 ("T.P. Act"). The T.P. Act establishes the general principles relating to the transfer of property including among other things identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

***Registration Act, 1908***

The Registration Act, 1908 ("Registration Act") has been enacted with the object of providing public notice of execution of documents affecting a transfer of interest in property. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more and a lease of immovable property for any term exceeding one year or reserving a yearly rent. Section 18 of the Registration Act provides for non-compulsory registration of documents as enumerated in the provision.

***The Indian Stamp Act, 1899***

The Indian Stamp Act, 1899 ("Stamp Act") provides for the imposition of stamp duty at specified rates on instruments listed in Schedule I of the Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are inadmissible in a court of law and have no evidentiary value. Public officials have the power to impound such documents and if the executor wants to rectify them, he may have to pay a penalty of upto 10 times the original stamp value.

***The Easements Act, 1882***

The law relating to easements is governed by the Easements Act, 1882 ("Easements Act"). The right of easement is derived from the ownership of property and has been defined under the Easement Act to mean a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits him to do or to prevent something from being done in respect of certain other land not his own. Under this law an easement may be required by the owner of immovable property, i.e. the "dominant owner", or on his behalf by the person in possession of the property. Such a right may also arise out of necessity or by virtue of a local custom.

## *LAWS REGARDING FOREIGN INVESTMENT*

### *Foreign Ownership*

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations promulgated there under. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the RBI for foreign direct investment under the "automatic route" within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route and in respect of investments in excess of the specified sectoral limits under the automatic route, approval for such investment may be required from the FIPB and/or the RBI. As per the present FDI Policy in force, FDI is under the automatic route into companies engaged in manufacture of packaging materials. No approvals of the FIPB or the RBI are required for Allotment of Equity Shares under this Issue.

The RBI by its A.P. (DIR Series) circular No. 16 dated October 4, 2004 granted general permission for the transfer of shares of an Indian company by Non-Residents to residents and residents to Non-Residents, subject to the terms and conditions, including pricing guidelines, specified by RBI from time to time.

### *Investment by Foreign Institutional Investors*

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

### *Ownership Restrictions of FIIs*

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of a company. However, the limit of 24% can be raised up to the permitted sectoral cap (which is 100% for the packaging materials sector) for that company after approval of the Board of Directors and shareholders of the company. As of date, no such approval has been obtained. The total holding of a single FII should not exceed 10% of the post-issue paid up capital of the Company or 5% of the total paid-up capital in case such sub-account is a foreign corporate or an individual. In respect of an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Our History

Our Company was originally constituted as a partnership firm under the Indian Partnership Act, 1932 on January 22, 1966 under the name and style of Saurabh Potteries & Ceramics with its principal place of business at Indore with Mr. Badri Narayan Kalani & Sons (HUF), Ms. Padma Kalani and two others represented by their natural guardian as partners. Since then, the partnership was reconstituted from time to time by way of admission of new partners or resignation of the then existing partners. With effect from March 1, 1993, the name of the partnership was changed to Naviska Packaging and a fresh partnership deed was executed. The partners of the Naviska Packaging were Indore Land & Finance Limited, Ms. Radhabai Kalani, Gagan Commercial Agencies Limited, Olive Commercial Company Limited, Ms. Padma Kalani, Saka Tradings Private Limited, Manka Commercials Private Limited, Million Properties Private Limited and Alpine Properties Private Limited.

Thereafter, pursuant to the provisions of section 567 of Part IX of the Companies Act, Naviska Packaging was converted into a private limited company as Naviska Packaging Private Limited on April 8, 1993. The subscribers to the Memorandum were Ms. Radhabai Kalani, Ms. Padma Kalani, Indore Land & Finance Limited, Gagan Commercial Agencies Limited, Olive Commercial Company Limited, Saka Tradings Private Limited, Manka Commercials Private Limited, Million Properties Private Limited and Alpine Properties Private Limited.

The name of our Company was changed to Giltpac International India Private Limited w.e.f. June 29, 2001. The name of our Company was again changed to Naviska Packaging Private Limited w.e.f. January 01, 2003. Our Company was converted into a public limited company and the name was changed to Flexituff International Limited w.e.f. April 25, 2003.

### Change in Registered Office

Following are the details regarding shifting of our Registered Office:

| From | To | Date of shareholders Resolution/Board Resolution | Reasons for Change |
|---|---|---|---|
| 11, Tukoganj Main Road, Indore 452001, Madhya Pradesh | C41-50, Sector 3, SEZ, Pithampur, Dist. Dhar 454 775, Madhya Pradesh | August 9, 2003 | Operational Efficiency |
| C41-50, Sector 3, SEZ, Pithampur, Dist. Dhar 454 775, Madhya Pradesh | 3A Garstin Place, 5th Floor, Kolkata 700001, West Bengal | April 13, 2006 | Operational Efficiency |
| 3A Garstin Place, 5th Floor, Kolkata, 700001, West Bengal | 2nd Floor, Main Building, 19, R. N. Mukherjee Road, Kolkata 700001, West Bengal | November 18, 2006 | Operational Efficiency |

Our Company's corporate office is situated at C- 41-50, Sector- 3, SEZ, Pithampur, Dist. Dhar 454 775, Madhya Pradesh.

### Main Objects of the Company

Our main objects enable us to carry on our current business. The main objects of our Company as contained in our Memorandum of Association are as follows:

1. To manufacture, buy, sell, export, import, process, convert, laminate, reprocess or otherwise, deal in plastics, plastic products, plastic packings and materials, namely high density and low density polyethylene, polypropylene, PVC products, woven fabrics, HDPE/PP, Woven sacks, bags, jute twine, yarn, monofilament yarn, tapes, films, co extruded films, wide width films, collapsible and other issue bubes

sheets, containers, fittings, bitumen papers, aluminium foils, laminating materials, thermosettings, thermoplastics, teflon plastic, cellulose esters, esters, resines, wax, coating lacquers, shellac and varnishes.

2. To carry on the business of manufacture, processors, designers, buyers, sellers, exporters, importers, and/or otherwise, deal in plastic tubes, tyres, films, moulded goods, bottles, containers, tubes, wrapping materials, transmission belts, conveyors, similar industrial articles, pipes, tubes, hoses, containers, vessels, tanks equipments, drip irrigation systems, sprinkler irrigation systems, automation systems, valves, water filters, fertigation equipments, pipes and similar equipments, electric products, shoe products and parts thereof, toys, insulating materials and all other blown, moulded formed, extruded, calendared and dipped goods and articles.

The business of our Company as presently undertaken is as per the main objects as contained in the Memorandum of Association.

**Changes in Memorandum of Association**

The following amendments have been effected to the Memorandum of Association since incorporation:

| Date of Shareholders Approval | Nature of Amendments | Details of the Amendments |
|---|---|---|
| June 26, 2001 | Change of Name | Change of name of our Company from Naviska Packaging Private Limited to Giltpac International India Private Limited. |
| September 11, 2002 | Increase in the Authorised share capital | Authorised share capital of our Company was increased from ₹ 5,000,000 (divided into 500,000 equity shares of ₹ 10 each) to ₹ 50,000,000 comprising of 5,000,000 Equity Shares of ₹ 10 each. |
| December 21, 2002 | Change of Name | Change of the name of our Company from Giltpac International India Private Limited to Naviska Packaging Private Limited. |
| April 16, 2003 | Conversion from Private To Public Limited and Change of Name | Conversion of our Company from Private Limited to a public limited company and change of name from Naviska Packaging Private Limited to Flexituff International Limited. |
| April 13, 2006 | Shifting of registered office to another state | Our Registered Office was shifted from the State of Madhya Pradesh to the state of West Bengal. |
| October 30, 2006 | Increase in the Authorised share capital | Authorised share capital was increased from ₹ 50,000,000 comprising of 5,000,000 Equity Shares of ₹ 10/- each to ₹ 150,000,000/- comprising of 15, 000,000 Equity Shares of ₹ 10 each. |
| September 30, 2009 | Increase in the Authorised Capital | Authorised share capital was increased from ₹ 150,000,000 comprising of 15,000,000 Equity Shares of ₹ 10 each to ₹ 200,000,000 comprising of 20,000,000 equity shares of ₹ 10 each. |
| December 8, 2010 | Increase in the Authorised Capital | Authorised share capital was increased from ₹ 200,000,000 comprising of 20,000,000 Equity Shares of ₹ 10 each to ₹ 250,000,000 comprising of 25,000,000 equity shares of ₹ 10 each. |
| February 1, 2011 | Amendment of Main Objects | Amendment of the Main Objects of the Company. The amended main object clause is: |

| Date of Shareholders Approval | Nature of Amendments | Details of the Amendments |
|---|---|---|
| | | 1. To manufacture, buy, sell, export, import, process, convert, laminate, reprocess or otherwise, deal in plastics, plastic products, plastic packings and materials, namely high density and low density polyethylene, polypropylene, PVC products, woven fabrics, HDPE/PP, Woven sacks, bags, jute twine, yarn, monofilament yarn, tapes, films, co extruded films, wide width films, collapsible and other issue bubes sheets, containers, fittings, bitumen papers, aluminium foils, laminating materials, thermosettings, thermoplastics, teflon plastic, cellulose esters, esters, resines, wax, coating lacquers, shellac and varnishes.<br><br>2. To carry on the business of manufacture, processors, designers, buyers, sellers, exporters, importers, and/or otherwise, deal in plastic tubes, tyres, films, moulded goods, bottles, containers, tubes, wrapping materials, transmission belts, conveyors, similar industrial articles, pipes, tubes, hoses, containers, vessels, tanks equipments, drip irrigation systems, sprinkler irrigation systems, automation systems, valves, water filters, fertigation equipments, pipes and similar equipments, electric products, shoe products and parts thereof, toys, insulating materials and all other blown, moulded formed, extruded, calendared and dipped goods and articles. |

**Key Events and Milestones of our Company**

| Financial Year | Details |
|---|---|
| 1993-94 | • Commencement of manufacture of HDPE / PP woven sacks.<br>• Set up the Domestic Tariff Area (DTA) unit with a capacity of 1,380 MTPA. |
| 2002-03 | • Expansion of manufacturing capacity at DTA unit to 2,700 MTPA. |
| 2003-04 | • Conversion to public limited company and simultaneous change of name to "Flexituff International Limited".<br>• Commenced production at Special Economic Zone (SEZ) unit with a capacity of 7,800 MTPA. |
| 2004-05 | • Expansion of manufacturing capacity to 5,200 MTPA at the DTA unit.<br>• Receipt of BRC certifications for food grade packing. |
| 2005-06 | • Receipt of AIB certifications for food grade packing. |
| 2007-08 | • Expansion of manufacturing capacity to 23,000 MTPA at SEZ and DTA units collectively.<br>• Incorporation of wholly owned subsidiary, Eco Polymers Limited in Bangladesh (from which our Company disassociated in September, 2010.)<br>• Investment of approximately ₹ 460 million by Clearwater Capital Partners (Cyprus) |

| Financial Year | Details |
|---|---|
| | Limited. |
| 2008-09 | • Incorporation of wholly owned subsidiary Flexiglobal Holdings Limited in Cyprus.<br>• Acquisition of majority stake in Satguru Polyfab Private Limited. |
| 2009-10 | • Incorporation of wholly owned subsidiary Nanofil Technologies Private Limited in Kashipur, Uttarakhand.<br>• Establishment of a step-down subsidiary, Flexiglobal (UK) Limited in the UK.<br>• Acquisition by Flexiglobal Holdings Limited in Lakshmi Incorporated, U.S.A thereby making it an indirect subsidiary of the Company.<br>• Establishment of a new plant having production capacity of 16,000 MTPA at Kashipur, Uttarakhand. |

**Awards and Accreditations**

1. ISO 9001:2008 certified for conforming to quality management system standards.
2. ISO 14001:2004 certified for conforming to environmental management system standards.
3. ISO 22000:2005 certified for conforming to food safety standards.
4. Complies with ISO-6 (class 1000) for Internal Bubble Cooling System.
5. Complies with ISO-7 (class 10000) for Liner Section.
6. Complies with ISO-8 (class 100000) for Liner Section (other than liner forming)
7. Certificate of Conformity dated January 20, 2010 issued by Moody International Certification India Limited for the manufacture of “Silt Fence Fabric (FIL 124SF)”, “Silt Fence Fabric (FIL100SF)” “Geotextile Fabric (FIL200G)” and “Geotextile Fabric (FIL 315G)”.
8. Quality certification issued by Det Norske Veritas (DNV) certifying that our Company meets the requirements of BRC/IOP Issue 3 – Global Standard- Food Packaging and other Packaging Materials, January 2008 in category 1 in respect of manufacture of poly woven bags and FIBCs for food contact applications.
9. Recognition of Achievement issued by AIB International for the years 2009, 2008, 2007 and 2006 certifying that the Company has fulfilled the requirements of the AIB International Consolidated Standards for Food Contact Packaging Facilities Programmes.
10. Top Exporter of FIBCs (Jumbo Woven Bags) and the highest recognition for exports from The Plastics Export Promotion Council, Govt. of India for the years 2008-09, 2007-08, 2006-07 and 2005-06.
11. Top Exporter of woven sacks/ fabrics and the highest recognition for exports from The Plastics Export Promotion Council, Govt. of India for the year 2002-03 and 2001-02
12. Second Best Exporter of Plastic Tarpaulin and the highest recognition for exports from The Plastics Export Promotion Council, Govt. of India for the year 2004-05.
13. ‘Niryat Shree’ Award, Certificate of Excellence from Federation of Indian Export Organisations for outstanding export performance in the category “Residual Products – Non SSI” during the year 2004 -05.

For details regarding the business profile, technology, competitors, capacity utilization, managerial personnel and market please refer to the sections “Business Overview”, “Management” and “Industry Overview”, beginning on pages 116, 155 and 102 respectively, of the DRHP.

**Number of Shareholders of our Company**

As on date of the DRHP, our Company has 17 shareholders.

**OUR SUBSIDIARIES**

Our Company has three direct subsidiaries and two step down subsidiaries. None of the subsidiaries have a negative networth.

**Direct Subsidiaries:**

**1. Flexiglobal Holdings Limited, Cyprus ("Flexiglobal")**

Flexiglobal was incorporated as a limited liability company under Companies Law, Cap. 113 in Nicosia on September 22, 2008 bearing Registration No. HE 238405. Flexiglobal is carrying on the business of a holding and an investment company. The registered office of Flexiglobal is situated at 2, Sophouli Street, Chanteclair House, 3rd Floor, Flat/office No. 303, P.C. 1096, Nicosia, Cyprus.

The board of directors of Flexiglobal is presently comprised as under:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Aristodemos Loizou | Director |
| Mr. David Savva | Director |

The authorised share capital of Flexiglobal is €1,000,000 comprising of 1,000,000 ordinary shares of €1.00 each. The paid up capital of the company is € 91,000 represented by 1,000,000 ordinary shares of €1.00 each partly paid up to the extent of € 0.091 per ordinary share.

The shareholding pattern of Flexiglobal is as under:

| Sr. No. | Name of the shareholder | No. of Ordinary Shares | % shareholding |
|---|---|---|---|
| 1. | Flexituff International Limited | 1,000,000 | 100.00 |
| | **Total** | 1,000,000 | 100.00 |

Flexiglobal is an unlisted company and it has not made any public or rights issue in the preceding three years. This company is not subject to any winding up proceedings.

Flexiglobal is not declared as a wilful defaulter by the RBI or any other Government Authority.

**2. Nanofil Technologies Private Limited ("Nanofil")**

Nanofil was incorporated as a private limited company under the Companies Act, 1956 in India on December 15, 2009 bearing CIN U25194WB2009PTC140211. The company is engaged in the business of carrying on research and development by using various technologies namely Nanotechnology, Chemical technology, Biochemical Technology & Polymer Technology to use in polypropylene, polyethylene, PVC products, etc. The registered office of Nanofil is situated at 2nd Floor of Main Building, 19, R. N. Mukherjee Road, Kolkata – 700001, West Bengal.

The authorised share capital of Nanofil is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each and the paid up capital is ₹100,000 divided into 10,000 equity shares of ₹ 10 each.

The board of directors of Nanofil as on date is comprised as under:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Banket Lal Mundra | Director |
| Mr. Vinod Kumar Sharma | Director |

The shareholding pattern of Nanofil is as under:

| Sr. No. | Name of the shareholder | No. of Shares | % shareholding |
|---|---|---|---|
| 1. | Flexituff International Limited | 9,990 | 99.90 |
| 2. | Mr. Vinod Kumar Sharma* | 10 | 0.10 |
| | **Total** | **10,000** | **100** |

* *Mr. Vinod Kumar Sharma holds shares as a nominee of Flexituff International Limited*

Nanofil is an unlisted company and it has not made any public or rights issue in the preceding three years. This company has not become a sick company under the provisions of the SICA and is not under winding up.

Nanofil is not declared as a wilful defaulter by the RBI or any other Government Authority.

**3. Satguru Polyfab Private Limited ("Satguru")**

Satguru was incorporated as a private limited company under the Companies Act, 1956 in India on November 10, 1997 bearing CIN U25200GJ1997PTC033290. Our Company acquired majority stake in Satguru in the financial year 2008-09 and currently holds 78.6% of its equity share capital. The company is engaged in the business of manufacturing, process, produce etc. or deal in reprocess of plastic waste to use in polypropylene, polyethylene, PVC products, etc. The registered office of Satguru is situated at Shed No. 299, Sector-II Kandla Special Economic Zone, Gandhidham, Kuch, Gujarat - 380230.

The authorised share capital of Satguru is ₹ 120,000,000 divided into 12,000,000 equity shares of ₹ 10 each and the paid up capital is ₹ 114,500,000 divided into 11,450,000 equity shares of ₹ 10 each.

The board of directors of Satguru is comprised as under:

| Name of the Director | Nature of the Directorship |
|---|---|
| Mr. Uttam Kapoor | Director |
| Mr. Banket Lal Mundra | Director |
| Mr. Anand Jhawar | Whole-time Director |

The shareholding pattern of Satguru is as under:

| Sr. No. | Name of the shareholder | No. of Shares | % shareholding |
|---|---|---|---|
| 1. | Flexituff International Limited | 8,999,900 | 78.60 |
| 2. | Mr. Uttam Kapoor* | 100 | 0.00 |
| 3. | Vindhya Cement Private Limited | 1,000,000 | 8.73 |
| 4. | High Beam Reality Private Limited | 300,000 | 2.62 |
| 5. | Gemini Heights Private Limited | 300,000 | 2.62 |
| 6. | Samarpit Developers Private Limited | 300,000 | 2.62 |
| 7. | Triple A Real Estates Private Limited | 550,000 | 4.80 |
| | **Total** | **11,450,000** | **100.00** |

* *Mr. Uttam Kapoor holds shares as a nominee of Flexituff International Limited*

Satguru is an unlisted company and it has not made any public or rights issue in the preceding three years. This company has not become a sick company under the provisions of the SICA and is not subject to any winding up proceedings.

Satguru is not declared as a wilful defaulter by the RBI or any other Government Authority.

**Step down subsidiaries:**

**1. Flexiglobal (UK) Limited ("Flexiglobal UK")**

Flexiglobal UK has been incorporated as a private limited company under the laws of the United Kingdom on August 4, 2008 bearing company registration number 6663662. Pursuant to the 100% acquisition of shares of the company by Flexiglobal Holdings Limited, Cyprus on December 01, 2009. Flexiglobal UK became its subsidiary and consequently a step down subsidiary of our Company. The company is engaged in the business of carrying on business of a general commercial company. The registered office of Flexiglobal UK is situated at Murdoch House, Hemingfield Road, Wombwell, Barnsley, South Yorkshire. S730LY.

The authorised share capital of Flexiglobal UK is £100,000 comprising of 100,000 ordinary shares of £1.00 each and the paid up capital is £100,000 divided into 100,000 ordinary shares of £1.00 each.

The board of directors of Flexiglobal UK is comprised as under:

| Name of the Director | Nature of the Directorship |
|---|---|
| Mr. Kevan John Upperdine | Director |
| Mr. Allen David Cresswell | Director |

The shareholding pattern of Flexiglobal UK as on date is as under:

| Sr. No | Name of the shareholder | No. of Shares | % shareholding |
|---|---|---|---|
| 1. | Flexiglobal Holdings Limited | 100,000 | 100% |
| | **Total** | **100,000** | **100%** |

Flexiglobal UK is an unlisted company and it has not made any public or rights issue in the preceding three years. This company is not subject to any winding up proceedings.

Flexiglobal UK is not declared as a wilful defaulter by the RBI or any other Government Authority.

**2. Lakshmi Incorporated.**

Lakshmi Incorporated is a corporation incorporated in the state of West Virginia, U.S.A formed as per the provisions of West Virginia Code bearing Company id 0745220 with effect from January 5, 2009. Pursuant to investment made by Flexiglobal Holdings Limited, Cyprus on October 07, 2009, Lakshmi Incorporated became its subsidiary and consequently a step down subsidiary of our Company. The company is currently carrying on its business of manufacturing and trading of extruded reclosable plastic profiles in the trade name "MDH Global Packaging Solutions" with its principal place of business at 2000 Connor Road, Suite 140, Herbon, KY 41048.

The authorised share capital of Lakshmi Incorporated is USD 100,000 comprising of 100,000 equity shares of USD 1.00 each and the paid up capital is USD 100,000 divided into 100,000 equity shares of USD 1.00 each.

The board of directors of Lakshmi Incorporated is comprised as under:

| Name of the Director | Nature of the Directorship |
|---|---|
| Ms. Suchita Madan | Director |

The shareholding pattern of Lakshmi Incorporated as on date is as under:

| Sr. No. | Name of the shareholder | No. of Shares | % shareholding |
|---|---|---|---|
| 1 | Flexiglobal Holdings Limited | 100,000 | 100% |

Lakshmi Incorporated is an unlisted company and it has not made any public or rights issue in the preceding three years. This company is not subject to any winding up proceedings.

Lakshmi Incorporated is not declared as a wilful defaulter by the RBI or any other Government Authority.

**Disassociation from Eco Polymers Limited**

Our Company had a subsidiary in the name of Eco Polymers Limited which was incorporated in Bangladesh. However, no business was conducted in this company for lack of business prospects in Bangladesh and hence, our Company disassociated itself from the said company on September 29, 2010 by transferring its entire shareholding in Eco Polymers Limited to a third party for a consideration ₹ 0.44 million. Since the said subsidiary is not a material subsidiary the proforma financial statements have not been disclosed

**Accumulated profits or losses not accounted for**

The accumulated profits or losses of our subsidiary have been accounted for by our Company in the restated audited consolidated financial statements of our Company included in the DRHP. For further details, please refer to the section “Financial Statements” beginning on page 218 of the DRHP.

**Shareholders Agreements**

**A. Termination Agreement dated February 24, 2011 between Clearwater Capital Partners (Cyprus) Limited (the “Investor”), Flexituff International Limited (the “Company”) and Manish Kalani, Manisha Kalani, Kartikeya Kalani, Kalani Industries Pvt. Ltd., Sanovi Trading Private Ltd., Anshuman Properties Pvt. Ltd., High Skey Properties Pvt. Ltd., Saurabh Properties Pvt. Ltd., Miscellani Global Pvt. Ltd., Fantasy Real Estate Pvt. Ltd., Seven Star Properties Pvt. Ltd., Sunrise Properties Pvt. Ltd. (the “Sponsors”) (the “Agreement”)**

The Investor had previously subscribed to 92 (Ninety Two) Fully Convertible Debentures and 100 (One Hundred) Equity Shares of the Company, as per the terms of a Subscription Agreement dated December 14, 2007 as amended by the Addendum to the Subscription Agreement dated October 28, 2008 (the “Subscription Agreements”). The Subscription Agreements *inter alia* contain the *inter se* rights and obligations of our Company’s shareholders as well as the terms relating to the management and control of the affairs of our Company and the grant of certain special rights in favour of the Investor.

The Investor has exercised its option to convert the Fully Convertible Debentures into 4,486,492 Equity Shares at a price of ₹ 102.53 per equity share. For further details, please refer to the section “Capital Structure” beginning on page 57 of the DRHP.

In view of the initial public offering proposed by our Company, the Investor, Company and the Sponsors have entered into an Termination Agreement dated February 24, 2011, the key terms of which are as under:

(i) The Subscription Agreements (as defined above) shall stand terminated, such termination being effective from two days prior to the filing of the DRHP.

(ii) The Investor shall, so long as it continues to hold at least 5% of the issued and paid up capital of our Company, have a right to appoint one person as a Director on our Board.

(iii) The affirmative vote of the Investor will be required for following matters to be decided:

(a) Any merger, de-mergers, spin-offs, consolidations, re-organization or any scheme of arrangement under section 391-394 of the Companies Act, 1956 in relation to the Company.
(b) amendments to the Memorandum and Articles of Association of the Company.
(c) change in the capital structure of the Company including the terms and conditions for the listing or de-listing of the Equity Shares of the Company, issuance of any equity, preference, convertible securities (warrants/debenture), or any buy-back or reduction of the share capital of the Company and including changes in class rights for shares (directly or indirectly).
(d) Any major project undertaken by the Company which (i) envisages an investment of more than ₹ 2500 million; and (ii) has an IRR of less than 20%.

Further, the presence of the Investor Nominee Director shall be necessary to constitute quorum for the board meetings.

The affirmative voting rights and the quorum rights as detailed hereinabove shall cease to be in force effective two days prior to the filing of the Updated DRHP with SEBI. It is further agreed that the Articles of Association of the Company shall be amended to delete the above referred affirmative voting rights and quorum rights effective two days prior to the filing of the Updated DRHP with SEBI.

(iv) The Agreement shall continue in full force and effect until the sooner of:

(a) Any date prior to September 30, 2011 if the Company abandons or terminates the IPO process presently under way for any reason whatsoever;

(b) September 30, 2011 or such other date as may be mutually agreed upon by the Company, Sponsors and the Investor in writing, if the shares of the Company are not listed; or

(c) the Company, Sponsors and the Investor agree in writing to terminate the Agreement.

Each event described above a "Termination Event".

(v) If the Company or any of the Sponsors (the "Defaulting Party") commits a breach of any of the covenants of the Agreement, then the Investor may, without prejudice to any other rights and remedies which it may have, serve a written notice on the Defaulting Party terminating the Agreement ("Default Termination Event").

(vi) On the occurrence of a Termination Event:

(a) the Agreement shall immediately and automatically terminate without any further action by any person, such termination being effective on the date of the Termination Event or Default Termination Event, as the case may be; and

(b) an agreement, being a "Replacement Shareholders Agreement" shall automatically and without any further action by any person, become effective immediately , following such termination; and

(c) the Company shall promptly convene a meeting of the shareholders of the Company and take appropriate steps to amend the Articles of Association to reflect the terms of the Replacement Agreement.

**B. Replacement Shareholders Agreement dated February 24, 2011 between Clearwater Capital Partners (Cyprus) Limited (the "Investor"), Flexituff International Limited (the "Company") and Manish Kalani, Manisha Kalani, Kartikeya Kalani, Kalani Industries Pvt. Ltd., Sanovi Trading Private Ltd., Anshuman Properties Pvt. Ltd., High Skey Properties Pvt. Ltd., Saurabh Properties Pvt. Ltd., Miscellani Global Pvt. Ltd., Fantasy Real Estate Pvt. Ltd., Seven Star Properties Pvt. Ltd., Sunrise Properties Pvt. Ltd. (the "Sponsors")**

The Investor, Sponsors and the Company have executed a Replacement Shareholders Agreement dated February 24, 2011 containing *inter alia*, the *inter se* rights and obligations of our Company's shareholders as well as the terms relating to the management and control of the affairs of our Company and the grant of certain special rights in favour of the Investor.

The Replacement Shareholders Agreement would come into effect upon the termination of the Termination Agreement dated February 24, 2011 referred to above. Upon the Replacement Shareholders Agreement coming into force, the Investor would be entitled to various special rights including affirmative voting rights, quorum rights, rights of first offer in the event of sale of shares by the Sponsors, customary exit rights viz tag along right, drag along right, strategic sale, etc. which are similar to the rights enjoyed by the Investor under the Subscription Agreements.

**C. Call Option Agreement dated October 28, 2008 executed between Angelfire Holdings Limited ("Angelfire"), Clearwater Capital Partners (Cyprus) Limited (the "Investor"); and Manish Kalani, Manisha Kalani, Kartikeya Kalani, Kalani Industries Pvt. Ltd., Sanovi Trading Private Ltd., Anshuman Properties Pvt. Ltd., High Skey Properties Pvt. Ltd., Saurabh Properties Pvt. Ltd., Miscellani Global Pvt. Ltd., Fantasy Real Estate Pvt. Ltd., Seven Star Properties Pvt. Ltd., Sunrise Properties Pvt. Ltd. (the "Sponsors") (the "Call Option Agreement")**

As per the Addendum to the Subscription Agreement dated October 28, 2008, it was agreed that the Investor and a shareholder nominated by the Sponsors shall execute a share purchase agreement pursuant to which the Investor shall purchase 338,000 Equity Shares from such shareholder and that the Investor shall grant a call option to the said shareholder as per the provisions of a call option agreement to be executed in this regard.

Accordingly, the parties entered into the Call Option Agreement whereby the Investor granted to Angelfire, (being the shareholder nominated by the Sponsors) a call option to be exercised in the event of the Investor exercising any of its options to fully exit the Company.

In the terms of the Addendum to the Subscription Agreement dated October 28, 2008, the Investor had purchased 338,000 Equity Shares from Angelfire. Upon the exercise of the call option by Angelfire, 338,000 Equity Shares were transferred by the Investor to Angelfire. Subsequently, the Call Option Agreement was terminated vide a Call Option Termination Agreement dated February 23, 2011.

**Joint Ventures**

We do not have any joint ventures as on the date of the DRHP.

**Strategic Partners**

We do not have any strategic partners.

**Financial Partners**

As on the date of the DRHP, apart from the various arrangements with bankers and lenders which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

## MANAGEMENT

### Board of Directors

Under our Articles of Association we are required to have not less than 3 directors and not more than 12 directors, subject to Sections 252 and 259 of the Companies Act, 1956. Our Company currently has seven directors on the Board.

The following table sets forth details regarding the Board of Directors as of the date of the DRHP

| S. No. | Name, Designation, Father's Name, Address, Occupation, Term, Nationality and DIN. | Age | Date of Appointment | Other Directorships |
|---|---|---|---|---|
| 1. | **Mr. Anirudh Sonpal**<br>*Chairman and Independent Director*<br><br>S/o Mr. Chittaranjan Hargovind Sonpal<br><br>Address: 8-Pitamber Soc,<br>Old Padra Road<br>Vadodara – 390020<br><br>Occupation: Professional<br><br>*Term: Liable to retire by rotation.*<br><br>Nationality: Indian<br><br>DIN: 03367049 | 50 years | December 9, 2010 | Nil |
| 2. | **Mr. Manish Kalani**<br>*Managing Director*,<br><br>S/o Mr. P.S. Kalani<br><br>Address: 11, Tukoganj Main Road, Indore 452001<br><br>Occupation: Business<br><br>*Term: Reappointed for three years w.e.f. April 1, 2009.*<br><br>Retirement: Non rotational<br><br>Nationality: Indian<br><br>DIN**:** 00169041 | 42 years | April 1, 2009. | 1. Entertainment World Developers Limited<br>2. Crystal 3 Power Pvt. Ltd<br>3. MRK Pipes Limited<br>4. Four Dimension Pvt. Ltd<br>5. Triple A Real Estate Private Limited |
| 3. | **Mr. Pawan Kumar Jain**<br>*Non- Executive Director*<br><br>S/o Mr. Indori Lal Jain<br><br>Address: 62, Shikshak Nagar, Aerodrome Road, Indore 452005 | 54 years | January 14, 2002. | 1. Seven Star Properties Pvt. Ltd.<br>2. Sunrise Properties Pvt. Ltd<br>3. Triple A Construction Pvt. Ltd<br>4. Gagan Commercial Agencies Ltd<br>5. Peri Green Trading Pvt. Ltd.<br>6. TI Travels Pvt. Ltd. |

| S. No. | Name, Designation, Father's Name, Address, Occupation, Term, Nationality and DIN. | Age | Date of Appointment | Other Directorships |
|---|---|---|---|---|
| | Occupation: Business<br><br>*Term: Liable to retire by rotation.*<br><br>Nationality: Indian<br><br>DIN: 00012279 | | | 7. Ratangiri Vinimay Pvt. Ltd.<br>8. Dumet Wire India Pvt. Ltd.<br>9. Samarpit Developers Pvt. Ltd.<br>10. Herbal Dreams Ayurveda Creation Pvt. Ltd.<br>11. Anshuman Properties Pvt. Ltd. |
| 4. | **Mr. Ravindra Chourasiya**<br>*Non- Executive Director*<br><br>S/o Mr. Krishna Kumar Chourasiya<br><br>Address: 101, Amar Tower, GF - 37 Vijay Nagar, Indore 452010<br><br>Occupation: Business<br><br>*Term: Liable to retire by rotation.*<br><br>Nationality: Indian<br><br>DIN: 00061084 | 43 years | March 18, 2006. | 1. Jabalpur Treasure Island Pvt. Ltd<br>2. Udaipur Treasure Market City Pvt. Ltd<br>3. Annapoorna Entertainment World Developers Pvt. Ltd<br>4. Dazzling Properties Pvt. Ltd<br>5. Amaravati Treasure Bazaar Pvt. Ltd<br>6. Highbeam Reality Private Limited<br>7. Gemini Heights Private Limited<br>8. Shri Ram Soya Processing Pvt. Ltd<br>9. Indore Treasure Market City Private Limited<br>10. Indore Treasure Town Private Limited<br>11. Marvell Mall Development Company Private Limited<br>12. Naman Mall Management Company Private Limited<br>13. Nanded Treasure Bazaar Private Limited<br>14. The Baroda Commercial Corporation Limited<br>15. Ujjain Treasure Bazaar Private Limited<br>16. Ranvir Hanuman Agrifarms Private Limited<br>17. Chandigarh Treasure Island Private Limited<br>18. Treasure Showcase Private Limited |
| 5. | **Mr. Aswini Sahoo**<br>*Non-Executive Director (Nominee Director of Clearwater Capital Partners (Cyprus) Limited)*<br><br>S/o Mr. Krishna Chandra Sahoo<br><br>Address: Flat N0. 406 Tower B, Raheja Sherwood, Goregaon East, Mumbai 400 063 | 36 years | January 20, 2010. | 1. Diamond Power Infrastructure Limited<br>2. Clearwater Capital Partners India Private Limited<br>3. Kamat Hotels (India) Limited |

| S. No. | Name, Designation, Father's Name, Address, Occupation, Term, Nationality and DIN. | Age | Date of Appointment | Other Directorships |
|---|---|---|---|---|
| | Occupation: Business<br><br>*Term: Not liable to retire by rotation.*<br><br>Nationality: Indian<br><br>DIN : 01931805 | | | |
| 6. | **Mr. Kevan John Upperdine**<br>*Independent Director*<br><br>S/o John Upperdine<br><br>Address: 48, Wood Walk Wombell, Barnsley, South Yorkshire , England S730NF<br><br>Occupation: Business<br><br>*Term: Liable to retire by rotation.*<br><br>Nationality: British<br><br>DIN: 01214264 | 51 years | November 18, 2006. | 1. Flexiglobal UK Limited |
| 7. | **Mr. Sharat Anand**<br>*Independent Director*<br><br>S/o. Mr. Kuldip Raj Anand<br><br>Address: Flat No. 502, Royal Retreat Apartments, Charmwood Village, Surajkund, Faridabad 121 009<br><br>Occupation: Professional<br><br>*Term: Liable to retire by rotation.*<br><br>Nationality: Indian<br><br>DIN: 00083237 | 51 years | April 8, 2008 | 1. Elpro International Limited<br>2. Parijat Consulting Pvt. Ltd<br>3. Parijat Financial Consultancy Pvt. Ltd<br>4. Parijat Industries (India) Pvt. Ltd<br>5. Parijat Crop Protection (India) Pvt. Ltd<br>6. Banyan Life Science Private Limited |

**Relationship amongst Directors**

None of our Directors are related to each other.

**Brief profile of the Board of Directors**

**1. Mr. Anirudh Sonpal**

Mr. Anirudh Sonpal, aged 50 years, has graduated from Sydenham College of Commerce & Economics, Mumbai and is a Fellow Member of the Institute of Chartered Accountants of India. His core areas of practise include Internal, Management & Operations Audit, Internal Controls, Risk Management, Corporate Governance and Indirect Taxes. He has actively participated in the activities of the ICAI at Branch and Regional levels. He has been nominated by various forums and associations in their committees. He has presented papers at various seminars orgainized by professional bodies and industry associations.

**2. Mr. Manish Kalani**

Mr. Manish Kalani, aged 42 years, is the Managing Director of our Company. He holds a Bachelor of Arts from Daly College, Indore. He has completed a course on Business Administration from Sydenham College, Bombay University and thereafter completed a financial workshop from the Wharton College, USA. He was first appointed as Director of our Company in the year 2002. Under his management our Company started its second manufacturing facility at the SEZ in Pithampur in the financial year 2003-04. He has to his credit, successful completion of various expansion plans undertaken by our Company. He has been the Honorary Secretary of the All India Manufacturers' Organisation and a member of the Managing Committee of Indore Management Association. He has been a member of various Advisory Committees formed by the Government of Madhya Pradesh for development of new Industrial & Commercial Policies for Industries.

**3. Mr. Pawan Kumar Jain**

Mr. Pawan Kumar Jain, aged 54 years, has a master's degree in commerce and has 32 years of experience in the field of accounts, finance and taxation. He is closely associated with our group for more than two decades.

**4. Mr. Ravindra Chourasiya**

Mr. Ravindra Chourasiya, aged 43 years, is a fellow member of the ICAI. He holds a Masters degree in Business Administration in retail from Devi Ahilya Vishwa Vidyalaya, Indore. He also has Master degree in Commerce from Ajmer University of Rajasthan. He has significant experience in financial and strategic business planning, general accounting, risk management and commercial operations.

**5. Mr. Aswini Sahoo**

Mr. Aswini Sahoo, aged 36 years and based in Mumbai, is a senior member of Clearwater Capital Partners and has been nominated by Clearwater Capital Partners (Cyprus) Limited on our Board. He holds an Honors degree in Mechanical Engineering from Regional Engineering College, Rourkela and Post Graduate Diploma in Management from the Indian Institute of Management, Bangalore. Prior to joining Clearwater in 2006, Mr. Sahoo has held positions with increasing responsibilities with Vedanta Resources and ICICI Bank.

**6. Mr. Kevan John Upperdine**

Mr. Kevan John Upperdine, aged 51 years, has over 29 years of experience as a mechanical engineer and production manager. He has worked with Apprentice Mechanical Engineer, Bowater PLC and Euro Bulk Packaging Limited in the past.

**7. Mr. Sharat Anand**

Mr. Sharat Anand, aged 51 years has completed his Economics Honours from Delhi University and holds a Masters degree in Business Administration, Delhi University. He has been a banker for over 20 years with assignments overseas and in India. He has experience in capital market activities including fund management, debt origination, syndication and trading, forex market and enterprise risk management across diverse global markets and products.

He was Deputy CEO and Country Treasurer, Standard Chartered Bank in India from 1993-2000 and held senior management positions at ABN Amro Bank N.V in India as Country Treasurer from 1990-1993.

***Terms and conditions of employment of Executive Director***

*Mr. Manish Kalani*

Our shareholders have, vide resolution passed at the annual general meeting held on September 30, 2009 approved the appointment of Mr. Manish Kalani as the Managing Director of the Company for a period of three years with effect from April 1, 2009 on an honorary basis but will be entitled for reimbursement of actual expenses incurred while performing his duties.

***Terms and conditions of employment of Non-Executive Director***

*Commission to Non-Executive Directors*

There is no commission payable to any of our Non-Executive Directors**.**

*Sitting Fees*

The non executive directors on our Board are paid a sitting fee of ₹ 1,000 per Board meeting.

***Payment or benefit to officers of the Company***

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees, grant of stock options or benefits under any keyman insurance policies taken by the Company. There is no service contract entered into by the directors with the Company providing for benefits upon termination of employment.

**Corporate Governance**

The provisions of the listing agreements, to be entered into by our Company with the Stock Exchanges, will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 49 (as applicable) of the listing agreement, particularly in relation to appointment of independent Directors to our Board and constitution of the audit committee, shareholders'/ investors' grievance committee and compensation committee. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the listing agreement. In addition, our Company intends to adopt a code of conduct for prevention of insider trading.

Currently, our Board comprises of seven Directors, of which the Chairman is a Non-Executive and Independent Director. In compliance with the requirements of Clause 49 of the listing agreement, our Company has one executive director and six non-executive directors of whom three are independent directors.

We have constituted/ reconstituted the following committees of our Board of Directors for compliance with corporate governance requirements:

(a) Audit Committee
(b) Shareholders'/ Investors' Grievance Committee
(c) Compensation Committee
(d) IPO Committee
(e) Management Committee
(f) Selection Committee

**Audit Committee**

The Audit Committee was constituted on March 18, 2006 and was reconstituted on December 9, 2010. The committee functions as prescribed under Section 292A of the Companies Act, 1956 and Clause 49 of the listing agreement. The members of the committee at present are:

| Name | Position |
|---|---|
| Mr. Sharat Anand | Chairman |
| Mr. Anirudh Sonpal | Member |
| Mr. Pawan Kumar Jain | Member |
| Mr. Dinesh Kumar Sharma | Secretary |

The terms of reference of the audit committee are broadly defined as under:

1. Overseeing the Company's financial reporting process and disclosure of its financial information.
2. Regular review of accounts, accounting policies, disclosures, etc.
3. Regular review of the major accounting entries based on exercise of judgment by management.
4. Qualifications in the draft audit report.
5. Establishing and reviewing the scope of the statutory audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board, with particular reference to matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of clause 2(AA) of S.217 of the Companies Act, 1956, Major accounting entries involving estimates based on the exercise of judgment by management, changes in the accounting policies and practices and reasons for the same, significant adjustments made in the financial statements arising out of audit findings, Compliance with listing and other legal requirements relating to financial statements, Disclosure of any related party transactions and qualifications in the draft audit report.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. The Committee shall have post audit discussions with the statutory auditors to ascertain any area of concern.
8. Regular review of the performance of statutory and internal auditors together with the management.
9. Discussion and follow up on any important findings with the internal auditors. In case there is a suspected case of fraud or irregularity, review of the findings of the internal auditors and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
13. Establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems including structure of the internal audit department, frequency of internal audit, staffing and seniority of the official heading the department.
14. Review the functioning of the whistle blower mechanism, in case the same exists.
15. To look into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
16. To look into the matters pertaining to the Director's Responsibility Statement with respect to compliance with applicable accounting standards and accounting policies.
17. Compliance with Stock Exchange legal requirements concerning financial statements, to the extent applicable.
18. The Committee shall look into any related party transactions i.e., transactions of the company of material nature and disclose such transactions, with promoters or management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
19. Recommending to the Board the appointment, re-appointment, and replacement of the statutory auditor and the fixation of audit fee.
20. Approval of payments to the statutory auditors for any other services rendered by them.

21. Review of management discussion and analysis of financial condition and results of operations, statements of related party transactions submitted by management, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor.
22. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee.

The powers of the audit committee shall also include the power to investigate any activity within its terms of reference; seek information from any employees; obtain outside legal or other professional advice; and secure attendance of outsiders with relevant expertise, if it considers necessary

**Shareholders/ Investors' Grievance Committee**

The committee was constituted on March 18, 2006 and has been reconstituted as on December 9, 2010. The committee, under the chairmanship of non-executive independent director is formed to specifically look into the redressal of shareholder and investor complaints. The members of the committee at present are

| Name | Position |
|---|---|
| Mr. Sharat Anand | Chairman |
| Mr. Anirudh Sonpal | Member |
| Mr. Pawan Kumar Jain | Member |
| Mr. Dinesh Kumar Sharma | Secretary |

The terms of reference of the Investors' Grievances Committee shall be as follows:

1. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non- receipt of balance sheet etc.
2. Approve requests for share transfers and transmission and those pertaining to rematerialisation of shares/ sub-division/ consolidation/ issue of renewed and duplicate share certificates etc.
3. Performance of the Registrars and Transfer Agents of the company and recommending measures for overall improvement in the quality of investor services.
4. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

**Compensation Committee**

The remuneration committee was constituted on March 18, 2006 and was reconstituted and renamed as compensation committee on December 9, 2010. The said committee is comprised as under:

| Name | Position |
|---|---|
| Mr. Sharat Anand | Chairman |
| Mr. Anirudh Sonpal | Member |
| Mr. Kevan John Upperdine | Member |
| Mr. Dinesh Kumar Sharma | Secretary |

The terms of reference of the compensation committee are:

To be responsible for the implementation, administration and superintendence of the Company's Employee Stock Option Schemes and formulate the detailed terms and conditions of the ESOP Schemes including but not limited to:

1. The specific employees who would be granted options under the ESOP Scheme.
2. The quantum of options to be granted under an ESOP Scheme per employee and in aggregate.
3. The conditions under which options vested in employees may lapse in case of termination of employment for misconduct.

4. The exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period.
5. The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
6. The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.
7. The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Compensation Committee:
   (a) the number and the price of ESOS shall be adjusted in a manner such that total value of the ESOS remains the same after the corporate action.
   (b) for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered.
   (c) the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.
8. The grant, vest and exercise of option in case of employees who are on long leave; and
9. The procedure for cashless exercise of options.
10. Framing suitable policies and systems to ensure that there is no violation of:
    - The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
    - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 1995

    by any employee.

**IPO Committee**

IPO Committee was constituted on July 14, 2010 and was reconstituted on December 9, 2010. This committee was delegated powers to take care of day to day matters related to pre and post IPO matters and is currently comprised as under:

| Name | Position |
|---|---|
| Mr. Sharat Anand | Chairman |
| Mr. Anirudh Sonpal | Member |
| Mr. Pawan Kumar Jain | Member |
| Mr. Aswini Sahoo | Member |
| Mr. Dinesh Kumar Sharma | Secretary |

The IPO committee shall have the authority:

1. to decide on the actual size of the public offer, including any offer for sale by promoters/shareholders, exercise of any green shoe (over-allotment) option and/or reservation on a firm or competitive basis, timing, pricing and all the terms and conditions of the issue of the shares, including the price, and to accept any amendments, modifications, variations or alterations thereto;
2. to appoint and enter into arrangements with the book running lead managers, co-managers to the issue, underwriters to the issue, syndicate members to the issue, stabilizing agent, brokers to the issue, escrow collection bankers to the issue, registrars, legal advisors and any other agencies or persons;
3. to finalize and settle and to execute and deliver or arrange the delivery of the draft offering document (the draft red herring prospectus), red herring prospectus, final prospectus, syndicate agreement, underwriting agreement, escrow agreement and all other documents, deeds, agreements and instruments as may be required or desirable in connection with the issue of shares by the Company;
4. to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, allocation and allotment of the shares as permissible in law, issue of share certificates in accordance with the relevant rules;
5. to make any applications to the Foreign Investment Promotion Board, Reserve Bank of India and such other authorities, as may be required, for the purpose of issue of shares by the Company to non-resident investors such as Non-Resident Indians and Foreign Institutional Investors;

6. to make applications for listing of the equity shares of the Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);
7. to finalize the basis of allocation and to allot the shares to the successful allottees; and
8. to settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit.

**Management Committee**

Management committee was constituted on December 20, 2007 and was reconstituted on December 9, 2010.

The constitution of management committee is as follows:

| Name | Position |
|---|---|
| Mr. Sharat Anand | Chairman |
| Mr. Manish Kalani | Member |
| Mr. Pawan Kumar Jain | Member |
| Mr. Ravindra Chourasiya | Member |
| Mr. Dinesh Kumar Sharma | Secretary |

Management committee has been delegated with an authority in relation to procurement and management of fund for existing and futures projects of the Company.

Management committee is also authorised to approve and execute deeds, documents, undertakings and declaration as may be required by the lender banks/ institutions in connection with the debt financing of the company.

The committee will also have the powers and authority in relation to day to day management affairs such as:

1. Administration and management
2. Production
3. Strategic Planning
4. Expansion and Performance review
5. Marketing
6. Fund & Project Execution etc.

**Selection Committee**

The committee was constituted on March 12, 2010 and was reconstituted on December 9, 2010. The members of the committee at present are as under:

| Name | Position |
|---|---|
| Mr. Sharat Anand | Chairman |
| Mr. Anirudh Sonpal | Member |
| Mr. Kevan John Upperdine | Member |
| Mr. Dinesh Kumar Sharma | Secretary |

Selection committee was constituted to analysis and decides role & responsibilities and to recommends the appointment of key managerial personnel in the Company on such remuneration and terms & conditions as committee deems fit into best interest of the company;

Selection committee was also granted with all general powers including conducting of interview of the applicant and hereby instructed to submit the report including areas of inspection along with recommendation and draft appointment letter to the board."

**Shareholding of the Directors**

Our Articles do not require our Directors to hold any qualification shares in the Company. The list of Directors holding Equity Shares and the number of Equity Shares held by each of them as on date is set forth below:

| Sr. No. | Director | No. of Equity Shares held | % of Pre-Issue Share Capital |
|---|---|---|---|
| 1. | Mr. Manish Kalani | 11,400 | 0.07 |
| 2. | Mr. Pawan Kumar Jain | Nil | Nil |
| 3. | Mr. Ravindra Chourasiya | Nil | Nil |
| 4. | Mr. Aswini Sahoo | Nil | Nil |
| 5. | Mr. Kevan John Upperdine | Nil | Nil |
| 6. | Mr. Sharat Anand | Nil | Nil |
| 7. | Mr. Anirudh Sonpal | Nil | Nil |

***Interests of Directors***

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association. Our Directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company.

All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them as disclosed above or that may be subscribed by and allotted to them and to companies and firms in which they are interested as directors/members/partners.

All our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by us with any company in which they hold directorships or any partnership firm in which they are partners.

Our Directors do not have any interest:

(i) in the promotion of our Company; or
(ii) in any property acquired by our Company during a period of two years before the date of the DRHP or proposed to be acquired our Company as on the date of the DRHP.

***Borrowing Powers of the Board***

Our Articles, subject to the provisions of the Companies Act, authorise our Board, at its discretion, to generally raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Pursuant to a resolution passed by our shareholders at the EGM held on October 30, 2006, our Board has been authorised to borrow any sum or sums of monies (apart from temporary loans/facilities obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of our aggregate paid-up capital and free reserves, provided that the total amount which may be so borrowed and outstanding shall not exceed the aggregate of the paid-up capital and free reserves of our Company by more than a sum of ₹ 5,000 million.

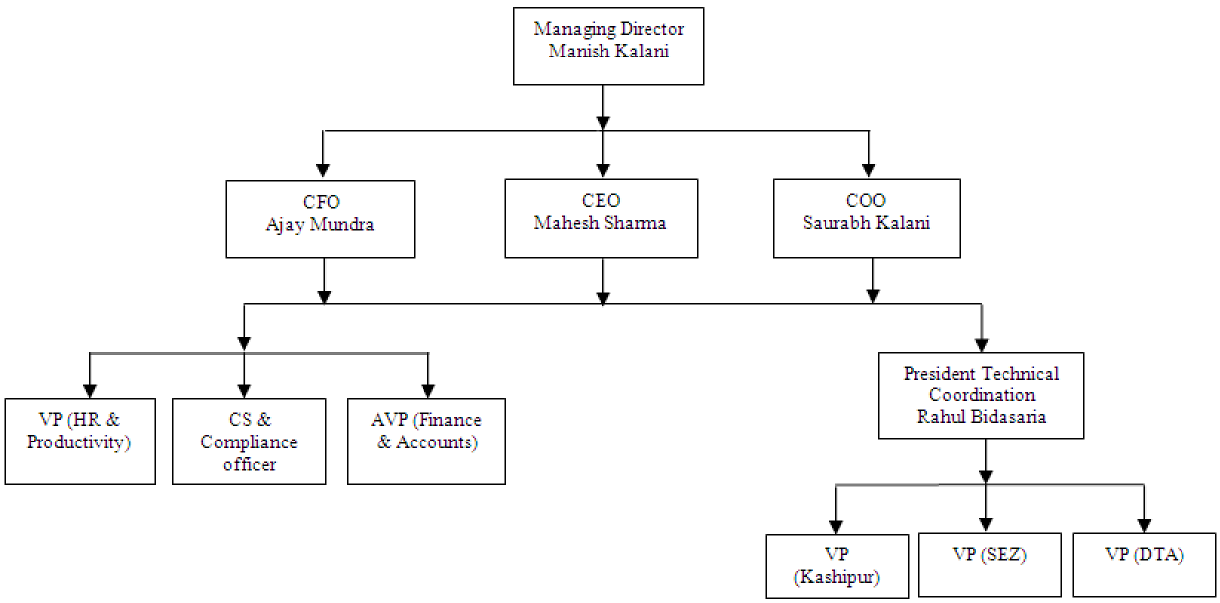
***Changes in the Board of Directors in the last 3 years***

The following are the changes to the Board of Directors in the last 3 years:

| Name | Date of Appointment | Date of Cessation | Reason for Change |
|---|---|---|---|
| Mr. Anirudh Sonpal | December 9, 2010 | - | Appointment |
| Mr. Aswini Sahoo | January 20, 2010 | - | Appointment |

| Name | Date of Appointment | Date of Cessation | Reason for Change |
|---|---|---|---|
| Mr. Sharat Anand | April 8, 2008 | - | Appointment |
| Mr. Sunil Bhargava | November 18, 2006 | September 30, 2010 | Resignation |

**ORGANISATION CHART**




**Key Managerial Personnel**

In addition to our Executive Directors, the following are our other key managerial personnel. All of our key managerial employees are permanent employees of our Company. The details under this section are as of the date of the DRHP.

**1. Mr. Saurabh Kalani, Chief Operating Officer ("COO")**

Mr. Saurabh Kalani aged 48 years, is a commerce graduate from Sydenham College, Mumbai. He has around 26 years of experience and has been associated with our Company as an advisor since 2004. Prior to that, he was associated with Kalani Industries Private Limited and Giltpack Limited. He was appointed as the Chief Operating Officer with effect from September 30, 2010. He has more than two decades of experience in the field of manufacturing, import, export, market development, strategic planning, production planning, financial planning etc. relating to Raffia Industry. He is the founder President of the Indian Flexible Intermediate Bulk Container Association. He was the Vice President of All India Flat Tape Manufacturers' Association and is the member of the Committee of the Plastics Export Promotion Council (PLEXCONCIL). He has expert knowledge in the products manufactured by our Company and its utilization in global market. No remuneration has been paid to Mr. Saurabh Kalani in the last financial year, however he was paid ₹ 0.45 million as consultancy fees for the services rendered to our Company in the capacity of an advisor.

**2. Mr. Mahesh Sharma, Chief Executive Officer ("CEO")**

Mr. Mahesh Sharma, aged 49 years is a Mechanical Engineer from Shri Vaishnav Polytechnic Institute, Indore and has a master degree in Business Administration from Institute of Management Studies Devi Ahilya Vishwavidyalaya, Indore. He joined our Company on January 1, 2002. He has over two decades of experience in the corporate sector at various levels. He has in the past worked with Forbes & Forbes Campbell Limited, a Tata Group Company at Ahmedabad. His remuneration for the last financial year was ₹ 2.57 million

3. **Mr. Ajay Mundra, Chief Financial Officer ("CFO")**

   Mr. Ajay Mundra, 55 years, is a fellow member of the Institute of Chartered Accountants of India, New Delhi. He joined our Company on November 1, 2002. He has as over 30 years experience in the field of corporate accounts & finance. He has worked with various renowned business houses like Birla Group and Jhunjhunwala Group. His remuneration for the last financial year was ₹ 0.90 million

4. **Mr. Rahul Bidasaria, President (Technical Co-ordination)**

   Mr. Rahul Bidasaria, 44 years, is an industrial and production engineering graduate from the Bangalore University. He joined our Company on July 1, 2007. He has experience in the steel, food processing and plastics industries. His remuneration for the last financial year was ₹ 0.83 million

5. **Mr. K. K. Vijayvergiya, Asst. Vice President (Finance and Accounts)**

   Mr. K. K. Vijayvergiya, aged 51, is a member of the ICAI, ICSI & ICWAI. He joined our Company on December 22, 2009. He has more than 28 years experience in the corporate sector in the field of corporate finance, accounting etc. He has worked with various renowned corporates like Sandoz (India), Ferro Alloys, Morden Syntex, Jaipur Metal & Electrical, Indore Wire Co., Ruia Group, Indore Steel Group, Sayaji Group, Sanghi Group at senior positions. He has also been associated with the Indore Wire Co. Limited as an Executive Director. He looks into accounts & finance functions of our Company. His remuneration for the last financial year since joining was ₹ 0.25 million.

6. **Mr. Atul Asawa, Vice President**

   Mr. Atul Asawa, aged 37 years, is a fellow member of the Institute of Chartered Accountants as well as a member of the Company Secretaries Institute. He is a merit holder with a post graduate degree from Devi Ahilya University. He joined our Company on August 1, 2007. Prior to joining our Company he was working for Sia Euro Arti, Latvia. He has served at senior levels in various organization in past 15 years of his professional career. His core areas of competence are corporate finance, MIS, operations and administration. His remuneration for the last financial year was ₹ 0.89 million

7. **Mr. N. K. Malviya, Senior General Manager (Finance & Accounts)**

   Mr. N.K. Malviya, aged 55 years, joined our Company on January 1, 2008. He looks after the day to day affairs of our finance & accounts. He has a bachelor's degree in commerce. He has over 33 years of experience and has been associated with our group for over two decades. His remuneration for the last financial year was ₹ 0.84 million.

8. **Mr. Dinesh Kumar Sharma, Company Secretary and Compliance Officer**

   Mr. Dinesh Kumar Sharma, aged 34 years is a fellow member of the ICSI and a graduate in both Law & Commerce from PMB Gujarati Arts & Law College, Indore. He joined our Company on January 1, 2007. He has more than 12 years of experience in the field of Secretarial, legal, Management/ Strategic Planning, Corporate Affairs, Insurance etc. Prior to joining our Company, he worked with the Ruchi Soya Group, D & H Welding Electrodes (India) Limited, Alfavision Oversesas (India) Limited etc. He has experience in strategic corporate matters, private placements, listing matters, corporate restructuring like merger & amalgamation etc. He has actively participated in the activities of the Indore Chapter of the ICSI and currently holds the position of treasurer of the ICSI, Indore Chapter. His remuneration for the last financial year was ₹ 0.78 million.

9. **Mr. M. S. Negi, Vice President (Production, SEZ)**

Mr. M.S. Negi, aged 50 years is an electrical engineer and joined our Company on November 1, 2005. He has experience of over two decades in the FIBC & engineering industry. He looks after and manages the production responsibilities of our SEZ units. His remuneration for the last financial year was ₹ 0.84 million.

**10. Mr. Manoj Dwivedi, Vice President (Human Resource & Productivity)**

Mr. Manoj Dwivedi, aged 45 years, holds a Masters degree in Social Work with specialization into Personnel Management, Industrial Relation and Labour Welfare. He also holds a bachelors degree in law. He joined our Company on April 1, 2005. He has more than two decade of experience in the field of human resource management. He played a vital role in implementing and overseeing quality control and compliance of all norms of various quality systems like ISO 9001:2000, AIB International and British Retail Consortium (BRC) in our Company. His remuneration for the last financial year was ₹ 0.84 million.

**11. Mr. Uttam Kapoor, General Manager (Overseas Operations)**

Mr. Uttam Kapoor, 50 years old, is a bachelor of science and is a member of the ICAI. He joined our Company on March 31, 2007. He looks after our overseas operations and handles export administration, logistics, cash flow and international operations with few prominent customers. He has over 28 years of experience in the field of finance, accounts, exports, logistics etc. His remuneration for the last financial year was ₹ 0.84 million.

**12. Mr. Vinod Sharma, Chief Scientific Officer**

Mr. Vinod Sharma, aged 40 years is a science graduate from Chaudhary Charansingh University, Meerut. He heads the research and development activities at our Company. He joined our Company on May 14, 2007. Prior to joining our Company, he was acting as an independent consultant for 12 years advising various corporates on matters related to research and development. His remuneration for the last financial year was ₹ 0.84 million.

**13. Mr. P.A. Jose, Vice President (Marketing)**

Mr. P A Jose, aged 56 years is a qualified professional with a post graduate degree in Business Administration. He joined our Company on August 11, 2008. He has more than 33 years of experience in sales and marketing and has worked with organizations such as Escorts Limited, Tata Exports Limited, Gujarat State Fertilizers etc. His remuneration for the last financial year was ₹ 0.53 million.

**14. Mr. Saravanan P.S., Business Head (Micro Irrigation)**

Mr. Saravanan P.S, aged 39 years, is a qualified engineer in plastics from Central Institute of Plastics Engineering & Technology (CIPET). He joined our Company on February 1, 2010. He has rich experience in injection moulding and micro irrigation systems. Prior to joining our Company he was associated with Tulsi Extrusion Limited, Jalgaon as General Manager (Operations). Currently he is looking after the setting up of the proposed dripper project. His remuneration for the last financial year since joining, was ₹ 0.17 million.

All the key managerial personnel are permanent employees of our Company

**Relationship of key managerial personnel with the Promoters, Directors and other key managerial personnel**

Mr. Saurabh Kalani, our Chief Operating Officer is the brother of our Managing Director, Mr. Manish Kalani. As per the provisions of Section 314 (1B) of the Companies Act, appointment of a relative of a director to an office of profit drawing remuneration in excess of the limit prescribed under the Companies Act requires the prior approval of the central government. Our Company has, vide a letter dated February 18, 2011, received the approval of the central government for appointment of Mr. Saurabh Kalani as the Chief Operating Officer with ₹ 3.12 million per annum as remuneration w.e.f. September 30, 2010 to June 30, 2013.

Except as detailed above, none of the key managerial personnel mentioned above are related to the Promoters/Directors of our Company. None of the above has been appointed pursuant to any arrangement/understanding with major shareholders/ customers/ suppliers.

**Bonus or Profit Sharing Plan for the key managerial personnel**

Our Company does not have any bonus or profit sharing for any of its key managerial personnel.

**Shareholding of the key managerial personnel**

Except for our Managing Director, Mr. Manish Kalani, who holds 11,400 Equity Shares, none of our key managerial personnel hold Equity Shares in our Company.

**Changes in the key managerial personnel since last three years:**

Other than the following there has been no change in the key managerial personnel of our Company:

| Sr. No. | Name | Designation | Date of Joining | Date of Cessation | Reason for change |
|---|---|---|---|---|---|
| 1. | Mr. Saurabh Kalani | Chief Operating Officer (COO) | September 30, 2010 | - | Appointment |
| 2. | Mr. P.A. Jose | VP (Marketing) | August 11, 2008 | - | Appointment |
| 3. | Mr. Venkatraman Ravi | CFO | - | February 13, 2009 | Resignation |
| 4. | Mr. K.K. Vijayvergiya | AVP (Finance and Accounts) | December 22, 2009 | - | Appointment |
| 5. | Mr. Umesh Dwivedi | VP (Commercial) | - | January 23, 2010 | Resignation |
| 6. | Mr. Saravanan P.S | Business Head (Micro Irrigation) | February 1, 2010 | - | Appointment |
| 7. | Mr. S.S. Rajan | VP (Manufacturing) | - | September 4, 2010 | Resignation |
| 8. | Mr. Chetan Pandya | VP (Marketing) | - | November 15, 2010 | Resignation |

**Interest of key managerial personnel**

None of our key managerial personnel have any interest in our Company and/or our Subsidiaries other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

**Employee Stock Option Scheme**

Our Company has, pursuant to a special resolution passed at a general meeting held on January 7, 2011 approved an employee stock option scheme. For further details please refer to the section "Capital Structure" beginning on page 57 of the DRHP.

**Loans taken by Directors/ key managerial personnel**

Our Directors and key managerial personnel have not taken any loans from our Company.

**Payment or benefit to officers of the Company**

Our Company has made no payments or benefits to its officers besides their salary and yearly bonus.

**Director's Declaration**

Each of our Directors have confirmed that the listed companies, in which they are/were Directors, have not been/were suspended from being traded on the BSE, NSE and/or any other stock exchanges at any period during the last five years from the date of the DRHP.

Each of our Directors have confirmed that the listed companies, in which they are/were directors have not been/ were delisted on the BSE, NSE and/or any other stock exchanges.

**Understanding / arrangement with major shareholders, customers suppliers/ others pursuant to which any person was appointed as a director or a member of senior management**

Save and except for Mr. Aswini Sahoo, a director nominated on our Board by Clearwater Capital Partners (Cyprus) Limited pursuant to a Subscription Agreement dated October 28, 2007 (as amended) and the terms of the Termination Agreement dated February 24, 2011, our Company does not have any understanding / arrangement with major shareholders, customers, suppliers or others pursuant to which any person was appointed as a director or a member of senior management.

## PROMOTERS

The Promoters of our Company are as follows:

1. Kalani Industries Private Limited
2. Miscellani Global Private Limited
3. Sanovi Trading Private Limited

### 1. Kalani Industries Private Limited (KIPL)

**Corporate Information**

KIPL was incorporated under the Companies Act in the name of Kalani Asbestos Cement Private Limited on November 27, 1974 with the Registrar of Companies, Gwalior. Thereafter KIPL changed its name at several occasions the details of which are as follows:

(a) Kalani Asbestos Cement Private Limited to Kalani Industries Private Limited on July 2, 1990;
(b) Kalani Industries Private Limited to Prosoya Industries Limited on December 15, 1993;
(c) Prosoya Industries Limited back to Kalani Industries Limited on March 28, 1994;
(d) Kalani Industries Limited to Kalani Industries Private Limited on January 29, 2003;
(e) Kalani Industries Private Limited to Kalani Industries Limited on May 2, 2003; and
(f) Kalani Industries Limited to its present name Kalani Industries Private Limited on February 28, 2007.

The registered office of the company is situated at G16, ground floor, RR Hosiery Building, Shree Laxmi Woollen Mill, opp Shakti Mills Compound off. Dr. E Moses Road Mahalaxmi, Mumbai-400011.

The main object of the company is the business of manufacturing, producing, buying and selling of asbestos cement building pipes, irrigation pipes, reinforced cement concrete spun pipes and other allied products.

The board of directors of KIPL as on March 1, 2011 is:

| Name of the Director | Nature of Directorship |
|---|---|
| Dr. Mithilesh Kumar Sinha | Director |
| Mr. Ramesh Chand Sharma | Whole-time director |
| Mr. Balachandran Rajesh Nair | Director |
| Mr. Krishna Gopal Bahety | Director |
| Mr. Vinaykant Agnihotri | Director |
| Mr. Kartikeya Kalani | Director |

**Capital Structure and Shareholding**

The current authorised share capital of the company is ₹ 185,000,000 comprising of 8,000,000 equity shares of ₹ 10 each and 10,500,000 preference shares of ₹ 10 each and the paid up share capital is ₹ 142,259,200 divided into 5,225,920 equity shares of ₹ 10 each and 9,000,000 10 % non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of KIPL as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 1,640,884 | 31.40 |
| 2. | Skyline Advisory Services Private Limited | 520,272 | 9.96 |
| 3. | Mr. Kartikeya Kalani | 500,000 | 9.57 |
| 4. | Fab-Syntex Private Limited | 500,000 | 9.57 |

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 5. | Dumet Wire India Private Limited | 490,437 | 9.38 |
| 6. | Yuvraj Trust | 470,000 | 8.99 |
| 7. | Pusti Trading Private Limited | 466,660 | 8.93 |
| 8. | Vindhya Cement Private Limited | 422,367 | 8.08 |
| 9. | Indore Land and Finance Private Limited | 200,000 | 3.83 |
| 10. | Ms. Manisha Kalani | 13,776 | 0.26 |
| 11. | Ms. Namita Kalani | 1,434 | 0.03 |
| 12. | Manish Kalani ( HUF) | 80 | 0.00 |
| 13. | P.S. Kalani (HUF) | 10 | 0.00 |
| | **Total** | **5,225,920** | **100.00** |

| Sr. No. | Name of the 10% Non Cumulative Redeemable Preference shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Kalani Brothers (Indore) Private Limited | 5,100,000 | 56.67 |
| 2. | Padma Homes Private Limited | 3,900,000 | 43.33 |
| | **Total** | **9,000,000** | **100.00** |

**Financials**

The financial highlights of KIPL as per the audited financial statements for the last three financial years are as under:-

(₹ in Million)

| Particulars | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Sales | 163.49 | 249.54 | 58.62 |
| Other income | 20.06 | 41.29 | 40.32 |
| Profit after tax | 6.44 | 134.30 | (18.19) |
| Equity capital | 52.26 | 52.26 | 52.26 |
| Reserve & Surplus | 108.23 | 245.99 | 227.80 |
| EPS (₹) | 0.49 | 25.29 | (3.48) |
| Net Asset Value per share (₹)* | 30.05 | 56.97 | 53.48 |

** Net of miscellaneous expenditure not written off.*

**Promoters of Kalani Industries Private Limited**

The promoters of Kalani Industries Private Limited are Ms. Padma Kalani, Skyline Advisory Services Private Limited, Mr. Kartikeya Kalani, Fab-Syntex Private Limited, Dumet Wire India Private Limited, Yuvraj Trust, Pusti Trading Private Limited, Vindhya Cement Private Limited, Indore Land and Finance Private Limited, Ms. Manisha Kalani, Ms. Namita Kalani, Manish Kalani (HUF) and P.S. Kalani (HUF).

Particulars pertaining to the natural persons in control of the corporate promoters of Kalani Industries Private Limited are detailed in the section "Group Entities" beginning on page 177 of the DRHP.

Kalani Industries Private Limited, was previously registered as a category II merchant banker with the SEBI. The said registration expired on February 15, 1998 as the company had not filed an application for renewal of the same. Kalani Industries Private Limited has not undertaken merchant banking activities since the expiry of the merchant banking license. Further, neither Kalani Industries Private Limited nor it's directors have at any time been subject of any enquiry or investigation conducted by SEBI nor has any penalty (including deficiency/warning letter, suspension/cancellation / prohibitory orders) been imposed on Kalani Industries Private Limited or any of its directors.

The company is a private limited company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Further, KIPL is not declared as a wilful defaulter by the RBI or any other authority and there are no violations of securities laws committed by it in the past or are pending against it.

**2. Miscellani Global Private Limited (MGPL)**

**Corporate Information**

MGPL was incorporated under the Companies Act in the name of Kalsons Commercial Private Limited on August 28, 1984 with the Registrar of Companies, Mumbai. Thereafter, the company changed its name to Kalsons Commercial Limited (owing to be a deemed public company under section 43A) on January 20, 1988. Thereafter, the word “Private” was added to the name of the company with effect from March 15, 2001. The company subsequently changed its name to its present name of Miscellani Global Private Limited on March 18, 2002.

The registered office of the company is situated at 221, Fashqua Shopping Centre, Station Road, Santacruz (W), Mumbai – 400054.

The main object of the company is the business as buyers, sellers, exporters, agents, of all kinds of commodities, goods, articles materials and things and for that purpose buy, sell, exchange market, pledge, distribute, or otherwise deal in all kinds of commodities good, articles and things.

The board of directors of the company as on March 1, 2011is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Saurabh Kalani | Director |
| Mr. Suresh Kumar Talati | Director |

**Capital Structure and Shareholding**

The current authorised share capital of the company is ₹ 10,000,000 comprising of 500,000 equity shares of ₹ 10 each and 500,000 preference shares of ₹ 10 each. The paid up share capital is ₹ 5,246,000 divided into 24,600 equity shares of ₹ 10 each and 500,000 10% preference shares of ₹ 10 each.

The shareholding pattern of MGPL as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 2,440 | 9.92 |
| 2. | Vinayak Family Trust | 2,400 | 9.76 |
| 3. | S. F. Trust | 2,400 | 9.76 |
| 4. | Yuvraj trust | 2,400 | 9.76 |
| 5. | Anshuman Properties Private Limited | 2,400 | 9.76 |
| 6. | High Skey Properties Private Limited | 2,400 | 9.76 |
| 7. | Saurabh Properties Private Limited | 2,400 | 9.76 |
| 8. | Ms. Namita Kalani | 2,337 | 9.50 |
| 9. | Mr. Vinayak Kalani | 2,123 | 8.63 |
| 10. | Kartikeya Family Trust | 2,000 | 8.13 |
| 11. | Sanovi Trading Private Limited | 1,200 | 4.88 |
| 12. | Ms. Manisha Kalani | 100 | 0.41 |
| | **Total** | **24,600** | **100.00** |

| Sr. No. | Name of the preference shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Ratnagiri Vinimay Pvt. Ltd | 500,000 | 100 |

| Sr. No. | Name of the preference shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| | **Total** | **500,000** | **100** |

**<u>Financials</u>**

The financial highlights of MGPL as per the audited financial statements for the last three years are as under:-

(₹ in Million)

| Particulars | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Total Income | 1.08 | 1.88 | 0.66 |
| Profit after Tax | 0.39 | 1.14 | (0.21) |
| Equity Capital | 0.25 | 0.25 | 0.25 |
| Reserve & Surplus | 1.72 | 2.88 | 2.67 |
| EPS (₹) | 15.79 | 46.40 | (83.57) |
| Net Asset Value per share (₹)* | 77.12 | 125.09 | 117.68 |

** Net of miscellaneous expenditure not written off.*

**<u>Promoters of Miscellani Global Private Limited</u>**

The promoters of Miscellani Global Private Limited are Ms. Padma Kalani, Vinayak Family Trust, S. F. Trust, Yuvraj trust, Anshuman Properties Private Limited, High Skey Properties Private Limited, Saurabh Properties Private Limited, Ms. Namita Kalani, Mr. Vinayak Kalani, Kartikeya Family Trust, Sanovi Trading Private Limited and Ms. Manisha Kalani.

Particulars pertaining to the natural persons in control of the corporate promoters of Miscellani Global Private Limited are detailed in the section "Promoters" and "Group Entities" beginning on pages 170 and 177 of the DRHP respectively.

This company is a private limited company and it has not made any public or rights issue during the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Further MGPL is not declared as a wilful defaulter by the RBI or any other Government authority and there are no violations of securities laws committed by it in the past or are pending against it.

**3. Sanovi Trading Private Limited (STPL)**

**<u>Corporate Information</u>**

STPL was incorporated under the Companies Act in the name of Sanovi Trading Private Limited on November 19, 1993 with the Registrar of Companies, Gwalior. The registered office of the company is situated at 11, Tukoganj Main Road, Indore - 452001.

The main object company is to carry on the business of trading, dealing, importing, exporting, buying and selling of HDPE woven sacks, A.C. pressure pipes and parts.

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Mahendra Zanane | Director |
| Mr. Rajesh Dubey | Director |
| Mr. Neeraj Kumar Jain | Director |

## Capital Structure and Shareholding

The current authorised share capital of the company is ₹ 13,000,000 comprising of 300,000 equity shares of ₹ 10 each and 1,000,000 preference shares of ₹ 10 each. The paid up share capital is ₹ 10,200,000 divided into 20,000 equity shares of ₹ 10/- each and 250,000 10% non-cumulative non-voting redeemable preference shares of ₹ 10 each and 750,000 12% non-cumulative non-voting redeemable preference shares of ₹ 10 each.

The shareholding pattern of STPL as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Kartikeya Family Trust | 1,960 | 9.80 |
| 2. | Vinayak Family Trust | 1,960 | 9.80 |
| 3. | S. F. Trust | 1,960 | 9.80 |
| 4. | Ms. Padma Kalani | 1,930 | 9.65 |
| 5. | Miscellani Global Private Limited | 1,920 | 9.60 |
| 6. | Mr. Kartikeya Kalani | 1,900 | 9.50 |
| 7. | Yuvraj Trust | 1,900 | 9.50 |
| 8. | Ms. Namita Kalani | 1,900 | 9.50 |
| 9. | Mr. Vinayak Kalani | 1,400 | 7.00 |
| 10. | Sunrise Properties Private Limited | 1,200 | 6.00 |
| 11. | Saurabh Properties Private Limited | 700 | 3.50 |
| 12. | High Skey Properties Private Limited | 600 | 3.00 |
| 13. | Anshuman Properties Private Limited | 600 | 3.00 |
| 14. | Ms. Manisha Kalani | 70 | 0.35 |
| | **Total** | **20,000** | **100.00** |

| S. No. | Name of the preference shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| **10% non-cumulative non-voting redeemable preference shares** | | | |
| 1. | Kalani Brothers (Indore) Private Limited | 250,000 | 25.00 |
| **12% non-cumulative non-voting redeemable preference shares** | | | |
| 1. | Paceman Traders Private Limited | 750,000 | 75.00 |
| | **Total** | **1000000** | **100** |

## Financials

The financial highlights of STPL as per the audited financial statements for the last three years are as under:-

(₹ in Million)

| Particulars | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Total Income | 0.75 | 1.36 | 0.93 |
| Profit after Tax | (0.002) | 1.24 | 0.66 |
| Equity Capital | 0.20 | 0.20 | 0.20 |
| Reserve & Surplus | (0.18) | 1.06 | 1.72 |
| EPS (₹) | (0.11) | 62.16 | 32.91 |
| Net Asset Value per share (₹) | 1.07 | 63.23 | 96.14 |

## Promoters of Sanovi Trading Private Limited

The promoters of Sanovi Trading Private Limited are Kartikeya Family Trust, Vinayak Family Trust, S. F. Trust, Ms. Padma Kalani, Miscellani Global Private Limited, Mr. Kartikeya Kalani, Yuvraj Trust, Ms. Namita Kalani, Mr. Vinayak Kalani, Sunrise Properties Private Limited, Saurabh Properties Private Limited, High Skey Properties Private Limited, Anshuman Properties Private Limited and Ms. Manisha Kalani.

Particulars pertaining to the natural persons in control of the corporate promoters of Sanovi Trading Private Limited are detailed in the section "Promoters" and "Group Entities" beginning on pages 170 and 177 of the DRHP respectively.

This company is a private limited company and it has not made any public or rights issue during the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Further, STPL is not declared as a wilful defaulter by the RBI or any other Government authority and there are no violations of securities laws committed by it in the past or are pending against it.

**Declaration**

It is confirmed that in respect of each of our Promoters, PAN, Bank Account numbers, the company registration number and the addresses of the registrar of companies, where the companies are registered are being submitted to NSE and BSE at the time of filing of the DRHP with them. Further none of the Promoters are declared as wilful defaulters by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by them in the past or are pending against them.

**Disassociation by the promoters in the last three years**

Save and except as detailed, none of our Promoters have disassociated from any company or firm during the preceding three years.

Kalani Industries Private Limited has disassociated from the following companies during the preceding three years:

| Name of Entity | Year of Disassociation | Reason for Disassociation |
|---|---|---|
| Anshuman Properties Private Limited | 2008-09 | Transfer of shares |
| Saurabh Properties Private Limited | 2008-09 | Transfer of shares |
| TI Travels Private Limited | 2008-09 | Transfer of shares |
| Wanderland Developers Private Limited | 2008-09 | Transfer of shares |
| Wanderland Heights Private Limited | 2008-09 | Transfer of shares |
| Wanderland Properties Private Limited | 2008-09 | Transfer of shares |
| Wanderland Realty Private Limited | 2008-09 | Transfer of shares |
| Cassandra Realties Private Limited | 2009-10 | Transfer of shares |
| Crystal 3 Power Private Limited | 2010-11 | Transfer of shares |
| Wanderland Constructions Private Limited | 2010-11 | Transfer of shares |

Sanovi Trading Private Limited has disassociated from the following companies during the preceding three years:

| Name of Entity | Year of Disassociation | Reason for Disassociation |
|---|---|---|
| Kalani Industries Private Limited | 2007-08 | Transfer of shares |
| Herbal Dream Ayurveda Creations Private Limited | 2007-08 | Transfer of shares |
| Skyline Advisory Private Limited | 2009-10 | Transfer of shares |
| High Skey Properties Private Limited | 2008-09 | Transfer of shares |

**Interest of Promoters**

Our Promoters do not have any interest in our Company save and except for lease rentals received by Kalani Industries Private Limited from our Company for using the following three properties:

- Lease rental of ₹ 10,000 per month in respect of land situated at Khasra No. 320 at Mhow-Neemuch Road, Pithampur District, Madhya Pradesh;
- Lease rental of ₹ 8,000 per month in respect of factory shed at Mhow-Neemuch Road, Pithampur District, Madhya Pradesh.
- Lease rental of ₹ 20,000 per month in respect of factory shed at Mhow-Neemuch Road, Pithampur District, Madhya Pradesh.
- Lease rental of ₹16,667 per month in respect of factory land at Mhow-Neemuch Road, Pithampur District, Madhya Pradesh.

Our Promoters are not interested in any property acquired by our Company for a period of two years before the date of the DRHP or proposed to be acquired by our Company as on the date of the DRHP.

Further, save and except as stated otherwise in the sections "Business Overview", "Management" and "Financial Statements" beginning on page nos. 116, 155 and 218 respectively of the DRHP and to the extent of Equity Shares held by them, our Promoters do not have any other interests in our Company as on the date of the DRHP.

**Payment or benefit to Promoters**

The Promoters are interested in the Company to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by our Company. There are no interests of Promoters or payment or benefit to Promoters except as mentioned elsewhere in the DRHP.

**<u>Promoter Group</u>**

The constitution of our promoter group as defined under Clause 2(zb) of the ICDR Regulations is as under:

**A. A subsidiary or holding company of the Promoter body corporate:**

| S. No. | Name of the Entity |
|---|---|
| 1. | Herbal Dream Ayurveda Creations Private Limited |

**B. Any body corporate in which the Promoter holds ten percent or more of the equity share capital or which holds ten percent or more of the equity share capital of the Promoter.**

| S. No. | Name of the Entity |
|---|---|
| 1. | Aloha Hospitals Private Limited |

**C. Any body corporate in which a group of individuals or companies or combinations thereof which hold twenty per cent or more of the equity share capital in that body corporate also holds twenty per cent or more of the equity share capital of the issuer**

| S. No. | Name of the Entity |
|---|---|
| 1. | MRK Pipes Limited |
| 2. | Gagan Commercial Agencies Limited |
| 3. | Triple A Constructions Private Limited |

## GROUP ENTITIES

**Companies forming part of the Group Companies**

Unless otherwise stated none of the companies forming part of the Group Companies is a sick company under the meaning of SICA and none of them are under winding up. Further, except as stated below, none of our Group Companies are listed companies nor have they made any public issue of securities in the preceding three years. None of our Group Companies are declared as wilful defaulters by the RBI or any other Government Authority.

Besides our Subsidiaries as mentioned in section "History and Certain Corporate Matters" beginning on page 145 of the DRHP, the following entities/companies constitute our Group Entities.

| Sr. No. | Name of the Entity |
|---|---|
| 1. | Saurabh Properties Private Limited |
| 2. | Seven Star Properties Private Limited |
| 3. | Anshuman Properties Private Limited |
| 4. | Sunrise Properties Private Limited |
| 5. | Fantasy Real Estate Private Limited |
| 6. | High Skey Properties Private Limited |
| 7. | Crystal 3 Power Private Limited |
| 8. | Herbal Dream Ayurveda Creations Private Limited |
| 9. | Aloha Hospitals Private Limited |
| 10. | Wanderland Constructions Private Limited |
| 11. | Skyline Advisory Services Private Limited |
| 12. | Vindhya Cement Private Limited |
| 13. | Pusti Trading Private Limited |
| 14. | Fab-Syntex Private Limited |
| 15. | Indore land and Finance Private Limited |
| 16. | Saka Tradings Private Limited |
| 17. | Gemini Heights Private Limited |
| 18. | High Beam Reality Private Limited |
| 19. | Samarpit Developers Private Limited |
| 20. | MRK Pipes Limited |
| 21. | Vibgyor Laminates Private Limited |
| 22. | Padma Homes Private Limited |
| 23. | Kalani Brothers (Indore) Private Limited |
| 24. | TI Travels Private Limited |
| 25. | Chitrakoot Mercantiles Private Limited |
| 26. | Ecstasy Heights LLP (formerly known as Ecstasy Heights Private Limited) |
| 27. | Excellence Properties LLP (formerly known as Excellence Properties Private Limited) |
| 28. | Ambika Commercial LLP (formerly known as Ambika Commercial Private Limited) |
| 29. | Olive Commercial Company Limited |
| 30. | Dreamworld Developers Private Limited |
| 31. | Gagan Commercial Agencies Limited |
| 32. | Triple A Constructions Private Limited |
| 33. | Wanderland Real Estates Private Limited |
| 34. | Dumet Wire India Private Limited |
| 35. | Kartikeya Family Trust |
| 36. | Ridhima Family Trust |
| 37. | S.F. Trust |
| 38. | Vinayak Family Trust |
| 39. | Manish Saurabh Trust |
| 40. | Kalani Family Trust |
| 41. | Yuvraj Trust |

| Sr. No. | Name of the Entity |
|---|---|
| 42. | Saurabh Kalani HUF |
| 43. | M/s Prem Syndicate |

### A. Top Five Group Entities

| Sr. No. | Name of the Company |
|---|---|
| **I** | ***Listed Companies*** |
| 1. | Olive Commercial Company Limited |
| 2. | Gagan Commercial Agencies Limited |
| **II** | ***Unlisted Companies*** |
| 1. | MRK Pipes Limited |
| 2. | Herbal Dream Ayurveda Creations Private Limited |
| 3. | Seven Star Properties Private Limited |

Except as stated above, none of our Group Entities are listed on any stock exchange in India or abroad.

### I. *LISTED COMPANIES*

### 1. Olive Commercial Company Limited ("OCCL")

OCCL was incorporated in Calcutta on February 10, 1983. The CIN of the company is L01132WB1983PLC035842. The registered office of the company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The equity shares of OCCL are listed on the Madhya Pradesh Stock Exchange Limited (MPSE) and the Calcutta Stock Exchange Limited (CSE). OCCL has not made any public or rights issue of its securities during the preceding three years. The main object of OCCL is to carry on business as buyers, suppliers, investors, traders, merchants, hirers, hire purchase dealers in wood, coal and coke oils, lubricants, etc.

The authorised share capital of OCCL is ₹ 10,000,000 comprised of 950,000 equity shares of ₹ 10 each and 50,000 14% non-cumulative redeemable preference shares of ₹ 10 each. The paid up equity share capital of the company is ₹ 2,400,000 comprising of 240,000 equity shares of ₹ 10 each.

The board of directors of OCCL as on March 1, 2011 is as under:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Suresh Kumar Talati | Whole Time Director |
| Mr. Praveen Padmakar Parulkar | Director |
| Mr. Avnish Hasija | Director |
| Mr. Shivaji Matkar | Director |

The shareholding pattern of OCCL as on December 31, 2010 is as under:

| Category code | Category of Shareholder | Number of Shareholders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares | |
|---|---|---|---|---|---|---|
| | | | | | As a percentage of(A+B)[1] | As a percentage of (A+B+C) |
| **(A)** | **Shareholding of Promoter and Promoter Group[2]** | | | | | |
| **1** | **Indian** | | | | | |
| (a) | Individuals/ Hindu Undivided Family | 6 | 49,500 | | 20.63 | 20.63 |

| Category code | Category of Shareholder | Number of Shareholders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares | |
|---|---|---|---|---|---|---|
| | | | | | As a percentage of(A+B)[1] | As a percentage of (A+B+C) |
| (b) | Central Government/ State Government(s) | 0 | 0 | | 0.00 | 0.00 |
| (c) | Bodies Corporate | 4 | 85,450 | | 35.60 | 35.60 |
| (d) | Financial Institutions/ Banks | 0 | 0 | | 0.00 | 0.00 |
| (e) | Any Others(Specify) | | | | 0.00 | 0.00 |
| (e-i) | HUF | 0 | 0 | | 0.00 | 0.00 |
| | **Sub Total(A)(1)** | **10** | **134,950** | **0** | **56.23** | **56.23** |
| **2** | **Foreign** | | | | | |
| a | Individuals (Non-Residents Individuals/ Foreign Individuals) | 0 | 0 | | 0.00 | 0.00 |
| b | Bodies Corporate | 0 | 0 | | 0.00 | 0.00 |
| c | Institutions | 0 | 0 | | 0.00 | 0.00 |
| d | Any Others(Specify) | 0 | 0 | | 0.00 | 0.00 |
| | **Sub Total(A)(2)** | **0** | **0** | **0** | **0.00** | **0.00** |
| | **Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)** | **10** | **134,950** | **0** | **56.23** | **56.23** |
| **(B)** | **Public shareholding** | | | | | |
| **1** | **Institutions** | | | | | |
| (a) | Mutual Funds/ UTI | 0 | 0 | | 0.00 | 0.00 |
| (b) | Financial Institutions / Banks | 0 | 0 | | 0.00 | 0.00 |
| (c) | Central Government/ State Government(s) | 0 | 0 | | 0.00 | 0.00 |
| (d) | Venture Capital Funds | 0 | 0 | | 0.00 | 0.00 |
| (e) | Insurance Companies | 0 | 0 | | 0.00 | 0.00 |
| (f) | Foreign Institutional Investors | 0 | 0 | | 0.00 | 0.00 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | | 0.00 | 0.00 |
| (h) | Any Other (specify) | 0 | 0 | | 0.00 | 0.00 |
| | **Sub-Total (B)(1)** | **0** | **0** | **0** | **0.00** | **0.00** |
| **B 2** | **Non-institutions** | | | | | |
| (a) | Bodies Corporate | | | | 0.00 | 0.00 |
| (b) | Individuals | | | | | |
| I | Individuals -i. Individual shareholders holding nominal share capital up to ₹ 1 lakh | 276 | 54,550 | | 22.73 | 22.73 |
| II | ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh. | 1 | 11,000 | | 4.58 | 4.58 |
| (c) | Any Other (specify) | | | | | |
| (c-i) | Trust | 4 | 39,500 | | 16.46 | 16.46 |
| | **Sub-Total (B)(2)** | **281** | **105,050** | **0** | **43.77** | **43.77** |
| **(B)** | **Total Public Shareholding (B)= (B)(1)+(B)(2)** | **281** | **105,050** | **0** | **43.77** | **43.77** |
| | **TOTAL (A)+(B)** | **291** | **240,000** | **0** | **100** | **100** |

| Category code | Category of Shareholder | Number of Shareholders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares | |
|---|---|---|---|---|---|---|
| | | | | | As a percentage of(A+B)[1] | As a percentage of (A+B+C) |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | | | | | 0.00 |
| | GRAND TOTAL (A)+(B)+(C) | 291 | 240,000 | 0 | | 100 |

**Financial Performance**

The financial highlights of OCCL as per the audited financial statements for the last three years are as follows:-

(₹ in Million)

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital | 2.40 | 2.40 | 2.40 |
| Reserves and Surplus | 1.56 | 1.89 | 2.13 |
| Total Income | 11.09 | 1.70 | 1.02 |
| Profit/(Loss) after Tax | (1.02 ) | 0.34 | 0.24 |
| Earning Per Share (in ₹) | (4.52) | 1.40 | 0.99 |
| Net asset Value Per share (In ₹) | 16.50 | 17.89 | 18.88 |

**Stock Market Data**

There has been no trading in the equity shares of OCCL on either the CSE or the MPSE during the preceding six months

**2. Gagan Commercial Agencies Limited ("GCAL")**

GCAL was incorporated as a public limited company in Kolkata on November 10, 1982. The CIN of the company is L51909WB1982PLC035424. The registered office of this company is situated at 2nd Floor of Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The equity shares of GCAL are listed on the Madhya Pradesh Stock Exchange Limited (MPSE) and the Calcutta Stock Exchange (CSE). GCAL has not made any public or rights issue of its securities during the preceding three years. The main object of GCAL is to carry on all the business of buyers, sellers, suppliers, hirers, hire purchaser dealers, indenters and dealers of and in all kinds of agricultural produce, food articles, forest products, plantation products, crops, etc.

The authorised share capital of GCAL is ₹ 10,000,000 comprised of 1,000,000 equity shares of ₹ 10 each. The paid up equity share capital of the company is ₹ 2,000,000 comprising of 200,000 equity shares of ₹ 10 each.

The board of directors of GCAL as on March 1, 2011 is as under:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Pawan Kumar Jain | Director |
| Mr. Sudarshan Shastri | Director |
| Mr. Shivaji Matkar | Director |
| Mr. Neeraj Kumar Jain | Director |

The shareholding pattern of GCAL as on December 31, 2010 is as under:

| Category code | Category of Shareholder | Number of Shareholders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares | |
|---|---|---|---|---|---|---|
| | | | | | As a percentage of(A+B)[1] | As a percentage of (A+B+C) |
| **(A)** | **Shareholding of Promoter and Promoter Group[2]** | | | | | |
| **1** | **Indian** | | | | | |
| (a) | Individuals/ Hindu Undivided Family | 13 | 53,820 | | 26.91 | 26.91 |
| (b) | Central Government/ State Government(s) | 0 | 0 | | 0.00 | 0.00 |
| (c) | Bodies Corporate | 9 | 71,400 | | 35.70 | 35.70 |
| (d) | Financial Institutions/ Banks | 0 | 0 | | 0.00 | 0.00 |
| (e) | Any Others(Specify) | 0 | 0 | | 0.00 | 0.00 |
| (e-i) | Director | 1 | 6,500 | | 3.25 | 3.25 |
| | **Sub Total(A)(1)** | **23** | **131,720** | **0** | **65.86** | **65.86** |
| **2** | **Foreign** | | | | | |
| a | Individuals (Non-Residents Individuals/ Foreign Individuals) | 0 | 0 | | 0.00 | 0.00 |
| b | Bodies Corporate | 0 | 0 | | 0.00 | 0.00 |
| c | Institutions | 0 | 0 | | 0.00 | 0.00 |
| d | Any Others(Specify) | 0 | 0 | | 0.00 | 0.00 |
| | **Sub Total(A)(2)** | **0** | **0** | **0** | **0.00** | **0.00** |
| | **Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)** | **23** | **131,720** | **0** | **65.86** | **65.86** |
| **(B)** | **Public shareholding** | | | | | |
| **1** | **Institutions** | | | | | |
| (a) | Mutual Funds/ UTI | 0 | 0 | | 0.00 | 0.00 |
| (b) | Financial Institutions / Banks | 0 | 0 | | 0.00 | 0.00 |
| (c) | Central Government/ State Government(s) | 0 | 0 | | 0.00 | 0.00 |
| (d) | Venture Capital Funds | 0 | 0 | | 0.00 | 0.00 |
| (e) | Insurance Companies | 0 | 0 | | 0.00 | 0.00 |
| (f) | Foreign Institutional Investors | 0 | 0 | | 0.00 | 0.00 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | | 0.00 | 0.00 |
| (h) | Any Other (specify) | 0 | 0 | | 0.00 | 0.00 |
| | **Sub-Total (B)(1)** | **0** | **0** | **0** | **0.00** | **0.00** |
| **B 2** | **Non-institutions** | | | | | |
| (a) | Bodies Corporate | 4 | 32,100 | | 16.05 | 16.05 |
| (b) | Individuals | | | | | |
| I | Individuals -i. Individual shareholders holding nominal share capital up to ₹ 1 lakh | 76 | 9,380 | | 4.69 | 4.69 |
| II | ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh. | 0 | 0 | | 0.00 | 0.00 |

| Category code | Category of Shareholder | Number of Shareholders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares | |
|---|---|---|---|---|---|---|
| | | | | | As a percentage of(A+B)[1] | As a percentage of (A+B+C) |
| (c) | Any Other (specify) | | | | | |
| (c-i) | Trust | 3 | 26,800 | | 13.40 | 13.40 |
| | **Sub-Total (B)(2)** | **83** | **68,280** | **0** | **34.14** | **34.14** |
| **(B)** | **Total Public Shareholding (B)= (B)(1)+(B)(2)** | **83** | **68,280** | **0** | **34.14** | **34.14** |
| | **TOTAL (A)+(B)** | **106** | **200,000** | **0** | **100** | **100** |
| **(C)** | Shares held by Custodians and against which Depository Receipts have been issued | | | | | **0.00** |
| | **GRAND TOTAL (A)+(B)+(C)** | **106** | **200,000** | **0** | | **100** |

**Financial Performance**

The financial highlights of GCAL as per the audited financial statements for the last three years are as follows:-

(₹ in Million)

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital | 2.00 | 2.00 | 2.00 |
| Reserves and Surplus | (0.02) | 0.60 | 0.66 |
| Total Income | 0.41 | 1.58 | 0.33 |
| Profit/(Loss) after Tax | (0.08) | 0.62 | 0.06 |
| Earning Per Share (₹) | (0.40) | 3.08 | 0.29 |
| Net asset Value Per share (₹) | 9.90 | 12.99 | 13.28 |

**Stock Market Data**

There has been no trading in the equity shares of GCAL on either the CSE or the MPSE during the preceding six months

**II.** ***UNLISTED GROUP ENTITIES***

**1. MRK Pipes Limited ("MRKPL")**

MRKPL is a public unlisted company incorporated in the name of Kalani Infotech Limited in Gwalior on July 31, 2000. The name was subsequently was changed to MRK Pipes Limited on November 14, 2002. It was converted from a public company to private company on February 28, 2003 with the name MRK Pipes Private Limited. It was again converted to a public company on May 19, 2003. The CIN of the company is U26493RJ2000PLC022268.
The registered office of the company is located at Parasrampuria Chamber, Opposite Road No.1, VKI Area, Jaipur-302013. The main object of MRK Pipes Limited is to manufacture, produce, buy and sell all types of pipes fittings and other allied products and ancillary businesses.

**Board of Directors**

The board of directors of MRKPL as on March 1, 2011 is comprised as under:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Suresh Kumar Talati | Director |
| Mr. Manish Kalani | Director |

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Anil Kumar Agarwal | Director |
| Mr. Rakesh Akar | Whole Time Director |
| Mr. Rajesh Dubey | Director |
| Mr. Kapil Parasrampuria | Director |
| Mr. Dinesh Kumar Parasrampuria | Whole Time Director |
| Mr. Neeraj Kumar Jain | Director |
| Mr. Gopal Das Garg | Director |

**Capital Structure and Shareholding Pattern**

The authorised capital of the company is ₹ 73,000,000 divided into 5,800,000 equity shares of ₹ 10 each and 1,500,000 preference shares of ₹ 10 each. Paid up capital of the company is ₹ 50,000,000 divided into 5,000,000 equity shares of ₹ 10 each.

The shareholding pattern of MRKPL as on March 1, 2011 is as under:

| Sr. No. | Name of the Shareholder | No. of shares held | % Shareholding |
|---|---|---|---|
| 1. | Ms. Manisha Kalani | 725,010 | 14.50 |
| 2. | Kalani Industries Pvt. Ltd. | 211,940 | 4.24 |
| 3. | Sunrise Properties P. Ltd. | 130,000 | 2.60 |
| 4. | Vibgyor Laminates Pvt. Ltd. | 350,000 | 7.00 |
| 5. | Triple A Constructions P. Ltd. | 361,000 | 7.22 |
| 6. | Four Dimension Pro. P. Ltd. | 361,000 | 7.22 |
| 7. | Saka Tradings P. Ltd. | 361,000 | 7.22 |
| 8. | Mr. Pawan Kumar Jain | 10 | Negligible |
| 9. | Mr. C. Khushaldas | 10 | Negligible |
| 10. | Mr. Q. Y. Matkawala | 10 | Negligible |
| 11. | Mr. Rajiv Sanghi | 10 | Negligible |
| 12. | Mr. Sunil Kumar | 10 | Negligible |
| 13. | Mr. Rakesh Akar | 270,000 | 5.40 |
| 14. | Ms. Amita Akar | 5,000 | 0.10 |
| 15. | Mr. Dinesh Akar | 40,000 | 0.80 |
| 16. | Mr. Ram Chandra Akar | 40,000 | 0.80 |
| 17. | Ms. Shanti Devi Akar | 20,000 | 0.40 |
| 18. | Ms. Sarojani Akar | 54,000 | 1.08 |
| 19. | Mr. Kapil Parasrampuria | 70,000 | 1.40 |
| 20. | Mr. Vishal Parasrampuria | 50,000 | 1.00 |
| 21. | Mr. Vikas Parasrampuria | 50,000 | 1.00 |
| 22. | Mr. Dinesh Parasrampuria | 150,000 | 3.00 |
| 23. | Alka Diamond Limited | 400,000 | 8.00 |
| 24. | Mr. Bhagwan Sahai | 25,000 | 0.50 |
| 25. | M/s. Baqueen textile Pvt. Ltd. | 50,000 | 1.00 |
| 26. | M/s Padam Bearing India Ltd. | 75,000 | 1.50 |
| 27. | M/s Agam Cement Products. Pvt. Ltd. | 121,000 | 2.42 |
| 28. | Alfa Vinimay Pvt. Ltd. | 30,000 | 0.60 |
| 29. | Ankit Tracom Pvt. Ltd. | 100,000 | 2.00 |
| 30. | Banka Financial Securities Pvt. Ltd. | 20,000 | 0.40 |
| 31. | Bhivani Marchandise Pvt. Ltd. | 28,000 | 0.56 |
| 32. | Cap Vanijiya Pvt. Ltd. | 40,000 | 0.80 |
| 33. | Coorg Vimcon Pvt. Ltd. | 30,000 | 0.60 |
| 34. | Exim Scripts Services Pvt. Ltd. | 50,000 | 1.00 |
| 35. | FCGL Investments Ltd. | 110,000 | 2.20 |

| | | | |
|---|---|---|---|
| 36. | Haridwar traders Pvt. Ltd. | 30,000 | 0.60 |
| 37. | Matangi Traders and Invt. Pvt. Ltd. | 160,000 | 3.20 |
| 38. | Radha Raman Vinimay Pvt. Ltd. | 50,000 | 1.00 |
| 39. | Shakti Traders Pvt. Ltd. | 20,000 | 0.40 |
| 40. | Union Supliers Pvt. Ltd. | 20,000 | 0.40 |
| 41. | Gokulesh Commercial Pvt. Ltd. | 390,000 | 7.80 |
| 42. | Garima Overseas Limited | 2,000 | 0.04 |
| | **Grand Total (A)+(B)** | **5,000,000** | **100.00** |

**Financial Information**

The financial highlights of MRKPL as per the audited financial statements for the last three years are as follows:-

(₹ in Million)

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital (including sweat equity) | 50.00 | 50.00 | 50.00 |
| Reserves and Surplus | 68.97 | 73.76 | 75.30 |
| Total Income | 592.03 | 662.70 | 673.89 |
| Profit/(Loss) after Tax | 4.62 | 4.79 | 1.53 |
| Earnings Per Share (₹) | 0.92 | 0.96 | 0.68 |
| Net asset Value Per share (₹)* | 23.79 | 24.75 | 21.58 |

**Net of Miscellaneous expenditure*

**2. Herbal Dream Ayurveda Creations Private Limited ("HDACPL")**

HDACPL is a private limited company incorporated in Mumbai on July 17, 1986 with name "Dham Properties Pvt. Ltd. On October 29, 2001 the name of company was changed to "Allo-Ayur Formulation Private Limited". The company name was again changed to present name on September 16, 2004. The CIN of the company is U45200MH1986PTC040428. The registered office of the company is situated at 24 Nirmal Bhuvanbapubhai Vashi Road Vile Parle (W) Mumbai -400 056. The main object of this company is to carry on business as manufacturers, importers, exporters, buyers, sellers, processors, growers and distributors, stockists and promoter in all kind of ayurvedic, allopathic, homeopathic, unani etc. products based on herbs, vegetables, fruits, plants, chemicals, compounds etc.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the director | Nature of Directorship |
|---|---|
| Mr. Parikshit Sethi | Whole Time Director |
| Mr. Ramesh Sharma | Director |
| Mr. Saurabh Kalani | Director |
| Mr. Pawan Jain | Director |

**Capital Structure and Shareholding Pattern**

The authorised capital of the company is ₹ 20,000,000 divided into 2,000,000 equity shares of ₹ 10 each. Paid up capital of the company is ₹ 17,825,000 divided into 1,782,500 equity shares of ₹ 10 each.

The shareholding pattern of HDACPL as on March 1, 2011 is as under:

| Sr. No. | Name of the equity shareholder | No. of Shares held | % shareholding |
|---|---|---|---|
| 1. | Kalani Industries Pvt. Ltd. | 1,489,444 | 83.56 |
| 2. | Ms. Padma Kalani | 34,970 | 1.96 |
| 3. | Ms. Manisha Kalani | 896 | 0.05 |
| 4. | Kartikeya Family Trust | 4,900 | 0.27 |

| Sr. No. | Name of the equity shareholder | No. of Shares held | % shareholding |
|---|---|---|---|
| 5. | Vinayak Family Trust | 4,945 | 0.28 |
| 6. | S.F. Trust | 4,945 | 0.28 |
| 7. | Ms. Namita Kalani | 500 | 0.03 |
| 8. | Mr. Kartikeya Kalani | 4,500 | 0.25 |
| 9. | Yuvraj Trust | 4,900 | 0.27 |
| 10. | Mr. Parishit Sethi | 232,500 | 13.04 |
| | **Total** | **1,782,500** | **100.00** |

**Financial Information**

The financial highlights of HDACPL as per the audited financial statements for the last three years are as follows:-

(₹ in Million)

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital ( including sweat equity) | 15.50 | 17.83 | 17.83 |
| Reserves and Surplus | (0.98) | (2.22) | (1.89) |
| Total Income | 24.16 | 24.25 | 25.80 |
| Profit/(Loss) after Tax | (0.46) | (1.24) | 0.35 |
| Earnings Per Share (₹) | (0.30) | (0.69) | 0.20 |
| Net asset Value Per share (₹) | 9.17 | 8.53 | 8.76 |

**3. Seven Star Properties Private Limited ("SSPPL")**

SSPPL was incorporated under the Companies Act in the name of Seven Star Properties Private Limited on July 17, 1986 with the Registrar of Companies, Mumbai. The registered office of the company is situated at B-4 Parekh Apartment Ground Floor near Mc Donalds, Sarojini Road Vile Parle (W), Mumbai - 400056. The main object of the company is to engage in real estate and ancillary businesses.

**Board of Directors**

The board of directors of SSPPL as on March 1, 2011 is comprised as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Pawan Kumar Jain | Director |
| Mr. Prakash Chandra Jain | Director |
| Mr. Yogesh Goswami | Director |

**Capital Structure and Shareholding Pattern**

The authorised capital of the company is ₹ 22,500,000 divided into 410,000 Class A equity shares of ₹ 10 each with voting rights; 1,000,000 Class B equity shares without voting rights; and 840,000 preference shares of ₹ 10 each. The Paid up capital of the company is ₹ 9,400,000 divided into 100,000 Class A equity shares of ₹ 10 each with voting rights, 90,000 15 % non-cumulative redeemable preference shares of ₹ 10 each, 400,000 12% non-cumulative redeemable preference shares of ₹ 10 each and 350,000 10% non-cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of SSPPL as on March1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 9,200 | 9.20 |
| 2. | Pusti Trading Pvt. Ltd. | 9,200 | 9.20 |
| 3. | Mr. B. Rajesh Nair | 9,200 | 9.20 |
| 4. | Anshuman Properties Pvt. Ltd. | 9,200 | 9.20 |
| 5. | Mr. Vinayak Kalani | 9,000 | 9.00 |

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 6. | Skyline Advisory Services Pvt. Ltd. | 9,000 | 9.00 |
| 7. | Vinayak Family Trust | 9,000 | 9.00 |
| 8. | S. F. Trust | 9,000 | 9.00 |
| 9. | Kartikeya Family Trust | 9,000 | 9.00 |
| 10. | Dumet Wire India Pvt. Ltd | 8,800 | 8.80 |
| 11. | Mr. Kartikeya Kalani | 8,000 | 8.00 |
| 12. | Ms. Manisha Kalani | 1,400 | 1.40 |
| | **Total** | **100,000** | **100.00** |

| Sr. No. | Name of the preference shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| **12% non-cumulative redeemable preference shares** | | | |
| 1. | Pace Man Traders Pvt. Ltd. | 400,000 | 47.61 |
| **10% non-cumulative redeemable preference shares** | | | |
| 1. | Ratangiri Vinimay Pvt. Ltd. | 350,000 | 41.67 |
| **15 % non-cumulative redeemable preference shares** | | | |
| 1. | Kalani Industries Pvt. Ltd. | 88,000 | 10.48 |
| 2. | Ms. Padma Kalani | 1,000 | 0.12 |
| 3. | Ms. Manisha Kalani | 1,000 | 0.12 |
| | **Total** | **840,000** | **100.00** |

**Financial Performance**

The financial highlights of SSPPL as per the audited financial statements for the last three financial years are as under:

(₹ in Million)

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital | 0.005 | 1.00 | 1.00 |
| Reserves Surplus | 2.63 | 4.40 | 4.15 |
| Total Income | 1.09 | 2.22 | 3.70 |
| Profit/(Loss) after Tax | 0.09 | 1.77 | (0.25) |
| Earnings Per Share (₹) | 184.98 | 17.65 | (2.50) |
| Net asset Value Per share (₹) | 5275.91 | 53.98 | 51.48 |

**B. Group Companies with negative net worth**

**1. Aloha Hospitals Private Limited ("AHPL")**

AHPL was incorporated as a private limited company in Mumbai on March 17, 2008 with the name EWDPL Ujjain Hospitality Private Limited. On December 16, 2009, the name was changed to Aloha Hospitals Private Limited. The CIN of the company is U85110MH2008PTC180170. The registered office of this company is situated at G16, Ground Floor, RR Hosiery Building, Sh. Laxmi Woolen Mill, Opposite Shakti Mills Compound Off. Dr. E Moses Road, Mahalaxmi, Mumbai – 400 011. The main object of AHPL is to engage in the business of acquiring, establishing, running and maintaining hospital(s), medical centers, clinics for the reception and treatment of persons and allied services for the establishment, operation and improvement of Nursing Homes, Hospitals, Clinics, Medical Institutions, Medical Centers, Diagnostics Centers and Laboratories in India and abroad and to design, manufacture and process all types of herbs and medicines

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Avnish Hasija | Director |

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Jai Dhar Gupta | Director |

**Capital Structure and Shareholding Pattern**

Authorised Capital of the Company is ₹ 10,000,000/- divided into 1,000,000 equity shares of ₹ 10/- each. The paid up capital of the company is ₹ 2,000,000/- divided into 200,000 equity shares of ₹ 10/- each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of Shares held | % shareholding |
|---|---|---|---|
| 1. | Kalani Industries Pvt. Ltd. | 100,000 | 50.00 |
| 2. | Mr. Jai Dhar Gupta | 50,000 | 25.00 |
| 3. | Mr. Deepak Dhar Gupta | 30,000 | 15.00 |
| 4. | Usha Computel Pvt Ltd | 20,000 | 10.00 |
| | **Total** | **200,000** | **100.00** |

**Financial Performance**

The financial highlights of AHPL as per the audited financial statements for the last three financial years are as under:

(₹ in Million)

| Particular | FY 2008# | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital | 0.10 | 0.10 | 0.10 |
| Reserves Surplus | - | (0.22) | (0.41) |
| Total Income | - | - | - |
| Profit/(Loss) after Tax | - | (0.22) | (0.19) |
| Earnings Per Share (₹) | - | ( 22.38 ) | (19.11) |
| Net asset Value Per share (₹)* | (8.56) | (12.38) | (31.49) |

# *From March 17, 2008 till March 31, 2008*

* *Net of Miscellaneous Expenditure not Written off*

**2. Skyline Advisory Services Private Limited ("SASPL")**

SASPL was incorporated as a public limited company in the name of Skyline Roofings Limited in Gwalior on January 1, 1997. On April 26, 2001 the company converted itself into a private limited company and changed its name to Skyline Roofings Private Limited. Thereafter the company on January 6, 2005 changed its name to Skyline Advisory Services Private Limited. The CIN of the company is U07414MP1997PTC011529. The registered office of the company is situated at 161, Suniket Apartment, Shree Nagar extension, Khajrana Main Road, Indore-452001. The main object of the company is to act as advisors, manager, project managers in the field of management, finance, taxation, investment, construction, legal, labour, information technology, industrial, commercial, public relations, customs, import-export, etc. and to take assignment on turnkey basis or otherwise in any of the above fields.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as under:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Rameshwar Porwal Lal | Director |
| Mr. Prem Swarup Kalani | Managing Director |
| Mr. Suresh Kumar Talati | Director |
| Ms. Manjit Sachdeva | Director |
| Mr. Ramesh Shrinarayan Saboo | Director |
| Mr. Gopal Das Garg | Additional director |

**Capital Structure and Shareholding Pattern**

The authorised capital of the company is ₹ 8,500,000 divided into ₹ 100,000 equity shares of ₹ 10 each; 300,000 15% redeemable non cumulative preference shares of ₹ 10 each; 450,000 preference shares of ₹ 10 each and paid up capital of ₹ 7,550,700 divided into 5070 equity shares of ₹ 10 each; 300,000 15% redeemable non cumulative preference shares of ₹ 10 each; 200,000 10% non cumulative non voting redeemable preference shares of ₹ 10 each; 250,000 12% non cumulative non voting redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 500 | 9.86 |
| 2. | Ms. Manisha Kalani | 50 | 0.99 |
| 3. | Mr. Kartikeya Kalani | 450 | 8.88 |
| 4. | Ms. Namita Kalani | 500 | 9.86 |
| 5. | Mr. Vinayak Kalani | 1,000 | 19.72 |
| 6. | Kartikeya Family Trust | 600 | 11.83 |
| 7. | Vinayak Family Trust | 1,000 | 19.72 |
| 8. | S.F. Trust | 970 | 19.13 |
| | **Total** | **5,070** | **100.00** |

| Sr. No. | Name of the preference shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| **15% redeemable non cumulative preference shares** | | | |
| 1. | Kalani Industries Pvt. Ltd | 288,000 | 38.40 |
| 2. | Ms. Padma Kalani | 6,000 | 0.80 |
| 3. | Ms. Manisha Kalani | 6,000 | 0.80 |
| **10% non cumulative non voting redeemable preference shares** | | | |
| 1. | Kalani Brothers (Indore) Pvt. Ltd. | 200,000 | 26.67 |
| **12% non cumulative non voting redeemable preference shares** | | | |
| 1. | Paceman Traders Pvt. Ltd | 250,000 | 33.33 |
| | **Total** | **750,000** | **100.00** |

**Financial Performance**

The financial highlights of SASPL as per the audited financial statements for the last three financial years are as under:

(₹ in Million)

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital | 0.05 | 0.05 | 0.05 |
| Reserves Surplus | (1.06) | (0.39) | (0.29) |
| Total Income | 7.28 | 3.35 | 3.24 |
| Profit/(Loss) after Tax | (1.15) | 0.67 | 0.10 |
| Earnings Per Share (₹) | (227.31) | 131.60 | 20.27 |
| Net asset Value Per share (₹)* | (207.46) | (73.64) | (51.16) |

* *Net of Miscellaneous Expenditure not Written off*

**3. Saka Tradings Private Limited ("SATPL")**

SATPL was incorporated as a private limited company in Mumbai on August 16, 1979. The CIN of the company is U51900MH1979PTC021558. The registered office of the company is situated at G16, Ground Floor, RR Hosiery

Building, Shri Laxmi Woolen Mill, Opposite Shakti Mills Compound Office, Dr. E Moses Road Mahalaxmi, Mumbai - 400011. The main object of the company is to deal in industrial merchandise, raw materials, their treatment, refining and preparation thereof, to carry on business of carriers by land or water or aerial transport and to deal in metals and plants and machinery thereof.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as under:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Ramesh Chand Sharma | Director |
| Mr. Avnish Hasija | Director |
| Mr. Rajesh Dubey | Director |

**Capital Structure and Shareholding Pattern**

The authorised capital of the company is ₹ 12,500,000 divided into 500,000 equity shares of ₹ 10 each and 750,000 preference shares of ₹ 10 each. The paid up capital of the company is ₹ 7,600,000 divided into 10,000 equity shares of ₹ 10 each; 150,000 10% non cumulative non voting redeemable preference shares of ₹ 10 each and 600,000 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on March1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Mr. Manish Kalani | 850 | 8.50 |
| 2. | Ms. Padma Kalani | 970 | 9.70 |
| 3. | Ms. Manisha Kalani | 1,650 | 16.50 |
| 4. | Manish Kalani-HUF | 1,780 | 17.80 |
| 5. | Manish-Saurabh Trust | 950 | 9.50 |
| 6. | Kalani Family Trust | 950 | 9.50 |
| 7. | S.F. Trust | 930 | 9.30 |
| 8. | Ridhima Family Trust | 1,920 | 19.20 |
| | **Total** | **10,000** | **100.00** |

| Sr. No. | Name of the preference shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| **10% non cumulative non voting redeemable preference shares** | | | |
| 1. | Ratangiri Vinimay Pvt. Ltd. | 150,000 | 20.00 |
| **12% non cumulative redeemable preference shares** | | | |
| 1. | Paceman Traders Pvt. Ltd | 600,000 | 80.00 |
| | **Total** | **750,000** | **100.00** |

**Financial Performance**

The financial highlights of STPL as per the audited financial statements for the last three financial years are as under:

(₹ in Million)

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital | 0.10 | 0.10 | 0.10 |
| Reserves Surplus | ( 0.77) | (0.38) | (0.19) |
| Total Income | 0.72 | 0.49 | 0.97 |
| Profit/(Loss) after Tax | 0.10 | 0.39 | 0.19 |
| Earnings Per Share (₹) | 9.80 | 39.42 | 19.23 |
| Net asset Value Per share (₹) | (67.46) | (28.03) | (8.81) |

## 4. High-Skey Properties Private Limited ("HSPPL")

### Corporate Information

HSPPL was incorporated under the Companies Act in the name of High-Skey Properties Private Limited on October 22, 1986 with the Registrar of Companies, Mumbai. The CIN of the company is U45202MH1986PTC041351.The registered office of the company is situated at B-4 Parekh Apartment Ground Floor, Near Mc Donalds, Sarojini Road, Vile Parle (W) Mumbai – 400056. The main object of the company is to engage in real estate and ancillary businesses.

### Board of Directors

The board of directors of the company as on March 1, 2011 is as under:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Mahendra Zanane | Director |
| Mr. Avnish Hasija | Director |
| Mr. Rajesh Dubey | Director |

### Capital Structure and Shareholding Pattern

The authorised capital of the company is ₹ 13,250,000 divided into 325,000 equity shares of ₹ 10 each; 1,000,000 preference shares of ₹ 10 each and paid up capital of ₹ 10,200,000 divided into 20,000 equity shares of ₹ 10 each; 490,000 10% non cumulative non voting redeemable preference shares of ₹ 10 each; 510,000 12% non cumulative non voting redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 3,670 | 18.35 |
| 2. | Ms. Manisha Kalani | 196 | 0.98 |
| 3. | Ms. Namita Kalani | 2,700 | 13.50 |
| 4. | Mr. Kartikeya Kalani | 1,800 | 9.00 |
| 5. | Mr. Vinayak Kalani | 1,948 | 9.74 |
| 6. | Kartikeya Family Trust | 1,900 | 9.50 |
| 7. | Vinayak Family Trust | 1,945 | 9.73 |
| 8. | S.F. Trust | 1,945 | 9.73 |
| 9. | Yuvraj Trust | 3,896 | 19.48 |
| | **Total** | **20,000** | **100.00** |

| Sr. No. | Name of the preference shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| **10% non cumulative non voting redeemable preference shares** | | | |
| 1. | Ratangiri Vinimay Pvt. Ltd. | 490,000 | 49.00 |
| **12% non cumulative non voting redeemable preference shares** | | | |
| 2. | Paceman Traders Pvt. Ltd | 510,000 | 51.00 |
| | **Total** | **1,000,000** | **100.00** |

**Financial Performance**

The financial highlights of HSPL as per the audited financial statements for the last three financial years are as under:

(₹ in Million)

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital | 0.20 | 0.20 | 0.20 |
| Reserves Surplus | (0.08) | 2.27 | (2.03) |
| Total Income | 1.50 | 2.69 | 0.24 |
| Profit/(Loss) after Tax | 0.33 | 2.35 | (4.30) |
| Earnings Per Share (₹) | 16.53 | 117.31 | (214.85) |
| Net asset Value Per share (₹) | 6.12 | 123.43 | (91.42) |

**5. Sunrise Properties Private Limited ("SRPPL")**

**Corporate Information**

SRPPL was incorporated under the Companies Act in the name of Sunrise Properties Private Limited on July 17, 1986 with the Registrar of Companies, Mumbai. The CIN of the company is U45200MH1986PTC040429. The registered office of the company is situated at B-4 Parekh Apartment Ground Floor, near Mc Donalds, Sarojini Road Vile Parle (W) Mumbai – 400056. The main object of the company is to engage in real estate and ancillary businesses.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as under:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Pawan Kumar Jain | Director |
| Mr. Ramesh Chand Sharma | Director |
| Mr. Rajesh Dubey | Director |

**Capital Structure and Shareholding Pattern**

The authorised capital of the company is ₹ 21,000,000 divided into 100,000 equity shares of ₹ 10 each; 2,000,000 preference shares of ₹ 10 each and paid up capital of ₹ 16,000,000 divided into 100,000 equity shares of ₹ 10 each; 1,200,000 10% non cumulative non voting redeemable preference shares of ₹ 10 each; 300,000 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Mr. Manish Kalani | 7,890 | 7.89 |
| 2. | Ms. Padma Kalani | 9,450 | 9.45 |
| 3. | Ms. Manisha Kalani | 9,980 | 9.98 |
| 4. | Mr. Kartikeya Kalani | 12,050 | 12.05 |
| 5. | Mr. Vinayak Kalani | 8,700 | 8.70 |
| 6. | Kartikeya Family Trust | 9,240 | 9.24 |
| 7. | Vinayak Family Trust | 9,190 | 9.19 |
| 8. | S.F. Trust | 9,900 | 9.90 |
| 9. | Ridhima Family Trust | 9,500 | 9.50 |
| 10. | Indore Land & Finance Pvt. Ltd. | 9,500 | 9.50 |

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 11. | Sanovi Trading Pvt. Ltd. | 4,600 | 4.60 |
| | **Total** | **100,000** | **100.00** |

| Sr. No. | Name of the preference shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| **10% non cumulative non voting redeemable preference** | | | |
| 1. | Kalani Brothers (Indore) Pvt. Ltd. | 700,000 | 46.67 |
| 2. | Ratangiri Vinimay Pvt. Ltd. | 500,000 | 33.33 |
| **12% non cumulative redeemable preference shares** | | | |
| 1. | Paceman Traders Pvt. Ltd | 300,000 | 20.00 |
| | **Total** | **1,500,000** | **100.00** |

**Financial Performance**

The financial highlights of SRPL as per the audited financial statements for the last three financial years are as under:

(₹ in Million)

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital | 0.20 | 1.00 | 1.00 |
| Reserves Surplus | (0.74) | (0.89) | (2.40) |
| Total Income | 1.35 | 2.78 | 0.28 |
| Profit/(Loss) after Tax | (0.40) | (0.15) | (1.51) |
| Earnings Per Share (₹) | (19.93) | (1.50) | (15.11) |
| Net asset Value Per share (₹) | (26.92) | 1.11 | (14.00) |

**6. Fantasy Real Estates Private Limited ("FREPL")**

FREPL was incorporated under the Companies Act in the name of Fantasy Real Estates Private Limited on February 20, 2007 with the Registrar of Companies, Mumbai. The CIN of the company is U70100MH2007PTC168010. The registered office of the company is situated at G16 Ground Floor, RR Hosiery Bldg Shree Laxmi Woollen Mill Opposite Shakti Mill Comp, off. Dr. E Moses Road. Mahalaxmi Mumbai 400011. The main object of FREPL is to construct, own, acquire, develop, provide, secure, arrange or deal in or manage, run, hire or let out, sell or lease family entertainment center or centers for offering all types of comprehensive entertainment facilities and/or multiplex, cineplex, cinema halls, theatres (open air, close), shops, shopping malls, shopping junctions, or centers providing comprehensive food and beverages, facilities, bars, restaurants, hotels, food courts, eateries, etc.

**Board of Directors**

The board of directors as on March 1, 2011 is as under:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Mahendra Zanane | Director |
| Mr. Suresh Kumar Talati | Director |
| Mr. Mukta Velhankar | Director |

**Capital Structure and Shareholding Pattern**

The authorised share capital of the company is ₹ 17,500,000 divided into 250,000 class 'A' equity shares with voting rights of ₹ 10 each; 500,000 class 'B' equity shares without voting rights of ₹ 10 each and 1,000,000 preference share of ₹ 10 each. The paid up capital of ₹ 11,100,000 divided into 110,000 Class A equity shares of ₹

10 each; 550,000 10% non cumulative non-voting redeemable preference shares of ₹ 10 each; 450,000 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 10,500 | 9.55 |
| 2. | Ms. Namita Kalani | 10,780 | 9.80 |
| 3. | Kartikeya Family Trust | 11,400 | 10.36 |
| 4. | S.F. Trust | 15,320 | 13.93 |
| 5. | Yuvraj Trust | 21,900 | 19.91 |
| 6. | Vindhya Cement Pvt. Ltd | 10,300 | 9.36 |
| 7. | Fab-Syntex Pvt. Ltd | 5,350 | 4.86 |
| 8. | Dumet Wire India Pvt. Ltd. | 5,350 | 4.86 |
| 9. | High-sky Properties Pvt. Ltd | 10,300 | 9.36 |
| 10. | Sanovi Trading Pvt. Ltd. | 8,800 | 8.00 |
| | **Total** | **110,000** | **100.00** |

| Sr. No. | Name of the preference shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| **10% non cumulative non voting redeemable preference shares** | | | |
| 1. | Kalani Brothers (Indore) Pvt. Ltd. | 550,000 | 55.00 |
| **12% non cumulative redeemable preference shares** | | | |
| 1. | Pace Man Traders Pvt. Ltd. | 450,000 | 45.00 |
| | **Total** | **1,000,000** | **100.00** |

**Financial Performance**

The financial highlights of FREPL as per the audited financial statements for the last three financial years are as under:

(₹ in Millions)

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital | 0.10 | 1.10 | 1.10 |
| Reserves Surplus | (0.20) | 0.03 | (1.11) |
| Total Income | 0.006 | 0.92 | 0.008 |
| Profit/(Loss) after Tax | (0.20) | 0.23 | (1.13) |
| Earnings Per Share (₹) | (19.69) | 2.05 | (10.31) |
| Net asset Value Per share (₹)* | (11.93) | 10.08 | (0.21) |

* *Net of Miscellaneous Expenditure not Written off*

**7. Crystal 3 Power Private Limited (“CPPL”)**

CPPL was incorporated as a private limited company in West Bengal on August 22, 2008. The CIN of the company is U45400WB2008PTC128684. The registered office of the company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of the company is to build, erect, construct, establish, maintain, improve, manage and operate electricity generating stations businesses ancillary to it.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as under:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Manish Kalani | Director |
| Mr. Shankar Narayanan Iyar | Director |
| Mr. Mahesh Tiwari | Director |
| Mr. Rajesh Dubey | Director |
| Mr. Kartikeya Kalani | Director |

**Capital Structure and Shareholding Pattern**

The authorised capital of the company is ₹ 50,000,000 divided into 5,000,000 equity shares of ₹ 10 each and the paid up capital of ₹ 400,000 divided into 40,000 equity shares of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Saka Tradings Pvt. Ltd. | 4,000 | 10.00 |
| 2. | Wanderland Construction Pvt. Ltd. | 36,000 | 90.00 |
| | **Total** | **40,000** | **100.00** |

**Financial Performance**

The financial highlights of CPPL as per the audited financial statements for the last three financial years are as under:

(₹ in Million)

| Particular | FY 2009* | FY 2010* |
|---|---|---|
| Equity Capital | 0.10 | 0.10 |
| Reserves Surplus | - | - |
| Total Income | - | - |
| Profit/(Loss) after Tax | - | - |
| Earnings Per Share (₹) | - | - |
| Net asset Value Per share (₹)# | (27.96) | (28.80) |

*The Company was incorporated on August 22, 2008*
* *Since no commercial activity started & hence no P/L account has been prepared*
\# *Net of Miscellaneous Expenditure not Written off*

**8. Dreamworld Developers Private Limited ("DDPL")**

DDPL was incorporated as a private limited company in the name of Herbal Dream Vedic Private Limited in Gwalior on June 26, 2006. On May 29, 2007 the name of the company was changed to Dreamworld Developers Private Limited. The CIN of the company is U24232MP2006PTC018737. The registered office of the company is situated at 161-162 Suniket Appartment, Shree Nagar Extension, Khajrana, Main Road Indore-452001. The main object of the company is to construct, own, acquire, develop, provide, secure, arrange or deal in or manage, run, hire or let out, sell or lease Family Entertainment Center, Shopping Malls, Multiplex, Hotels, commercial Premises, offices, or Centers for offering all types of comprehensive Entertainment facilities and/or multiplex, Cineplex, cinema halls, theatres (open air, close), shops, shopping malls, shopping junctions, or centers providing comprehensive food and beverages facilities, bars, restaurants, hotels, food courts, eateries, etc.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as under:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Ramesh Chand Sharma | Director |
| Mr. Neeraj Kumar Jain | Director |

**Capital Structure and Shareholding Pattern**

The authorised capital of the company is ₹ 500,000 divided into 50,000 equity shares of ₹ 10 each and the paid up capital of ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Mr. Manish Kalani | 900 | 9.00 |
| 2. | Ms. Padma Kalani | 900 | 9.00 |
| 3. | Ms. Manisha Kalani | 900 | 9.00 |
| 4. | Mr. Kartikeya Kalani | 900 | 9.00 |
| 5. | Mr. Vinayak Kalani | 900 | 9.00 |
| 6. | Manish Kalani HUF | 900 | 9.00 |
| 7. | Manish Saurabh Trust | 900 | 9.00 |
| 8. | Kalani Family Trust | 900 | 9.00 |
| 9. | Kartikeya Family trust | 900 | 9.00 |
| 10. | Vinayak Family Trust | 900 | 9.00 |
| 11. | S F Trust | 900 | 9.00 |
| 12. | Yuvraj Trust | 100 | 1.00 |
| | **Total** | **10,000** | **100.00** |

**Financial Performance**

The financial highlights of DDPL as per the audited financial statements for the last three financial years are as under:

(₹ in Million)

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital | 0.10 | 0.10 | 0.10 |
| Reserves Surplus | (0.03) | 0.00 | (0.56) |
| Total Income | 0.01 | 0.06 | 0.02 |
| Profit/(Loss) after Tax | (0.02) | 0.03 | (0.56) |
| Earnings Per Share (₹) | (2.32) | 3.24 | (56.11) |
| Net asset Value Per share (₹) | 6.77 | 10.01 | (46.10) |

**9. Triple A Constructions Private Limited ("TACPL")**

TACPL was incorporated as a private limited company in Indore on July 4, 1985. The CIN of the company is U45201MP1985PTC002923. The registered office of the company is situated at 161-162, Suniket Appartment. Shrinagar Extension, Khajrana Main Road, Indore - 452010. The main object of the company is to carry on the business of real estate, owners, builders and contractors.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as under:

| Name of the director | Nature of Directorship |
|---|---|
| Mr. Pawan Kumar Jain | Director |
| Mr. Suresh Kumar Talati | Director |
| Mr. Neeraj Kumar Jain | Director |

**Capital Structure and Shareholding Pattern**

The authorised capital of the company is ₹ 6,000,000 divided into 10,000 equity shares of ₹ 100 each and 50,000 preference shares of ₹ 100 each. The paid up Capital of the company is ₹ 5,100,000 divided into 1,000 equity share of ₹ 100 each and 50,000 12% non cumulative redeemable preference shares of ₹ 100 each

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 99 | 9.90 |
| 2. | Ms. Manisha Kalani | 99 | 9.90 |
| 3. | Herbal Dream Ayurveda Creations Pvt. Ltd. | 24 | 2.40 |
| 4. | Kartikeya Family Trust | 99 | 9.90 |
| 5. | Vinayak Family Trust | 99 | 9.90 |
| 6. | S. F. Trust | 99 | 9.90 |
| 7. | Mr. Kartikeya Kalani | 99 | 9.90 |
| 8. | Saurabh Properties Pvt. Ltd. | 99 | 9.90 |
| 9. | Pusti Trading Pvt. Ltd. | 99 | 9.90 |
| 10. | Sevenstar Properties Pvt. Ltd. | 54 | 5.40 |
| 11. | Miscellani Global Pvt. Ltd. | 40 | 4.00 |
| 12. | Mr. Vinayak Kalani | 70 | 7.00 |
| 13. | Ms. Namita Kalani | 20 | 2.00 |
| | **Total** | **1,000** | **100.00** |

| Sr. No. | Name of the preference shareholder | Number of shares held | % shareholding |
|---|---|---|---|
| **12 % non-cumulative redeemable preference shares** | | | |
| 1. | Pace Man Traders Private Limited | 50,000 | 100.00 |
| | **Total** | **50,000** | **100.00** |

**Financial Performance**

The financial highlights of TACPL as per the audited financial statements for the last three financial years are as under:

(₹ in Million)

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital | 0.10 | 0.10 | 0.10 |
| Reserves Surplus | (0.06) | (0.13) | (0.11) |
| Total Income | 0.20 | 0.06 | 0.05 |
| Profit/(Loss) after Tax | (0.01) | (0.07) | 0.02 |

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Earnings Per Share (₹) | (9.27) | (65.39) | 19.59 |
| Net asset Value Per share (₹) | 38.47 | (26.92) | (7.33) |

**10. TI Travels Private Limited ("TITPL")**

TITPL was incorporated as a private limited company in Mumbai on July 13, 2007. The CIN of the company is U63090MH2007PTC172315. The registered office of the company is situated at G16, Ground Floor, Near Hosiery Building, Shri Laxmi Woollen Mill, Opposite Shakti Mills Compound Off., Dr. E Moses Road Mahalaxmi, Mumbai - 400011. The main object of the company is to carry on the business as travel agents, tourist agents and tour operators, of any Indian or Foreign Airlines, air cargo shipping and other travel agencies.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Pawan Kumar Jain | Director |
| Mr. Ramesh Chand Sharma | Director |
| Mr. Shivaji Matkar | Director |

**Capital Structure and Shareholding Pattern:**

The authorised share capital of the company is ₹ 500,000 divided in to 50,000 equity shares of ₹ 10 each. The paid up capital of the company is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each.

The equity shareholding pattern of this company as on March 1, 2011 is as follows:

| Sr. No. | Name of the Shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 1. | Mr. Manish Kalani | 900 | 9.00 |
| 2. | Ms. Namita Kalani | 900 | 9.00 |
| 3. | Mr. Vinayak Kalani | 1,800 | 18.00 |
| 4. | S.F. Trust | 900 | 9.00 |
| 5. | Kartikeya Family Trust | 900 | 9.00 |
| 6. | Vinayak Family Trust | 1,800 | 18.00 |
| 7. | Yuvraj Trust | 900 | 9.00 |
| 8. | Ms. Padma Kalani | 1,900 | 19.00 |
| | **Total** | **10,000** | **100.00** |

**Financial Performance**

The financial highlights of TITPL as per the audited financial statements for the last three financial years are as under:

(₹ in Millions)

| Particular | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|
| Equity Capital | 0.10 | 0.10 | 0.10 |
| Reserves Surplus | (0.04) | (0.06) | (0.09) |
| Total Income | - | - | - |
| Profit/(Loss) after Tax | (0.04) | (0.02) | (0.03) |
| Earnings Per Share (₹) | (3.74) | (2.46) | (2.83) |
| Net asset Value Per share (₹)* | 4.16 | 2.22 | (0.08) |

* *Net of Miscellaneous Expenditure not Written off*

An application under sections 391 to 394 of the Companies Act has been filed before the Bombay High Court for considering a scheme of amalgamation of Fab-Syntex Private Limited and TI Travels Private Limited (Transferor Companies) with Dumet Wire India Private Limited. For further details, please refer to the section "Outstanding Litigations and Material Developments" beginning on page 361 of the DRHP.

## C. Other Group Entities

### 1. Saurabh Properties Private Limited ("SPPL")

SPPL was incorporated under the Companies Act in the name of Saurabh Properties Private Limited on July 17, 1986 with the Registrar of Companies, Mumbai. The CIN of the company is U45200MH1986PTC040430. The registered office of the company is situated at B-4 Parekh Apartment Ground Floor Near Mcdonalds, Sarojini Road, Vile Parle (W), Mumbai – 400056. The main object of the company is to engage in real estate and ancillary businesses.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Mahesh Tiwari | Director |
| Mr. Shivaji Matkar | Director |

**Capital Structure and Shareholding Pattern**

The paid up capital of the company is ₹10,000,000 divided into 100,000 equity shares of ₹ 10 each, 90,000 15% non cumulative redeemable preference shares of ₹ 10 each, 545,500 10% non cumulative redeemable preference shares of ₹ 10 each and 264,500 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of Shares held | % shareholding |
|---|---|---|---|
| 1. | Yuvraj trust | 21,600 | 21.60 |
| 2. | Ms. Namita Kalani | 17,600 | 17.60 |
| 3. | Ms. Padma Kalani | 9,800 | 9.80 |
| 4. | Kartikeya Family Trust | 9,800 | 9.80 |
| 5. | Vinayak Family Trust | 9,800 | 9.80 |
| 6. | S. F. Trust | 9,800 | 9.80 |
| 7. | Mr. Kartikeya Kalani | 9,800 | 9.80 |
| 8. | Mr. Vinayak Kalani | 9,800 | 9.80 |
| 9. | Ms. Manisha Kalani | 2,000 | 2.00 |
| | **Total** | **100,000** | **100.00** |

| Sr. No. | Name of the preference shareholder | No. of Shares held | % shareholding |
|---|---|---|---|
| **10% non-cumulative redeemable preference shares** | | | |
| 1. | Ratangiri Vinimay Pvt. Ltd. | 345,500 | 38.39 |
| 2. | Kalani Brothers (Indore) Pvt. Ltd. | 200,000 | 22.22 |
| **12% non-cumulative redeemable preference shares** | | | |
| 1. | Pace Man Traders Pvt. Ltd. | 264,500 | 29.39 |
| **15% non-cumulative redeemable preference shares** | | | |
| 1. | Kalani Industries Pvt. Ltd. | 88,000 | 9.78 |
| 2. | Ms. Padma Kalani | 1,000 | 0.11 |

| Sr. No. | Name of the preference shareholder | No. of Shares held | % shareholding |
|---|---|---|---|
| 3. | Ms. Manisha Kalani | 1,000 | 0.11 |
| | **Total** | **900,000** | **100** |

**2. Anshuman Properties Private Limited ("APPL")**

APPL was incorporated under the Companies Act in the name of Anshuman Properties Private Limited on October 21, 1986 with the Registrar of Companies, Mumbai. The CIN of the company is U70100MH1986PTC041327. The registered office of the company is situated at B-4 Parekh Apartment Ground Floor near Mc Donalds Sarojini Road Vile Parle (W) Mumbai – 400056. The main object of the company is to engage in real estate and ancillary businesses.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Pawan Kumar Jain | Director |
| Mr. Quresh Matkawala | Director |
| Mr. Yogesh Goswami | Director |

**Capital Structure and Shareholding Pattern**

The paid up capital of the company is ₹ 13,000,000 divided into 50,000 equity shares of ₹ 10 each; 600,000 10% non cumulative redeemable preference shares of ₹ 10 each and 650,000 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of Shares held | % shareholding |
|---|---|---|---|
| 1. | Kartikeya Family Trust | 9,900 | 19.80 |
| 2. | Ms. Padma Kalani | 9,450 | 18.90 |
| 3. | Mr. Kartikeya Kalani | 4,950 | 9.90 |
| 4. | Master Vinayak Kalani | 4,950 | 9.90 |
| 5. | Vinayak Family Trust | 4,950 | 9.90 |
| 6. | S. F. Trust | 4,950 | 9.90 |
| 7. | Yuvraj Trust | 4,950 | 9.90 |
| 8. | Ms. Namita Kalani | 4,750 | 9.50 |
| 9. | Ms. Manisha Kalani | 900 | 1.80 |
| 10. | Mr. Manish Kalani | 250 | 0.50 |
| | **Total** | **50,000** | **100.00** |

| Sr. No. | Name of the preference shareholder | No. of Shares held | % shareholding |
|---|---|---|---|
| **12 % non-cumulative redeemable preference shares** | | | |
| 1. | Pace Man Traders Pvt. Ltd. | 650,000 | 52.00 |
| **10 % non-cumulative redeemable preference shares** | | | |
| 1. | Ratangiri Vinimay Pvt. Ltd | 500,000 | 40.00 |
| 2. | Kalani Brothers (Indore) Pvt. Ltd | 100,000 | 8.00 |
| | **Total** | **1,250,000** | **100.00** |

### 3. Wanderland Constructions Private Limited ("WCPL")

WCPL was incorporated as a private limited company in Kolkata on August 23, 2007. The CIN of the company is U70101WB2007PTC118016. The registered office of the company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road Kolkata-700001. The main object of the company is to construct, own, acquire, develop, provide, secure, arrange or deal in or manage, run, hire or let out, sell or lease family entertainment center and all types of comprehensive entertainment facilities and to carry on the business of building construction and realty.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Ramesh Chand Sharma | Director |
| Mr. Suresh Kumar Talati | Director |
| Mr. Shivaji Matkar | Director |

**Capital Structure and Shareholding Pattern**

The paid up equity share capital of the company is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each.

The equity shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 1. | Mr. Saurabh Kalani | 2,600 | 26.00 |
| 2. | Saurabh Kalani HUF | 950 | 9.50 |
| 3. | Kartikeya Family Trust | 950 | 9.50 |
| 4. | SF Trust | 950 | 9.50 |
| 5. | Vinayak Family Trust | 950 | 9.50 |
| 6. | Kalani Family Trust | 950 | 9.50 |
| 7. | PS Manish Kalani HUF | 950 | 9.50 |
| 8. | Badrinarayan Kalani & Sons HUF | 950 | 9.50 |
| 9. | Manish Saurabh Trust | 750 | 7.50 |
| | **Total** | **10,000** | **100.00** |

### 4. Vindhya Cement Private Limited ("VCPL")

VCPL was incorporated as a public limited company in Gwalior in the name of Indore Alloy Steel Cast Limited on March 16, 1974. On September 13, 1979, the name of the company was changed to Vindhya Cement Limited. The Company thereafter converted itself into a private limited company on April 26, 2001 and changed its name to Vindhya Cement Private Limited. The CIN of the company is U02694MP1974PTC001261. The registered office of the company is situated at 11, Tukoganj Main Road, Indore-452001. The main object of the company is to carry on business connected with metals including but not limited to trading, moulding, casting and manufacturing and to carry on the business of engineers and general contractors.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Ramesh Chand Sharma | Director |
| Mr. Suresh Kumar Talati | Director |

### Capital Structure and Shareholding Pattern

The paid up share capital of the company is ₹ 12,400,340 divided into 160,034 equity shares of ₹ 10 each, 330,000 15% non-cumulative redeemable preference shares of ₹ 10 each, 690,000 10% non-cumulative redeemable preference shares of ₹ 10 each and 60,000 12% non-cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of share held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 15,034 | 9.39 |
| 2. | Ms. Manisha Kalani | 600 | 0.37 |
| 3. | Mr. Vinayak Kalani | 15,000 | 9.37 |
| 4. | Vinayak Family Trust | 30,000 | 18.75 |
| 5. | S. F. Trust | 15,000 | 9.37 |
| 6. | Pusti Trading Pvt. Ltd. | 15,000 | 9.37 |
| 7. | Dumet Wire India Pvt. Ltd. | 15,000 | 9.37 |
| 8. | Skyline Advisory Services Pvt. Ltd. | 15,000 | 9.37 |
| 9. | Sunrise Properties Pvt. Ltd. | 15,000 | 9.37 |
| 10. | Anshuman Properties Pvt. Ltd. | 10,000 | 6.25 |
| 11. | Mr. Kartikeya Kalani | 14,400 | 9.00 |
| | **Total** | **160,034** | **100.00** |

| Sr. No. | Name of the preference shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| **15% non-cumulative redeemable preference shares** | | | |
| 1. | Kalani Industries Pvt. Ltd. | 320,000 | 29.63 |
| 2. | Ms. Padma Kalani | 5,000 | 0.46 |
| 3. | Ms. Manisha Kalani | 5,000 | 0.46 |
| **10% non-cumulative redeemable preference shares** | | | |
| 1. | Ratangiri Vinimay Pvt. Ltd. | 690,000 | 63.89 |
| **12% non-cumulative redeemable preference shares** | | | |
| 1. | Pace Man Traders Pvt. Ltd. | 60,000 | 5.56 |
| | **Total** | **1,080,000** | **100.00** |

### 5. Pusti Trading Private Limited ("PTPL")

PTPL was incorporated as a private limited company in Indore on June 22, 1993. The company was converted into a public limited company on February 19, 1999. On April 12, 2001, the company was again converted into a private limited company. The CIN of the company is U50300MP1993PTC007729. The registered office of the company is situated at 11, Tukoganj Main Road, Indore-452001. The main object of the company is to carry on the business of trading, dealing, importing, exporting, buying and selling of HDPE Woven sacks, A.C. pressure pipes and parts, components and accessories of motor vehicles, tractors, cycles and two wheelers and heavy earth moving equipments etc.

### Board of Directors

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Ramesh Chand Sharma | Director |
| Mr. Sudarshan Shastri | Director |
| Mr. Rajesh Dubey | Director |

**Capital Structure and Shareholding Pattern**

The paid up share capital of the company is ₹ 3,425,000 divided into 2,500 equity shares of ₹ 10 each, 90,000 15% non-cumulative redeemable preference shares of ₹ 10 each and 250,000 12% non-cumulative redeemable preference shares of ₹ 10 each

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 243 | 9.72 |
| 2. | Ms. Manisha Kalani | 6 | 0.24 |
| 3. | Dumet Wire India Pvt. Ltd. | 248 | 9.92 |
| 4. | Mr. Vinayak Kalani | 245 | 9.80 |
| 5. | Ms. Namita Kalani | 248 | 9.92 |
| 6. | Kartikeya Family Trust | 245 | 9.80 |
| 7. | Vinayak family Trust | 395 | 15.80 |
| 8. | S. F. Trust | 385 | 15.40 |
| 9. | Kartikeya Kalani | 240 | 9.60 |
| 10. | Yuvraj Trust | 245 | 9.80 |
| | **Total** | **2,500** | **100.00** |

| Sr. No. | Name of the preference shareholder | No. of preference shares held | % shareholding |
|---|---|---|---|
| **15% non-cumulative redeemable preference shares** | | | |
| 1 | Kalani Industries Pvt. Ltd. | 88,000 | 25.89 |
| 2 | Ms. Padma Kalani | 1,000 | 0.29 |
| 3 | Ms. Manisha Kalani | 1,000 | 0.29 |
| **12% non-cumulative redeemable preference shares** | | | |
| 1 | Pace Man Traders Pvt. Ltd. | 250,000 | 73.53 |
| | **Total** | **340,000** | **100.00** |

**6. Fab-Syntex Private Limited ("FSPL")**

FSPL was incorporated as a private limited company in Mumbai on July 25, 1979. The CIN of the company is U17100MH1979PTC021493. The registered office of the company is situated at G16, Ground Floor, RR Hosiery Building, Shree Laxmi Woollen Mill, opposite Shakti Mills Compound Off. Dr.E Moses Road, Mahalaxmi, Mumbai-400011. The main object of the company is to carry on business connected with fabrics and yarns including but not limited to manufacture, trading, spinners and processing.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Shivaji Matkar | Director |
| Mr. Neeraj Kumar Jain | Director |

**Capital Structure and Shareholding Pattern**

The paid up share capital of the company is ₹ 7,402,300 divided into 40,230 equity shares of ₹ 10 each , 150,000 10% non cumulative redeemable preference shares of ₹ 10 each and 550,000 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 3,918 | 9.74 |
| 2. | Ms. Namita Kalani | 6,494 | 16.14 |
| 3. | Ms. Manisha Kalani | 3,918 | 9.74 |
| 4. | S. F. Trust | 7,018 | 17.44 |
| 5. | Ms. Vinayak Kalani | 7,400 | 18.39 |
| 6. | Kartikeya Family Trust | 3,982 | 9.90 |
| 7. | Vinayak family Trust | 7,500 | 18.64 |
| | **Total** | **40,230** | **100.00** |

| Sr. No. | Name of the preference shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| **10% non-cumulative redeemable preference shares** | | | |
| 1. | Kalani Brothers (Indore) Pvt. Ltd. | 150,000 | 21.43 |
| **12% non-cumulative redeemable preference shares** | | | |
| 1. | Pace Man Traders Pvt. Ltd. | 550,000 | 78.57 |
| | **Total** | **700,000** | **100.00** |

An application under sections 391 to 394 of the Companies Act has been filed before the Bombay High Court for considering a scheme of amalgamation of Fab-Syntex Private Limited and TI Travels Private Limited (Transferor Companies) with Dumet Wire India Private Limited. For further details, please refer to the section "Outstanding Litigations and Material Developments" beginning on page 361 of the DRHP.

**7. Indore Land and Finance Private Limited ("ILFPL")**

ILFPL was incorporated as a private limited company in the name of Indore Land and Finance Private Limited in Gwalior on November 16, 1961. On January 4, 1985 the company was converted into a public limited company under the name Indore Land and Finance Limited. On May 26, 1995 the company was converted into a private limited company under the name Indore Land and Finance Private Limited. The CIN of the company is U65922MP1961PTC000931. The registered office of the company is situated at 11, Tukoganj Main Road, Indore-452001. The main object of the company is to purchase, take on lease or in exchange or otherwise acquire any lands and buildings in Indore or elsewhere any estate or interests in or any rights connected with any such lands and buildings.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Mahesh Tiwari | Director |
| Mr. Harisingh Maheshwari | Director |
| Mr. Suresh Kumar Talati | Director |

**Capital Structure and Shareholding Pattern**

The paid up share capital of the company is ₹ 5,450,000 divided into 250 equity shares of ₹ 1,000 each and 5,200 12% non cumulative redeemable preference shares of ₹ 1,000 each

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 47 | 18.80 |
| 2. | Manish Saurabh Trust | 24 | 9.60 |

| Sr. No. | Name of the equity shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 3. | Kalani Family Trust | 24 | 9.60 |
| 4. | Ridhima Family Trust | 24 | 9.60 |
| 5. | Saka Tradings Pvt. Ltd. | 9 | 3.60 |
| 6. | Sunrise Properties Pvt. Ltd. | 24 | 9.60 |
| 7. | Vibgyor Laminates Pvt. Ltd. | 9 | 3.60 |
| 8. | Four Dimension Properties Pvt. Ltd. | 6 | 2.40 |
| 9. | Skyline Advisory Services Pvt. Ltd. | 24 | 9.60 |
| 10. | Dumet Wire India Pvt. Ltd. | 20 | 8.00 |
| 11. | Mr. Vinayak Kalani | 21 | 8.40 |
| 12. | Vinayak Family Trust | 18 | 7.20 |
| | **Total** | **250** | **100.00** |

| Sr. No. | Name of the preference shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| **12% Non-cumulative Redeemable Preference Shares** | | | |
| 1. | Pace Man Traders Pvt. Ltd | 5,200 | 100.00 |
| | **Total** | **5,200** | **100.00** |

## 8. Gemini Heights Private Limited ("GHPL")

GHPL was incorporated as a private limited company in the name of Wanderland Heights Private Limited in Kolkata on August 23, 2007. On September 11, 2008 the name of the company was changed to Gemini Heights Private Limited. The CIN of the company is U70101WB2007PTC118015. The registered office of the company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of the company is to construct, develop, purchase, take on lease, sell or otherwise any land or real estate for recreational, retail, commercial, residential or other uses.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Ravindra Chourasiya | Director |
| Mr. Quresh Matkawala | Director |
| Mr. Suresh Kumar Talati | Director |

**Capital Structure and Shareholding Pattern**

Paid up equity share capital of the company is ₹ 100,000 comprising of 10,000 Class 'A' equity shares with voting rights of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 1,900 | 19.00 |
| 2. | S. F. Trust | 900 | 9.00 |
| 3. | Ms. Namita Kalani | 900 | 9.00 |
| 4. | Mr. Vinayak Kalani | 900 | 9.00 |
| 5. | Kartikeya Kalani | 900 | 9.00 |
| 6. | Manish Saurabh Trust | 900 | 9.00 |
| 7. | Kalani Family Trust | 900 | 9.00 |
| 8. | Ridhima Family Trust | 900 | 9.00 |
| 9. | Ms. Manisha Kalani | 900 | 9.00 |

| Sr. No. | Name of the equity shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 10. | Yuvraj Trust | 900 | 9.00 |
| | **Total** | **10,000** | **100.00** |

**9. High Beam Reality Private Limited ("HBRPL")**

HBRPL was incorporated as a private limited company in the name of Wanderland Realty Private Limited in Kolkata on August 23, 2007. On September 11, 2008 the name of the Company was changed to High Beam Reality Private Limited. The CIN of the company is U70101WB2007PTC118009. The registered office of the company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of the company is to construct, own, acquire, develop, provide, secure, arrange or deal in or manage, run, hire or let out, sell or lease Family Entertainment Center, Shopping Malls, Multiplex, Hotels, commercial Premises, offices, or Centers for offering all types of comprehensive Entertainment facilities and/or multiplex, Cineplex, cinema halls, theatres (open air, close), shops, shopping malls, shopping junctions, or centers providing comprehensive food and beverages facilities, bars, restaurants, hotels, food courts, eateries, etc.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Ravindra Chourasiya | Director |
| Ms. Mukta Velhankar | Director |
| Mr. Suresh Kumar Talati | Director |

**Capital Structure and Shareholding Pattern**

The paid up capital of the company is ₹ 100,000 comprising of 10,000 Class 'A' equity shares with voting rights of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of shares held | % Shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 1,900 | 19.00 |
| 2. | Mr. Kartikeya Kalani | 900 | 9.00 |
| 3. | Ms. Namita Kalani | 900 | 9.00 |
| 4. | Mr. Vinayak Kalani | 900 | 9.00 |
| 5. | S. F. Trust | 900 | 9.00 |
| 6. | Manish Saurabh Trust | 900 | 9.00 |
| 7. | Kalani Family Trust | 900 | 9.00 |
| 8. | Kartikeya Family Trust | 900 | 9.00 |
| 9. | Vinayak Family Trust | 900 | 9.00 |
| 10. | Yuvraj Trust | 900 | 9.00 |
| | **Total** | **10,000** | **100.00** |

**10. Samarpit Developers Private Limited ("SDPL")**

SDPL was incorporated as a private limited company in the name of Wanderland Developers Private Limited in Kolkata on August 23, 2007. On September 11, 2008 the name of the company was changed to Samarpit Developers Private Limited. The CIN of the company is U70101WB2007PTC118010. The registered office of the company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of the company is to construct, develop, purchase, take on lease, sell or otherwise any land or real estate for recreational, retail, commercial, residential or other uses.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Pawan Kumar Jain | Director |
| Mr. Ramesh Chand Sharma | Director |
| Mr. Quresh Matkawala | Director |

**Capital Structure and Shareholding Pattern**

The paid up capital of the company is ₹ 100,000 comprising of 10,000 Class 'A' equity shares with voting rights of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 1,900 | 19.00 |
| 2. | S. F.Trust | 900 | 9.00 |
| 3. | Ms. Namita Kalani | 900 | 9.00 |
| 4. | Mr. Vinayak Kalani | 900 | 9.00 |
| 5. | Kartikeya Kalani | 900 | 9.00 |
| 6. | Manish Saurabh Trust | 900 | 9.00 |
| 7. | Kalani Family Trust | 900 | 9.00 |
| 8. | Kartikeya Family Trust | 900 | 9.00 |
| 9. | Vinayak Family Trust | 900 | 9.00 |
| 10. | Yuvraj Trust | 900 | 9.00 |
| | **Total** | **10,000** | **100.00** |

**11. Vibgyor Laminates Private Limited ("VLPL")**

VLPL was incorporated as a private limited company in Mumbai on July 25, 1979. The CIN of the company is U74999MH1979PTC021494. The registered office of the company is situated at G16, Ground Floor, RR Hosiery Building, Shri Laxmi Woolen Mill, Opposite Shakti Mills Compound Office, Dr.E Moses Road, Mahalaxmi, Mumbai - 400011. The main object of the company is to carry on business of manufacture, process and distribution of laminates plastics and to install plants and machinery thereto and to invest, underwrite and buy, hold and sell securities.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Mahendra Zanane | Director |
| Mr. Ramesh Chand Sharma | Director |
| Mr. Rajesh Dubey | Director |

**Capital Structure and Shareholding Pattern**

The paid up capital of the company is ₹ 7,902,400 divided into 40,240 equity shares of ₹ 10 each, 700,000 10% non cumulative redeemable preference shares of ₹ 10 each and 50,000 12% non cumulative redeemable preference shares of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 1. | Manish Saurabh Trust | 7,490 | 18.61 |
| 2. | Kalani Family Trust | 3,660 | 9.10 |
| 3. | Ms. Padma Kalani | 3,925 | 9.75 |
| 4. | Ms. Manisha Kalani | 5,613 | 13.95 |
| 5. | S. F. Trust | 3,625 | 9.01 |
| 6. | Ridhima Family Trust | 7,903 | 19.64 |
| 7. | Manish Kalani HUF | 4,000 | 9.94 |
| 8. | Mr. Manish Kalani | 4,024 | 10.00 |
| | **Total** | **40,240** | **100.00** |

| Sr. No. | Name of the preference shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| | **10% non-cumulative redeemable preference shares** | | |
| 1. | Ratangiri Vinimay Pvt Ltd. | 700,000 | 93.33 |
| | **12% non-cumulative redeemable preference shares** | | |
| 1. | Pace Man Traders Pvt. Ltd | 50,000 | 6.67 |
| | **Total** | **750,000** | **100.00** |

## 12. Padma Homes Private Limited ("PHPL")

PHPL was incorporated as a private limited company in Gwalior on January 31, 2002. The CIN of the company is U45201MP2002PTC014963. The registered office of PHPL is situated at 11, Tukoganj, Main Road, Indore 452 001. PHPL is involved in the business of dealing in real estate and properties.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Ms. Padma Kalani | Director |
| Mr. B. Rajesh Nair | Director |
| Mr. Suresh Kumar Talati | Director |

**Capital Structure and Shareholding Pattern**

The paid up capital of the company is ₹ 2,456,900 divided into 245,690 equity shares of ₹ 10 each

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of shares held | % Shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 73,413 | 29.88 |
| 2. | Ms. Manisha Kalani | 73,468 | 29.90 |
| 3. | Kartikeya Family Trust | 30,000 | 12.21 |
| 4. | Vinayak Family Trust | 33,986 | 13.83 |
| 5. | S.F. Trust | 34,823 | 14.17 |
| | **Total** | **245,690** | **100.00** |

**13. Kalani Brothers (Indore) Private Limited ("KBIPL")**

KBIPL was incorporated as a private limited company in Indore on December 28, 1959. The CIN of the company is U74999MP1959PTC000882. The registered office of KBIPL is situated at 11 Tukoganj, Main Road, Indore 452 001. KBIPL is involved in dealing of real estate and properties.

**Board of Directors**

The board of director of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Ms. Padma Kalani | Director |
| Mr. Narendra Kumar Malviya | Director |
| Mr. Balachandran Rajesh Nair | Director |
| Mr. Suresh Kumar Talati | Director |

**Capital Structure and Shareholding Pattern**

The paid up capital of the company is ₹ 49,950,000 divided into 4,995,000 Equity shares of ₹ 10 each

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 1,365,300 | 27.33 |
| 2. | Ms. Manisha Kalani | 1,365,300 | 27.33 |
| 3. | Manish-Saurabh Trust | 144,300 | 2.89 |
| 4. | Kalani Family Trust | 144,300 | 2.89 |
| 5. | Kartikeya Family Trust | 610,500 | 12.22 |
| 6. | Vinayak Family Trust | 610,500 | 12.22 |
| 7. | Ridhima Family Trust | 754,800 | 15.11 |
| | **Total** | **4,995,000** | **100.00** |

**14. Chitrakoot Mercantiles Private Limited ("CMPL")**

CMPL was incorporated as a private limited company in Kolkata on February 12, 2007. The CIN of the company is U51109WB2007PTC113300. The registered office of the company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of the company is to carry on all or any of the business as buyers, sellers, suppliers, growers, traders, merchants, indentures, brokers, agents, assemblers, stockists of goods and commodities of any kind to work as commission agents, brokers, contractors, processors, order suppliers and dealing agents.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Suresh Kumar Talati | Director |
| Mr. Rajesh Dubey | Director |
| Mr. Lalit Saraf | Director |

**Capital Structure and Shareholding Pattern**

The paid up equity share capital of the company is ₹ 1,100,000 comprising of 110,000 equity shares of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 44,800 | 40.73 |
| 2. | Mr. Vinayak Kalani | 54,350 | 49.41 |
| 3. | Mr. Kartikeya Kalani | 10,450 | 9.50 |
| 4. | Mr. P. S. Kalani | 200 | 0.18 |
| 5. | Gagan Commercial Agencies Pvt. Ltd. | 100 | 0.09 |
| 6. | Olive Commercial Company Pvt. Ltd. | 100 | 0.09 |
| | **Total** | **110,000** | 100 |

**15. Wanderland Real Estates Private Limited ("WREPL")**

WREPL was incorporated as a private limited company in Kolkata on February 24, 2006. The CIN of the company is U70101WB2006PTC108307 under the Companies Act. The registered office of this company is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of the company is to engage in real estate and ancillary businesses.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Quresh Matkawala | Director |
| Mr. Kush Medhora | Director |
| Mr. Ramesh Chand Sharma | Director |
| Mr. Avnish Hasija | Director |

**Capital Structure and Shareholding Pattern**

The paid up capital of the company is ₹ 5,250,000 divided into 525,000 equity shares of ₹ 10 each.

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 1. | Mr. Manish Kalani | 9,000 | 1.71 |
| 2. | Ms. Padma Kalani | 45,000 | 8.57 |
| 3. | Ms. Manisha Kalani | 26,250 | 5.00 |
| 4. | Ms. Namita Kalani | 10,500 | 2.00 |
| 5. | Mr. Vinayak Kalani | 26,250 | 5.00 |
| 6. | Manish Kalani-HUF | 9,000 | 1.71 |
| 7. | Ridhima Family Trust | 26,250 | 5.00 |
| 8. | Yuvraj Trust | 26,250 | 5.00 |
| 9. | P. S. Kalani HUF | 5,000 | 0.95 |
| 10. | Kalani Industries Pvt. Ltd | 37,250 | 7.10 |
| 11. | Patwari Real Estates Pvt. Ltd. | 31,000 | 5.90 |
| 12. | Treasure World Developers Pvt. Ltd. | 267,750 | 51.00 |
| 13. | Mr. P. S. Kalani | 5,500 | 1.06 |
| | **Total** | **525,000** | **100** |

**16. Dumet Wire India Private Limited ("DWIPL")**

DWIPL was incorporated as a public limited company in the name of Dumet Wire India Limited in Gwalior on April 23, 1976. On April 16, 1980 the company converted itself into a private limited company and changes its name to Dumet Wire India Private Limited. The CIN of the company is U31390MH1976PTC026553. The registered office of this company is situated at G16, Ground Floor, RR Hosiery Building, Sh Laxmi Woolen Mill, Opposite Shakti Mills Compound, Off. Dr. E Moses Road, Mahalaxmi, Mumbai - 400011. The main object of the company is to carry on business connected with wires and filaments used for conducting electricity or generating light including but not limited to manufacture, trading and consultancy.

**Board of Directors**

The board of directors of the company as on March 1, 2011 is as follows:

| Name of the Director | Nature of Directorship |
|---|---|
| Mr. Pawan Kumar Jain | Director |
| Mr. Suresh Kumar Talati | Director |

**Capital Structure and Shareholding Pattern**

The paid up capital of the company is ₹ 17,400,700 divided into 90,070 equity shares of ₹ 10 each, 300,000 10% non cumulative non-voting redeemable preference shares of ₹ 10 each and 1,350,000 12% non cumulative redeemable preference shares of ₹ 10 each

The shareholding pattern of the company as on March 1, 2011 is as follows:

| Sr. No. | Name of the equity shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| 1. | Ms. Padma Kalani | 9,000 | 9.99 |
| 2. | Ms. Manisha Kalani | 1,000 | 1.11 |
| 3. | Mr. Kartikeya Kalani | 8,000 | 8.88 |
| 4. | Vindhya Cement Pvt. Ltd | 5,127 | 5.69 |
| 5. | Seven Star Properties Pvt. Ltd. | 9,000 | 9.99 |
| 6. | Pusti Trading Pvt. Ltd. | 9,000 | 9.99 |
| 7. | Skyline Advisory Services Pvt. Ltd. | 3,821 | 4.24 |
| 8. | Kartikeya Family Trust | 9,000 | 9.99 |
| 9. | Vinayak Family Trust | 9,000 | 9.99 |
| 10. | SF Trust | 9,000 | 9.99 |
| 11. | Mr. Vinayak Kalani | 8,500 | 9.44 |
| 12. | Fab-syntex Pvt. Ltd. | 900 | 1.00 |
| 13. | Sunrise Properties Pvt. Ltd. | 8,722 | 9.68 |
| | **Total** | **90,070** | **100.00** |

| Sr. No. | Name of the preference shareholder | No. of shares held | % shareholding |
|---|---|---|---|
| **10 % non-cumulative non voting redeemable preference shares** | | | |
| 1. | Kalani Brothers (Indore) Pvt. Ltd. | 300,000 | 18.18 |
| **12% non-cumulative redeemable preference shares** | | | |
| 1. | Pace Man Traders Pvt. Ltd. | 1,350,000 | 81.82 |
| | **Total** | **1,650,000** | **100.00** |

An application under sections 391 to 394 of the Companies Act has been filed before the Bombay High Court for considering a scheme of amalgamation of Fab-Syntex Private Limited and TI Travels Private Limited (Transferor Companies) with Dumet Wire India Private Limited. For further details, please refer to the section "Outstanding Litigations and Material Developments" beginning on page 361 of the DRHP.

**(III) Limited Liability Partnerships**

**1. Ambika Commercial LLP**

Ambika Commercial LLP was incorporated as a limited liability partnership on January 6, 2011 with registration no. AAA-3319 pursuant to a certificate of registration of conversion of a company into a limited liability partnership. Prior to such registration, Ambika Commercial LLP was carrying on its business under the name and style of Ambika Commercial Private Limited. The registered office of Ambika Commercial LLP is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of Ambika Commercial LLP is to carry on all or any of the business as buyers, sellers, suppliers, growers, traders, merchants, indentures, brokers, agents, assemblers, stockists of goods and commodities of any kind and to work as commission agents, brokers, contractors, processors, order suppliers and dealing agents.

The total monetary value of the contribution made by the partners of Ambika Commercial LLP is ₹1,100,000.

The partners of Ambika Commercial LLP are as under:

| Sr. No. | Name of the Partner |
|---|---|
| 1. | Four Dimension Properties Pvt. Ltd. |
| 2. | Fab-Syntex Pvt. Ltd. |
| 3. | Herbal Dream Ayurveda Creations Pvt. Ltd. |

**2. Ecstasy Heights LLP**

Ecstasy Heights LLP was incorporated as a limited liability partnership on March 11, 2011 with registration no. AAA-4080 pursuant to a certificate of registration of conversion of a company into a limited liability partnership. Prior to such registration, Ecstasy Heights LLP was carrying on its business under the name and style of Ecstasy Heights Private Limited (EHPL). The registered office of Ecstasy Heights LLP is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of Ecstasy Heights LLP is to construct, own, acquire, develop, provide, secure, arrange or deal in or manage, run, hire or let out, sell or lease family entertainment center, shopping malls, multiplex, hotels, commercial premises, offices, etc.

The total monetary value of the contribution made by the partners of Ecstasy Heights LLP is ₹5,100,000

The partners of Ecstasy Heights LLP are as under:

| Sr. No. | Name of the Partner |
|---|---|
| 1. | Ms. Padma Kalani |
| 2. | Ms. Namita Kalani |
| 3. | Gemini Heights Pvt. Ltd. |
| 4. | Anshuman Properties Pvt. Ltd. |
| 5. | Vibgyor Laminates Pvt. Ltd. |
| 6. | Dumet Wire (India) Pvt. Ltd. |
| 7. | Mr. Kartikeya Kalani |

**3. Excellence Properties LLP**

Excellence Properties LLP was incorporated as a limited liability partnership on March 22, 2011 with registration no. AAA-4191 pursuant to a certificate of registration of conversion of a company into a limited liability partnership. Prior to such registration, Excellence Properties LLP was carrying on its business under the name and style of Excellence Properties Private Limited (EPPL). The registered office of Excellence Properties LLP is situated at 2nd Floor, Main Building, 19, R.N. Mukherjee Road, Kolkata-700001. The main object of Excellence Properties LLP is to construct, own, acquire, develop, provide, secure, arrange or deal in or manage, run, hire or let out, sell or lease family entertainment center, shopping malls, multiplex, hotels, commercial premises, offices, etc.

The total monetary value of the contribution made by the partners of Excellence Properties LLP is ₹5,100,000

The partners of Excellence Properties LLP are as under:

| Sr. No. | Name of the Partner |
|---|---|
| 1. | Ms. Padma Kalani |
| 2. | Ms. Namita Kalani |
| 3. | Mr. Kartikeya Kalani |
| 4. | Mr. Manish Kalani |
| 5. | Anshuman Properties Pvt. Ltd. |
| 6. | Vibgyor Laminates Pvt. Ltd. |
| 7. | Dumet Wire (India) Pvt. Ltd. |

**(IV) Trusts**

**1. Kartikeya Family Trust**

Kartikeya Family Trust formed through a trust deed dated January 28, 1999 and acting through its trustees Mr. Saurabh Kalani and Ms. Padma Kalani is primarily formed with the object to provide for education, marriage, heath and expenses for:

(a) Kartikeya Kalani,
(b) Vinayak Kalani
(c) other sons of Mr. Saurabh Kalani, their wives and their respective HUF
(d) daughters of Saurabh Kalani and children of Kartikeya Kalani and Vinayak Kalani
(e) children of the other sons and daughters of Mr. Saurabh Kalani.
(f) children of the sons and daughters of Mr. Kartikeya Kalani.
(g) sons of Mr. Kartikeya Kalani and Mr. Vinayak Kalani
(h) children of the sons and daughters of Mr. Saurabh Kalani.

**2. Riddhima Family Trust**

Riddhima Family Trust formed through a trust deed dated November 11, 2003 and acting through its trustees Mr. Prem Swarup Kalani, Mr. Manish Kalani and Ms. Manisha Kalani is primarily formed with the object to provide for education, marriage, heath and expenses for:

(a) Riddhima Kalani;
(b) sons and their wives of Mr. Manish Kalani,
(c) daughters and their husbands of Mr. Manish Kalani,
(d) Children of Riddhima Kalani,
(e) children of other sons and daughters of Manish Kalani, Kartikeya Kalani and Vinayak Kalani;
(f) wives of Kartikeya Kalani and Vinayak Kalani and
(g) sons and daughters of Mr. Kartikeya Kalani and Vinayak Kalani.

**3. S. F. Trust**

S.F. Trust was formed through will of Ms. Radhabai Kalani dated December 26, 1996. The trustees of this trust are Mr. Prem swarup Kalani, Ms. Padma Kalani, Mr. Harisingh Maheshwari and Mr. Amitabh Tayal. This trust was formed primarily with the object of distributing the net income and jewellery of Ms. Radhabai Kalani between:

(a) Mr. Saubah Kalani;
(b) Ms. Namita Kalani;
(c) Mr. Manish Kalani;
(d) Ms. Manisha Kalani;
(e) Mr. Kartikeya Kalani;

(f) Mr. Vinayak Kalani;
(g) Ms. Ridhima Kalani;
(h) wife of Mr. Kartikeya Kalani;
(i) wife of Mr. Vinayak Kalani;
(j) Children of Kartikeya Kalani and Vinayak Kalani
(k) Wives of sons of Kartikeya Kalani and Vinayak Kalani
(l) Children of Manish Kalani
(m) Wives of Sons of Manish Kalani
(n) Children of Sons of Manish Kalani
(o) Children of Daughters of Manish Kalani
(p) Wives of sons of children of Manish Kalani

**4. Vinayak Family Trust**

Vinayak Family Trust formed through a trust deed dated January 28, 1999 and acting through its trustees Mr. Saurabh Kalani and Ms. Padma Kalani is primarily formed with the object to provide for education, marriage, heath and expenses for:

(a) Vinayak Kalani;
(b) Kartikeya Kalani;
(c) Other sons of Saurabh Kalani, their wives, their HUF
(d) daughters of Mr. Saurabh Kalani,
(e) children of Vinayak Kalani and Kartikeya Kalani;
(f) children of other sons and daughters of Mr. Saurabh Kalani.
(g) Children of sons and daughters of Vinayak Kalani

**5. Manish Saurabh Trust**

Manish Saurabh Trust was formed through will of Mr. Badri Narayan Kalani dated August 30, 1980. The trustees of this trust are Mr. Prem Swarup Kalani, Ms. Padma Kalani and Mr. Harisingh Maheshwari. This trust was formed primarily with the object of distributing the net estate, silver Utensils and jewellery of Mr. Badri Narayan Kalani between:

(a) Manish Kalani, his Wife and children
(b) Wives of Male Children of Manish Kalani
(c) Saurabh Kalani, his Wife and Children
(d) Wives of Male Children of Saurabh Kalani
(e) Richa
(f) Vrinda

**6. Kalani Family Trust**

Kalani Family Trust formed through a trust deed dated March 7, 1967 and acting through its trustees Mr. Badri Narayan Kalani, Mr. Prem Swarup Kalani and Ms. Padma Kalani is primarily formed with the object to provide for education, marriage, heath and expenses for:

(a) Saurabh Kalani
(b) Richa Maheshwari
(c) Rita Maheshwari
(d) Smita Maheshwari
(e) Children, Grand Children and great grand children of Mr. Prem Swarup Kalani and/or Ms. Asha Maheshwari

**7. Yuvraj Trust**

Yuvraj Trust formed through a trust deed dated April 19, 1988 and acting through its trustees Mr. Prem Swarup Kalani, Mr. Saurabh Kalani, Ms. Namita Kalani and Ms. Padma Kalani. This trust was formed primarily with the object of distributing the trust fund for First Born Child of Namita Kalani

**(V) HUFs**

**Saurabh Kalani HUF**

Saurabh Kalani HUF, acting through its Karta, Mr. Kartikeya Kalani, is engaged in the business of trading and investments.

**(VI) Partnership Firms**

**M/s Prem Syndicate**

M/s Prem Syndicate is a partnership firm engaged in the business of inter alia, purchase and sale of land, construction, development, financing, hire purchase, etc. The present partners of the firm as constituted by a partnership deed dated March 31, 1983 are Ms. Padma Kalani, Saka Tradings Private Limited, Mr. Saurabh Kalani and Ms. Asha Maheshwari.

**D. Defunct Group Companies**

There are no defunct Group Entities.

**E. Group companies which have incurred losses in the immediately preceding three financial years**

(₹ in Million)

| Sr. No. | Name of the Company | Profit / (Loss) after Tax | | |
|---|---|---|---|---|
| | | FY 2008 | FY 2009 | FY 2010 |
| 1. | Seven Star Properties Private Limited | 0.09 | 1.77 | (0.25) |
| 2. | Anshuman Properties Private Limited | 0.65 | 1.89 | (1.07) |
| 3. | Sunrise Properties Private Limited | (0.40) | (0.15) | (1.51) |
| 4. | Fantasy Real Estate Private Limited | (0.20) | 0.23 | (1.13) |
| 5. | High Skey Properties Private Limited | 0.33 | 2.35 | (4.30) |
| 6. | Herbal Dream Ayurveda Creations Private Limited | (0.46) | (1.24) | 0.35 |
| 7. | Aloha Hospitals Private Limited | NA | (0.22) | (0.19) |
| 8. | Skyline Advisory Services Private Limited | (1.15) | 0.67 | 0.10 |
| 9. | Indore land and Finance Private Limited | (Negligible) | 0.26 | 1.11 |
| 10. | High Beam Reality Private Limited | NA | 0.02 | (0.02) |
| 11. | Padma Homes Private Limited | (0.22) | (0.20) | (0.31) |
| 12. | TI Travels Private Limited | (0.04) | (0.02) | (0.03) |
| 13. | Chitrakoot Mercantiles Private Limited | (0.02) | (0.04) | (Negligible) |
| 14. | Ecstasy Heights Private Limited# | (0.02) | 0.12 | 0.07 |
| 15. | Ambika Commercial Private Limited* | (0.01) | (0.03) | (0.01) |
| 16. | Olive Commercial Company Limited | (1.02) | 0.34 | 0.24 |
| 17. | Dreamworld Developers Private Limited | (0.02) | 0.03 | (0.56) |
| 18. | Gagan Commercial Agencies Limited | (0.08) | 0.62 | 0.06 |
| 19. | Triple A Constructions Private Limited | (0.01) | (0.07) | 0.02 |
| 20. | Wanderland Real Estates Private Limited | 0.20 | 36.48 | (6.45) |

*# Pursuant to conversion into an LLP on March 11, 2011, undertaking business as Ecstasy Heights LLP*

** Pursuant to conversion into an LLP on January 6, 2011, undertaking business as Ambika Commercial LLP*

**Common Pursuits**

Our Promoters and Directors do not have any interest in any venture that is involved in any activities similar to those conducted by our Company or our Group Entities. Further, the main objects of our Promoter, Sanovi Trading Private Limited and our Group Company, Pusti Trading Private Limited are similar to the main object of our Company. Presently, Sanovi Trading Private Limited and Pusti Trading Private Limited do not carry on any business that is similar to our business. However, in the event that either of these companies engage in any business similar to that of our Company in the future, there would arise a potential conflict of interest between our Company and these entities. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise.

**Business interests of our Group Companies / Subsidiaries in our Company**

Except as disclosed in the section "Financial Statements – Related Party Transactions" beginning on pages 265 and 313 of the DRHP there are no business interests of our Group Companies/Subsidiaries in our Company.

**Sales or purchases exceeding 10% in aggregate, in value of the total sales or purchases of our Company**

Except as disclosed in the section "Financial Statements – Related Party Transactions" beginning on pages 265 and 313 of the DRHP there are no sales or purchase between Group Companies/Subsidiaries where such sales or purchases exceeding 10% in aggregate, in value of the total sales or purchases of our Company.

## RELATED PARTY TRANSACTIONS

For details of the related party transactions both standalone and consolidated, please refer to the section "Financial Statements- Related Party Transactions" beginning on page 265 and 313 respectively of the DRHP.

## DIVIDEND POLICY

The Board of Directors of our Company may, at its discretion, recommend dividend to be paid to the members of our Company subject to the provision of the Articles of Association and the Companies Act.

Dividend will be approved by the equity shareholders of the Company at the Annual General Meeting based on the recommendation of our Board. Our Company has no formal dividend policy. The Board may also from time to time pay interim dividend to the members if it considers justified by the profits generated by our Company.

The factors that may be considered by our Board before making any recommendations for the dividend includes but not limited to profits/earnings during the financial year, capital requirements and overall financial position of our Company.

The dividends declared on Equity shares by our Company during the last five financial years have been presented below:

| Particulars | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|---|---|---|---|---|---|
| Equity Share Capital ( ₹ in Million) | 19.90 | 26.98 | 110.91 | 113.14 | 115.23 |
| Face Value of Equity Share | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Rate of Dividend (%) | 15.00 | 17.50 | 10.00 | - | 10.00 |
| Amount of Dividend ( ₹ in Million) | 2.98 | 3.48 | 11.09 | - | 11.33 |
| Tax on Dividend( ₹ in Million) | 0.42 | 0.59 | 1.88 | - | 1.88 |

## SECTION V: FINANCIAL INFORMATION

## FINANCIAL STATEMENTS

## AUDITOR'S REPORT

To,
**The Board of Directors,**
**Flexituff International Ltd.,**
2nd Floor of Main Building,
19, R.N. Mukherjee Road,
Kolkata (West Bengal)

Dear Sirs,

We have examined the annexed financial information of Flexituff International Ltd.('the Company') for the half year ended September 30, 2010 and for the years ended March 31, 2010, 2009, 2008, 2007 and 2006 being the last date to which the accounts of the Company have been made up and audited by us. The financial statements for the half year ended September 30, 2010 are approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public Issue of Equity Shares in the Company (referred to as 'the Issue'), which is in accordance with

(i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

(ii) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI (ICDR) Regulations 2009')

(iii) Our terms of reference with the Company Letter dated 10-11-2010 requesting us to carry out work in connection with the Offer Document as aforesaid.

**Financial Information as per audited financial statements**

1. We report that the restated statement of assets and liabilities of the Company as at September 30, 2010, March 31, 2010, 2009, 2008, 2007 and 2006 are as set out in Annexure I to this report after making such adjustments/ restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV to this report.

2. We report that the restated statement of profits & losses of the Company for the half year ended September 30, 2010 and for the years ended March 31, 2010, 2009, 2008, 2007 and 2006 are as set out in Annexure II to this report. These profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV to this report.

3. We report that the restated statement of cash flows of the Company for the half year ended September 30, 2010 and for the years ended March 31, 2010, 2009, 2008, 2007 and 2006 are as set out in Annexure III to this report. These cash flows have been arrived at after making such adjustments/restatements and regrouping as in our opinion are appropriate.

**Other Financial Information**

4. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report:

| ANNEXURES |
|---|
| Annexure I - Statement of Restated Assets & Liabilities |
| Annexure II - Statement of Restated Profit & Loss Account |
| Annexure III - Statement of Restated Cash Flows |
| Annexure IV - Significant Accounting Policies and Notes to Accounts |
| Annexure V - Statement of Share Capital |
| Annexure VI - Statement of Reserves & Surplus |
| Annexure VII - Statement of Secured Loans |
| Annexure VIII - Statement of Unsecured Loans |
| Annexure IX - Statement of Inventories |
| Annexure X - Statement of Debtors |
| Annexure XI - Statement of Loans & Advances |
| Annexure XII - Statement of Investments |
| Annexure XIII - Statement of Current Liabilities & Provisions |
| Annexure XIV - Statement of Other Income |
| Annexure XV - Statement of Dividend Declared |
| Annexure XVI - Statement of Accounting Ratios |
| Annexure XVII - Statement of Related Party Transactions |
| Annexure XVIII - Statement of Capitalization |
| Annexure XIX - Statement of Tax Shelters |
| Annexure XX - Statement of Contingent Liabilities |

5. We have reviewed and examined, as appropriate, the financial information contained in these Annexures and are to state as follows:

   a) The financial information contained in these Annexures is based on the audited financial statements of the Company for the half year ended September 30, 2010 and years ended March 31, 2010, 2009, 2008, 2007 and 2006.

   b) The Statement of Assets and Liabilities, Profits and Losses and Statement of Cash Flows have been restated with retrospective effect to reflect the Significant Accounting Policies being adopted by the Company as at September 30, 2010, if material.

6. This report is intended for your information and for inclusion in the Offer Document being issued by the Company with regard to the aforesaid proposed initial public offer of equity shares of the Company for cash and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For L.K.Maheshwari & Co.
Chartered Accountants
FRN – 000780C

(Abhay Singi)
Partner
M.No. 079873

Indore
Dated: February 18, 2011

**Annexure I**
**Statement of Restated Assets & Liabilities**

(₹ in Million)

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| **A. Fixed Assets** | | | | | | |
| **a) Tangible Assets** | | | | | | |
| Gross Block | 427.02 | 771.95 | 953.81 | 2,280.37 | 2,649.64 | 2,756.74 |
| Less: Accumulated Depreciation | 37.81 | 60.04 | 100.10 | 150.74 | 255.83 | 319.74 |
| Net Block | 389.21 | 711.91 | 853.72 | 2,129.63 | 2,393.81 | 2,437.01 |
| Capital Work in progress including Capital Advances | 0.00 | 17.58 | 314.63 | 132.84 | 339.89 | 525.45 |
| **Total (Tangible Assets)** | **389.21** | **729.49** | **1,168.35** | **2,262.47** | **2,733.69** | **2,962.46** |
| **b) Intangible Assets** | | | | | | |
| Gross Block | | | | | | |
| Patent | 0.00 | 0.02 | 0.02 | 0.66 | 0.66 | 0.66 |
| Less: Amortization | 0.00 | 0.00 | 0.00 | 0.02 | 0.09 | 0.12 |
| Net Block | 0.00 | **0.02** | **0.02** | **0.64** | **0.57** | **0.54** |
| **Total Fixed Assets** | **389.21** | **729.51** | **1,168.37** | **2,263.10** | **2,734.26** | **2,963.00** |
| **B. Investments** | **0.44** | **0.00** | **0.35** | **17.45** | **28.84** | **104.72** |
| **C. Current Assets, Loans and Advances** | | | | | | |
| Sundry Debtors | 155.14 | 180.12 | 374.19 | 225.51 | 490.57 | 764.38 |
| Cash & Bank Balances | 15.78 | 23.56 | 27.62 | 121.58 | 134.08 | 122.55 |
| Inventories | 118.63 | 199.65 | 265.62 | 355.28 | 618.67 | 1,012.28 |
| Loans & Advances | 73.49 | 91.49 | 92.28 | 252.07 | 347.35 | 460.58 |
| **Total** | **363.03** | **494.81** | **759.71** | **954.44** | **1,590.68** | **2,359.79** |
| **Less : Current Liabilities & Provisions** | | | | | | |
| Current Liabilities | 177.23 | 330.41 | 289.14 | 481.70 | 682.98 | 1,032.58 |
| Provisions | 4.61 | 6.30 | 15.57 | 7.03 | 13.26 | 22.27 |
| **Net Current Assets** | **181.19** | **158.10** | **455.00** | **465.71** | **894.44** | **1,304.94** |
| **D. Loan Funds** | | | | | | |
| Secured Loan | 238.58 | 413.45 | 494.99 | 1,494.06 | 2,220.99 | 2,714.12 |
| Unsecured Loan | 0.00 | 5.00 | 465.61 | 472.50 | 460.00 | 491.50 |
| **Total** | **238.58** | **418.45** | **960.60** | **1,966.56** | **2,680.99** | **3,205.62** |
| **E. Deferred Tax Liability** | **31.54** | **51.30** | **68.40** | **81.71** | **134.37** | **131.03** |
| **Net Worth (A+B+C-D-E)** | **300.71** | **417.85** | **594.72** | **697.99** | **842.20** | **1,036.00** |
| **Net Worth represented by:** | | | | | | |
| **F. Equity Share Capital** | **19.90** | **26.98** | **110.91** | **113.14** | **115.23** | **125.31** |

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| Share / Warrants Application money pending Allotment | 30.00 | 0.00 | 0.00 | 0.00 | 69.58 | 12.53 |
| **G. Share Warrants** | **0.00** | **0.00** | **8.85** | **7.61** | **6.30** | **1.15** |
| **H. Reserves and Surplus** | **250.87** | **390.87** | **474.96** | **577.24** | **651.08** | **898.12** |
| Less: Miscellaneous Expenditure | 0.05 | 0.00 | 0.00 | 0.00 | 0.00 | 1.10 |
| **Total** | **250.82** | **390.87** | **474.96** | **577.24** | **651.08** | **897.02** |
| **I. Net Worth (F+G+H)** | **300.71** | **417.85** | **594.72** | **697.99** | **842.20** | **1,036.00** |

*Note: The above statement should be read with the Notes to the Restated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.*

**Annexure II**
**Statement of Restated Profit & Loss Account**

(₹ in Million)

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| **I. Income** | | | | | | |
| Operating Income : | | | | | | |
| Sales | 1,229.06 | 1,614.12 | 2,202.29 | 2,607.47 | 3,011.09 | 2,287.86 |
| Increase/(Decrease) in Stock | (21.88) | 70.85 | 24.76 | 5.45 | 202.51 | 228.48 |
| Other Income | 4.20 | 5.66 | 12.73 | 5.13 | 7.98 | 13.32 |
| **Total-A** | **1,211.37** | **1,690.63** | **2,239.78** | **2,618.06** | **3,221.58** | **2,529.65** |
| **II. Expenditure** | | | | | | |
| Manufacturing Expenses | 930.12 | 1,304.90 | 1,709.00 | 2,002.11 | 2,492.70 | 1,946.77 |
| Administration Expenses | 21.62 | 27.35 | 32.60 | 33.05 | 49.19 | 37.18 |
| Employee Remuneration & Benefits | 25.81 | 31.80 | 39.00 | 54.05 | 76.09 | 50.99 |
| Selling Expenses | 121.22 | 143.61 | 168.32 | 168.26 | 167.42 | 169.38 |
| Interest & Financial Charges | 44.72 | 55.82 | 140.89 | 206.76 | 202.94 | 136.19 |
| Depreciation | 17.72 | 22.39 | 39.12 | 50.99 | 111.24 | 63.81 |
| Amortization of Miscellaneous Expenditure | 0.05 | 0.05 | 0.25 | 0.25 | 0.25 | 0.13 |
| Preliminary & Share Issue Exp. W/o. | 0.00 | 0.00 | 13.29 | 0.00 | 0.00 | 0.00 |
| **Total-B** | **1,161.26** | **1,585.92** | **2,142.47** | **2,515.49** | **3,099.85** | **2,404.44** |
| **III. Profit before taxation (A-B)** | **50.11** | **104.70** | **97.31** | **102.57** | **121.73** | **125.21** |
| Less: Provision for Taxation | | | | | | |
| -Current | 0.33 | 1.74 | 3.04 | 6.07 | 0.05 | 9.06 |
| -Deferred | 1.55 | 19.76 | 17.09 | 13.32 | 52.65 | (3.33) |
| -Fringe Benefit Tax | 0.88 | 1.14 | 0.94 | 1.67 | 0.00 | 0.00 |
| **IV. Prior Period Items** | **0.00** | **2.85** | **0.25** | **1.96** | **(6.02)** | **(5.79)** |
| **V. Profit After Taxation as per Audited Statement of Accounts (C)** | **47.35** | **79.20** | **75.98** | **79.56** | **75.05** | **125.28** |
| Adjustments on Account of Changes in Accounting Policies | (1.64) | 3.92 | (32.77) | (10.26) | 13.08 | 27.68 |
| **Total Adjustments: (D)** | (1.64) | 3.92 | (32.77) | (10.26) | 13.08 | 27.68 |
| **VI. Adjusted** | **45.71** | **83.12** | **43.21** | **69.30** | **88.13** | **152.96** |

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| **profit/(loss)(C+D)** | | | | | | |
| Surplus/(Deficit) brought forward from the Previous year | 20.61 | 62.91 | 41.97 | 72.20 | 141.50 | 206.42 |
| **VII. Profit available for appropriation** | **66.32** | **146.04** | **85.18** | **141.50** | **229.62** | **359.37** |
| Proposed Equity Dividend (Final) | 2.98 | 3.48 | 11.09 | 0.00 | 11.33 | 0.00 |
| Tax on Dividend | 0.42 | 0.59 | 1.88 | 0.00 | 1.88 | 0.00 |
| Transfer to General Reserve A/c | 0.00 | 100.00 | 0.00 | 0.00 | 10.00 | 0.00 |
| **VIII. Adjusted Available Surplus/(Deficit) carried forward** | **62.91** | **41.97** | **72.20** | **141.50** | **206.42** | **359.37** |

*Note: The above statement should be read with the Notes to the Restated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.*

**Annexure III**
**Restated Statement of Cash Flows**

(₹ in Million)

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | | | |
| **Net Profit before tax and extraordinary items:** | **50.11** | **104.70** | **97.31** | **102.57** | **121.73** | **125.21** |
| **Adjustments for:** | | | | | | |
| Depreciation | 17.72 | 22.39 | 39.12 | 50.99 | 111.24 | 63.81 |
| Amortization of Miscellaneous Expenditure | 0.05 | 0.05 | 0.25 | 0.25 | 0.25 | 0.13 |
| Prior Period Adjustment involving cash outflow | 0.00 | (2.85) | 0.00 | (1.29) | 0.00 | 0.00 |
| (Profit)/Loss on sale of Fixed Assets | 0.00 | 0.00 | 0.31 | 0.20 | 0.44 | 0.00 |
| Profit)/Loss on sale of Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.04) |
| Foreign Currency Exchange Fluctuation Reserve | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.85 |
| Interest & Financial Charges | 44.72 | 55.82 | 140.89 | 206.76 | 202.94 | 136.19 |
| Impact of Changes in Accounting Policies | (1.64) | (1.20) | 6.09 | (1.37) | (10.57) | 9.64 |
| **Cash generated from operations before Working Capital Changes** | **110.96** | **178.91** | **283.96** | **358.12** | **426.04** | **335.79** |
| **Adjustments for:** | | | | | | |
| Changes in Trade and Other Receivables | (46.86) | (24.98) | (194.08) | 148.68 | (265.06) | (273.81) |
| Inventories | 40.63 | (81.02) | (65.97) | (89.67) | (263.39) | (393.61) |
| Other Assets | (5.59) | (18.00) | (0.79) | (159.79) | (95.28) | (114.33) |
| Current Liabilities | 2.56 | 153.18 | (41.27) | 192.56 | 201.27 | 349.61 |
| **Cash generated from/(used in) Operations** | **(9.26)** | **29.18** | **(302.10)** | **91.79** | **(422.46)** | **(432.14)** |
| Income Taxes (Paid)/Refund (net) | (0.95) | (2.04) | (2.91) | (3.96) | (5.92) | 5.74 |
| **Net Cash Flow from /(used in) Operating Activities** | **100.76** | **206.05** | **(21.05)** | **445.95** | **(2.34)** | **(90.61)** |
| **B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES** | | | | | | |

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| Purchase of Fixed Assets | (85.26) | (362.52) | (480.07) | (1,149.49) | (598.46) | (292.67) |
| Sale of Fixed Assets | 0.00 | 0.00 | 0.57 | 3.30 | 1.75 | 0.00 |
| Capital Subsidy Recd. Against Fixed Assets | 0.00 | 0.00 | 0.00 | 0.00 | 18.53 | 0.00 |
| (Purchase)/Sale of Investments (net) | 0.00 | 0.44 | 0.00 | 0.00 | (2.50) | 2.54 |
| Proceeds from Sale of Subsidiary | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.44 |
| Investment in Subsidiaries | 0.00 | 0.00 | (0.35) | (17.10) | (8.89) | (78.82) |
| **Net Cash from / (used in) Investing Activities** | **(85.26)** | **(362.08)** | **(479.85)** | **(1,163.28)** | **(589.58)** | **(368.51)** |
| **C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES** | | | | | | |
| Proceeds from Issue of Equity Shares incl. Premium | 0.00 | 70.84 | 99.06 | 26.31 | 24.66 | 124.48 |
| Proceeds from Share/Warrants Application Money | 30.00 | (30.00) | 0.00 | 0.00 | 69.58 | (57.05) |
| Proceeds from Issue of Share Warrants | 0.00 | 0.00 | 8.85 | (1.24) | (1.31) | (5.15) |
| Proceeds/(Repayment) from/of Short Term Borrowings (net) | 11.40 | (7.09) | 525.22 | 47.89 | 467.57 | 200.66 |
| Proceeds/(Repayment) from/of Long Term Borrowings (net) | (8.03) | 189.29 | 16.79 | 958.08 | 246.86 | 320.83 |
| Finance Charges Paid | (44.72) | (55.82) | (140.89) | (206.76) | (202.94) | (136.19) |
| Dividend Paid (including Dividend Distribution Tax) | 0.00 | (3.40) | (4.07) | (12.98) | 0.00 | 0.00 |
| **Net Cash from / (used in) Financing Activities** | **(11.35)** | **163.81** | **504.96** | **811.30** | **604.42** | **447.58** |
| Net increase / (decrease) in Cash and Cash Equivalents | 4.14 | 7.78 | 4.06 | 93.96 | 12.51 | (11.54) |
| Cash and Cash Equivalents at the beginning of the year | 11.63 | 15.78 | 23.56 | 27.62 | 121.58 | 134.08 |
| **Cash and Cash Equivalents at the end of the year** | **15.78** | **23.56** | **27.62** | **121.58** | **134.08** | **122.55** |

*Notes:*

1. *The above statement should be read with the Notes to the Restated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.*
2. *The Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard-3 'Cash Flow Statement' notified by Companies (Accounting Standard) Rules, 2006 (as amended).*
3. *Negative figures in the Cash Flow Statements represents Cash outflow.*

Annexure IV

## 1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

**a) <u>Basis of preparation :</u>**

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

**b) <u>Use of estimates :</u>**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future years.

**c) <u>Revenue recognition :</u>**

i. Sales revenue is recognized when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer.

ii. Promotional Benefits, Export Incentives and Export Growth Incentives are accounted for on accrual basis when virtual certainty and their probable use within reasonable time in the normal course of business, is established.

iii. Claims and refunds due from Government authorities and parties, through receivable / refundable are not recognized in the accounts, if the amount thereof is not ascertainable. These are accounted for as and when ascertained or admitted by the concerned authorities / parties in favour of the Company.

iv. Claims lodged with insurance companies are recognized as income on acceptance by the Insurance Company.

**d) <u>Fixed assets :</u>**

i. Cost of Fixed Assets comprises of its purchase price including import duties and other non-refundable taxes or levies, expenditure incurred in the course of construction or acquisition, Start-up, Reconditioning, Commissioning, test runs & experimental production and other attributable costs of bringing the assets to its working conditions for the purpose of use for the business.

ii. Borrowing cost directly attributable and / or funds borrowed generally and used for the purpose of acquisition / construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized, at its capitalisation rate to expenditure on that assets, for the period as per provisions of AS 16, until all activities necessary to prepare qualifying assets for its intended use are complete.

**e) Depreciation :**

i. Depreciation is provided under the straight line method at the rates provided by Schedule XIV to the Companies Act, 1956 on pro-rata basis, On the basis of technical evaluation by Chartered Engineer, the plant and machineries of all the three divisions of holding company are categorized as continuous process plant and therefore the depreciation rate applied are for the continuous process.

ii. Leased assets are amortized over the operating period of 99 years.

**f) Employee benefits :**

i. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

ii. The eligible employees of the company are entitled to receive benefits under the provident fund a defined contribution plan in which both the employees and the Company make monthly contribution at a specified percentage of the covered employees salary (currently 12% of the employees salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner. The Company recognizes such contribution as expense of the year in which the liability is incurred.

iii. The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plant provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to gratuity fund and the Company recognizes the liability for gratuity benefits payable in future based on an independent actuarial valuation.

**g) Investment :**

Long Term Investments are stated at cost. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline. Current Investments are carried at cost or fair value whichever is lower.

**h) Valuation of inventory :**

i. Inventories are valued at historical cost and net realisable value whichever is lower. Historical cost is determined on FIFO / Weighted Average basis on relevant categories of Inventories and net realizable value, after providing for obsolete, slow moving and defective Inventories, wherever necessary on a consistent basis.

ii. Cost of raw materials includes duties net of CENVAT Credit available. Finished goods exclude "excise duty" thereon.

**i) Retirement benefit :**

i. Contribution to Provident Fund is recognized in the accounts on actual liabilities basis.

ii. Provision / contribution to Gratuity Funds are made on the basis of actuarial valuation certificate from a registered actuary.

**j) Foreign currency transactions :**

a) All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions.
b) Monetary assets & liabilities are translated at the exchange rate prevailing on the balance sheet date and the resultant gain/loss is recognized in the financial statements.
c) Exchange difference are either adjusted in the cost of imported fixed assets or dealt with in the profit & loss account, depending upon the nature of the transaction.
d) The company uses foreign currency forward contracts/options to hedge its actual underlying exposure and not for trading or speculation purpose to movement in foreign currency rates. The use of these forward contracts/options reduces the risk and/or cost to the company. Exchange difference on such contracts is recognized in the reporting period in which exchange rates change.

**k) Taxes on income :**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**l) Impairment of fixed assets :**

Factors giving rise to any indication of Impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date by the Management to determine and provide / reverse an impairment loss following Accounting Standard (AS) 28 "Impairment of Assets"

**m) Borrowing Cost :**

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

**n) Replenishment :**

Indigenous raw materials had to be used on occasions, for exports, to be subsequently replenished under Duty Free Entitlement Schemes of the Government of India. Therefore, the cost of such indigenous raw materials has been accounted for at its equivalent imported / duty free prices by adjusting the value of such entitlements granted for neutralization of the import duties and levies.

**o) Provisions and Contingencies :**

A provision is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resource to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation, in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**p) Earnings per share :**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for event of bonus issue. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**q) Cash and cash equivalents :**

Cash and cash equivalents comprise cash at bank and on hand and short term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**2. (a) Material Adjustments:**

Summary of results of adjustments made to the audited financial statements of the company for the respective years and their impact on profits/(losses) of the company are as given below :

(₹ in Million)

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| Difference in Receivables in Foreign Currency | 0.68 | (1.34) | 6.09 | (1.37) | (13.71) | 9.64 |
| Difference in Foreign Currency Loan | (2.32) | 2.46 | (0.14) | 0.00 | 3.14 | (3.14) |
| Difference due to Foreign Currency Forward Contracts | 0.00 | 2.81 | (38.73) | (8.89) | 23.65 | 21.17 |
| **Total** | **(1.64)** | **3.92** | **(32.77)** | **(10.26)** | **13.08** | **27.68** |

During the half year ended September 30, 2010, the Company changed its accounting policy in respect of the recording of transactions entered in foreign currency. From this period, company adopted Accounting Standard 11 – Effects of changes in foreign exchange rates. As required by the said Accounting Standard, the impact of the change in accounting policy is incorporated in the restated financial statements from financial year 2005-06. The profit/(loss) arising due to changes as stated above are incorporated in the restated profit & loss account of the respective years. Consequently, the balances of sundry receivables & foreign currency loans in the restated statement of assets & liabilities are adjusted accordingly and Foreign Exchange Fluctuation Reserve is created for the difference due to Foreign Currency Forward Contracts.

**(b) Material Regroupings:**

Appropriate adjustments have been made in the restated statements of Assets and Liabilities, Profits and Losses and Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the audited financials of the Company for the half year ended September 30, 2010 and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations 2009.

**(c) The effects of the following have not been given in the Statement of Assets and Liabilities, Profit and Loss and Statement of Cash Flows:**

1. Prior Period Items aggregating to ₹ 2.85 million, ₹ 0.25 million, ₹ 1.96 million, ₹ (6.02) million and ₹ (5.79) million in the Audited Financial Statements for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and half year ended September 30, 2010 respectively have not been adjusted in the respective years to which they pertain, as the figures involved are not material.

2. Sundry Balances written back aggregating to ₹ 0.01 million, ₹ 0.02 million, ₹ 0.20 million and ₹ 1.87 million in the Audited Financial Statements for the year ended March 31, 2006, March 31, 2008, March 31, 2010 and half year ended September 30, 2010 respectively have not been adjusted in the respective years to which they pertain, as the figures involved are not material.

3. Tax impact of adjustments has not been considered as the Company was covered by the provisions relating to Minimum Alternate Tax under the Income-tax Act, 1961 and the tax impact is also not material.

**3. Segment Reporting:**

The Company is principally engaged in the business of Manufacturing of HD/PP Woven sacks and FIBC/Jumbo Bags. Accordingly there is no reportable segment as per Accounting Standard 17 issued by Institute of Chartered Accountant of India on segment reporting.

**4. Deferred Tax:**

**(Amount in ₹)**

| Deferred Tax Liability | As at 31/03/2006 | As at 31/03/2007 | As at 31/03/2008 | As at 31/03/2009 | As at 31/03/2010 | As at 30/09/2010 |
|---|---|---|---|---|---|---|
| **Net Block as per books** | 364,463,084 | 650,581,491 | 767,532,268 | 1,995,902,221 | 2,260,263,049 | 2,437,544,820 |
| **Net Block as per Income Tax** | 270,746,975 | 490,674,711 | 538,057,205 | 1,556,298,823 | 1,624,282,050 | 1,736,907,313 |
| **Less : Differences reversing during tax holiday period** | 0 | 7,491,883 | 8,123,701 | 45,573,546 | 54,149,018 | 51,812,930 |
| **Timing Difference** | 93,716,109 | 152,414,897 | 221,351,362 | 394,029,852 | 581,831,981 | 648,824,577 |
| **Deferred tax liabilities @ 30.9% on the timing difference** | 31,544,842 | 51,302,854 | 68,397,571 | 121,755,224 | 179,786,082 | 200,486,794 |
| **Opening Balance** | 29,990,216 | 31,544,842 | 51,302,855 | 68,397,571 | 121,755,224 | 185,786,082 |
| **Deferred Tax Liability Created** | 1,554,626 | 19,758,013 | 17,094,716 | 53,357,653 | 64,030,858 | 14,700,712 |
| **Closing Balance (A)** | 31,544,842 | 51,302,855 | 68,397,571 | 121,755,224 | 185,786,082 | 200,489,794 |
| **Deferred Tax Assets** | | | | | | |
| Opening Balance | 0 | 0 | 0 | 0 | 40,040,445 | 51,417,825 |
| Deferred Tax Assets created | 0 | 0 | 0 | 40,040,445 | 11,377,380 | 18,035,024 |
| Cumulative Deferred Tax Assets **(B)** | 0 | 0 | 0 | 40,040,445 | 51,417,825 | 69,452,849 |
| **Net Deferred Tax Liability (A-B)** | **31,544,842** | **51,302,855** | **68,397,571** | **81,714,779** | **134,368,257** | **131,036,945** |

5. 92 number of Zero Percent Fully convertible Debentures (FCD) of ₹ 5 Million each to M/s Clearwater Capital Partner (Cyprus) Limited, Cyprus are pending for conversion into equity shares.

6. The company has allotted 195000 Equity Shares to M/s. Kalani Industries Pvt. Ltd. on 31/12/2010, out of the Share / Warrants Application Money pending allotment as on 30/09/2010 amounting to ₹ 12.53 million and after such allotment, the balance in Share / Warrants application money in the books of the company has become nil.

**Annexure V**
**Statement of Share Capital**

(₹ in Million)

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| **Authorised Share Capital:** | | | | | | |
| Equity Shares of ₹10 each | 50.00 | 150.00 | 150.00 | 150.00 | 200.00 | 200.00 |
| **Total** | **50.00** | **150.00** | **150.00** | **150.00** | **200.00** | **200.00** |
| **Issued, Subscribed & Paid up Capital** | | | | | | |
| Equity Shares of ₹10 each fully paid-up | 19.90 | 26.98 | 110.91 | 113.14 | 115.23 | 125.31 |
| Share / Warrants Application money pending Allotment | 30.00 | 0.00 | 0.00 | 0.00 | 69.58 | 12.53 |
| Share Warrants | 0.00 | 0.00 | 8.85 | 7.61 | 6.30 | 1.15 |
| **Total** | **49.90** | **26.98** | **119.76** | **120.76** | **191.12** | **138.98** |

*Notes:*

1. *The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.*
2. *The company allotted 195000 Equity Shares to M/s. Kalani Industries Pvt. Ltd. on 31/12/2010, out of the Share / Warrants Application Money pending allotment as on 30/09/2010 amounting to ₹12.53 million and after such allotment, the balance in Share/Warrants application money in the books of the company has become nil.*

**Annexure VI**
**Statement of Reserves and Surplus**

(₹ in Million)

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| **Reserves and Surplus:** | | | | | | |
| Securities Premium | 157.46 | 221.21 | 236.33 | 260.42 | 282.99 | 397.40 |
| General Reserve | 30.50 | 130.50 | 130.50 | 130.50 | 140.50 | 140.50 |
| Foreign Currency Exchange Fluctuation Reserve (Ref. Para 2-A of Annexure - IV) | 0.00 | (2.81) | 35.93 | 44.82 | 21.17 | 0.85 |
| Surplus/ (Deficit) in Profit & Loss Account | 62.91 | 41.97 | 72.20 | 141.50 | 206.42 | 359.37 |

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| **Total** | **250.87** | **390.87** | **474.96** | **577.24** | **651.08** | **898.12** |

*Note: The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.*

**Annexure VII**
**Statement of Secured Loans**

**(₹ in million)**

| Particulars | For the year ended March 31 | | | | | For the Half year ended 30.09.10 |
|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | |
| **WORKING CAPITAL** | | | | | | |
| Cash Credit facility | | | | | | |
| UCO Bank | 0.00 | 23.76 | 26.24 | 64.63 | 261.11 | 322.29 |
| State Bank of India | 44.82 | 0.00 | 33.45 | 22.43 | 49.06 | 80.53 |
| Central Bank of India | 11.59 | 10.84 | 12.03 | 11.75 | 23.05 | 23.25 |
| Punjab National Bank | 21.02 | 54.03 | 81.51 | 90.63 | 302.05 | 292.53 |
| State Bank of Bikaner & Jaipur | 13.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| State Bank of Patiala | 0.00 | 0.00 | 0.00 | 0.00 | 26.08 | 35.16 |
| HSBC Bank Ltd. | 0.00 | 0.00 | 0.00 | 4.80 | 0.46 | 0.00 |
| Axis Bank Ltd | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 108.70 |
| **TOTAL (A)** | **90.83** | **88.63** | **153.23** | **194.24** | **661.80** | **862.47** |
| **TERM LOAN** | | | | | | |
| Foreign Currency Loan | | | | | | |
| State Bank of India | 29.61 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Central Bank of India | 12.40 | 7.68 | 0.00 | 0.00 | 0.00 | 0.00 |
| Punjab National Bank | 38.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| State Bank of Bikaner & Jaipur | 38.95 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| HSBC Bank Limited Race Cource Road Indore | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 26.78 |
| Effect in changes in Accounting Policies | 2.32 | (0.14) | 0.00 | 0.00 | (3.14) | 0.00 |
| Indian Rupee Loan | | | | | | |
| UCO Bank | 0.00 | 195.71 | 201.83 | 170.80 | 146.64 | 115.89 |
| State Bank of India | 8.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| Particulars | For the year ended March 31 | | | | | For the Half year ended 30.09.10 |
|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | |
| Central Bank of India | 2.03 | 2.49 | 5.25 | 3.23 | 1.17 | 0.00 |
| Punjab National Bank | 3.51 | 60.84 | 44.06 | 27.12 | 12.40 | 6.15 |
| Corporate Loan (STL) from Punjab National Bank | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| State Bank of Bikaner & Jaipur | 0.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Axis Bank Ltd | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 152.86 |
| **For Kashipur Phase I** | | | | | | |
| - UCO Bank Ltd., Pipliyahana Br. Indore | 0.00 | 0.00 | 0.00 | 435.16 | 420.61 | 385.81 |
| - State Bank of India, IF Br. Indore | 0.00 | 0.00 | 0.00 | 189.86 | 183.95 | 168.15 |
| - Central Bank of India Siyaganj Br. Indore | 0.00 | 0.00 | 0.00 | 115.11 | 108.40 | 103.73 |
| - Punjab National Bank, Siyaganj Br., Indore | 0.00 | 0.00 | 0.00 | 190.00 | 242.35 | 217.25 |
| - HSBC Bank Limited Race Cource Road Indore | 0.00 | 0.00 | 0.00 | 0.00 | 40.39 | 0.00 |
| **Kashipur Project Phase-II :** | | | | | | |
| - UCO Bank Ltd., Pipliyahana Br. Indore | 0.00 | 0.00 | 0.00 | 0.00 | 136.94 | 197.85 |
| - State Bank of India, IF Br. Indore | 0.00 | 0.00 | 0.00 | 0.00 | 95.84 | 95.95 |
| - State Bank of Patiala, Orbit Mall Indore | 0.00 | 0.00 | 0.00 | 0.00 | 4.46 | 111.04 |
| - Punjab National Bank | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 70.96 |
| - Uco Bank Ltd., R & D Loan | 0.00 | 0.00 | 0.00 | 0.00 | 120.00 | 161.65 |
| **TOTAL (B)** | **135.87** | **266.58** | **251.14** | **1,231.28** | **1,510.02** | **1,814.07** |
| **From Financial Institutions** | | | | | | |

| Particulars | For the year ended March 31 | | | | | For the Half year ended 30.09.10 |
|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | |
| MPFC Capital Market | 0.00 | 47.50 | 87.11 | 67.40 | 46.94 | 35.67 |
| M.P.A.K.V.N. (Indore) Ltd. | 9.90 | 4.95 | 0.00 | 0.00 | 0.00 | 0.00 |
| **TOTAL (C)** | **9.90** | **52.45** | **87.11** | **67.40** | **46.94** | **35.67** |
| **VEHICLE LOAN** | | | | | | |
| From ICICI Bank Ltd. | 1.75 | 5.67 | 2.97 | 0.83 | 1.36 | 1.20 |
| From HDFC Bank Ltd. | 0.24 | 0.12 | 0.54 | 0.31 | 0.87 | 0.72 |
| **TOTAL (D)** | **1.99** | **5.79** | **3.51** | **1.14** | **2.23** | **1.92** |
| **TOTAL (A+B+C+D)** | **238.58** | **413.45** | **494.99** | **1,494.06** | **2,220.99** | **2,714.12** |

**Annexure VII-A**
**Statement of Secured Loans (Term Loans)**

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| 1 | Axis Bank Ltd., Y. N. Road, Indore | 200.00 | 29-07-2010 | ABBR + 4.50 % i.e.12.00 p. a. | 12 quarterly installments after 9 months from date of first disbursement as per schedule given below:- 1) 10th to 21st month: ₹33.3 Mn in 4 equal quarterly installments. 2) 22nd to 33rd month: ₹ 66.7 Mn in 4 equal quarterly installments. 3) 34th to 45th month: ₹ 100.00 Mn in 4 equal quarterly installments. | Pari Passu First charge on the Fixed Assets of the Company. | Exclusive charges on debt service reserve account (DSRA) proposed to be created with the bank for an amounting to one quarter principle and interest (interest to be maintained upfront and principle to be maintained three months prior to the date of 1st | **Company require prior permission of bank**: a) to formulate any scheme of amalgamation or restructuration; b) to undertake guarantee obligation on behalf of any third party or any other company. c) to make any change in Management. d) to declare dividend for any year except put of profit relating to that year after making all the due and necessary provision provided that no default had occurred in any repayment obligation. e) to undertake any expansion or fresh project or acquire fixed asset, while normal capital expenditure eg. replacement of parts, can be incurred. |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | installment). The Amount to be increased based on repayments, three months prior to the increase in installment | f) to invest by way of share capital in or lend or advance to or place deposits with any other concern normal trade credit or security deposit in the routine course of business or advances to employees can however be extended. |
| 2 | Central Bank of India Siyaganj Br. Indore (Project Phase-I) | 115.00 | 27-06-2008 | BPLR (12) | Repayable in 24 qtrly installments. 1st installment will fall due on 01.10.09. Interest is to be serviced on monthly basis | E/M Of land & Building , Hypothecation of P & M and all other fixed assets on pari passu basis (excluding fixed assets at Bangladesh due to country laws) | | a) Company will not pay any commission to the guarantors b) Not to undertake guarantee obligation on behalf of the company without the cosent of the consortium c) Agree for publishing the names of directors/ guarantors / associates concern in the media in case of default to us. d)Company shallnot make any major capital investment without the prior permission of the consortium. e) The guarantors will give an undertaking to the effects that they will not claim any consideration by way of fees, commission, remuneration or any other form of payment for |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | extending their guarantees for credit facilities<br>f) The comapany /Director shall undertake that no litigation is pending before them, initiated by banks/ financial institution. |
| 3 | HSBC Bank Limited Race Course Road Indore (Project Phase-I) | 61.00 | 28-07-2009 | At Mutually agreed rate | 3 equal annual installments commencing 1 year from the date of disbursement | 1) Personal Guarantee of Mr. Manish Kalani for Rs111,000,000/- (Required. Held for ₹ 66,000,000/-)<br>2) Corporate Guarantee of Kalani Industries Ltd. For Rs111,000,000/- with relevant Board Resolution. (Required. Held for ₹ 66,000,000/-)<br>3) First pari passu charge on the entire fixed assets of the borrower both present & future for ₹ 61,000,000/-. | - | a) Any changes in the capital structure, schemes of amalgam ation/ re-construction must be agreed by the bank prior to being undertaken.<br>b) The Borrower will seek Bank's prior permission for the following; - Declaration of dividend , in case the operating profits (earning before Interest less depreciation and taxes) fall below the audited value of the previous year and/ or if this results in a breach of the stipulated financial covenants.<br>- If the existing unsecured loans and advances from promoters/ directors are proposed to be repaid. |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | (Held) 4) Second pari passu charge on the current assets of the borrower at Pithampur Industrial area and C-41-50, Sector- 3, Dhar Madhya Pradesh & expansion at Uttaranchal (both existing and future) on pari passu basis with existing and proposed working capital. Banks for ₹ 61.00 million held | | |
| 4 | Punjab National Bank, Indore (Existing Loan) | 36.00 | 23.01.2004 | BPLR + 0.50% (TP) + 0.50% | 23 quarterly installment of ₹ 1.566 million w.e.f. 01.09.2005 | 1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed | - | a) Company undertake not to make any alterations or modifications in the project without prior approval of bank in writing b) Firm should not offer any guarantee to any bank/financial institutions/anybody without prior written |
| | | 10.00 | 19.03.2005 | BPLR + 0.50% (TP) + 0.25% | 20 quarterly installment of ₹ 0.50 million after 1 year from the date of first disbursement. | | | |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | 36.00 | 14.11.2006 | BPLR + 2.00% +0.50% (TP) - 2.75% | 24 quarterly installment of ₹1.0625 million and 20 quarterly installment of ₹0.525 million. | assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms lenders on pari passu basis. | | permission from bank c) Undertake not to effect any change in the capital structure and make changes in their management set up without written permission from bank |
| | | 2.40 | 14.11.2006 | BPLR + 2.00% +0.50% (TP) - 2.75% | 4 quarterly installment of ₹0.563 million and 1 quarterly installment of ₹0.148 million. | | | |
| 5 | Punjab National Bank, Siyaganj Br., Indore (Project Phase-I) | 190.00 | 27-05-2008 | BPLR+.0.50%+1.50 to 2% p.a with monthly rests | 24 equal quarterly installments after 1 year & 6 months from the date of first disbursement | 1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area | - | a) Company should undertake not to diversify it's activities, take up new projects and/or expand without written permission. b) Company should not take any alteration or modifications in the project without the prior approval of bank in writing. c) Company should not offer any guarantee to nay bank/financial institution/any body without prior written |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | & C-41 50 SEZ Sector-3 Dhar MP & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms with lenders on pari passu basis. | | permission from bank. d) Company not to create any further charges on the current asset /fixed assets of the company without prior written permission from bank. e) Company should undertake not to effect any change in capital structure without written permission of the bank. f) During the currency of bank's credit facilities, the company shall not, without the prior approval of the bank in writing:- - Declare dividends for any year, if the account(s) of the borrower with the bank is/are running irregular.. - Permit any transfer of the controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned. - Issue Bonus Shares and dispose of share holding of promoters wherever |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | specifically situated |
| 6 | Punjab National Bank, Siyaganj Br., Indore (Project Phase-I) | 50.00 | 27-05-2008 | BPLR+.0.50%+1.50 to 2% p.a with monthly rests | 1) 12 quarterly installments for Rs1.1 million after one year from the date of first disbursement | First pari passu charge on Project assets at Kandla installed in the premises of M/s Imperial Oversea (P) Ltd. | - | a) The borrower shall not undertake expansion/ diversification/ modernization (except those investments accepted in CMA data) without obtaining prior permission |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | Next 11 quarterly installments for Rs3.2 million<br>2)Last quarterly installment for Rs1.6 million | (IOPL) | | of the consortium and without proper tie-up of funds. Similarly, No investment shall be made in associate/allied/ group concerns without prior permission of consortium.<br>b) During the currency of Bank's credit facilities, the borrower shall not, without the prior approval of the Bank in writing:-<br>- Declare dividends for any year, if the account(s) of the borrower with the bank is/are running irregular..<br>- Permit any transfer of the controlling interest or make any drastic change in management set up.<br>- Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned. |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| 7 | Punjab National Bank, Mid Corporate Branch, Siyaganj Indore (Project Phase-II) | 120.00 | 25-06-2009 | BPLR+.50% (TP) p.a. to be charged at monthly rest. | 1)First three quarterly installments of ₹1.10 Million each starting from 30.09.10<br>2) Next 20 quarterly installments of ₹5.50 Million each.<br><br>3)Last one quarterly installment of ₹6.70 million & interest to be recovered as and when charged to the account. | 1st Pari Passu mortgage and hypothecation charge over land and building, plant & machinery and immovable and movable fixed assets of the Uttaranchal phase II project. | 2nd charges on entire current assets (both existing and future) of the existing & proposed project site at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & company's unit at Uttaranchal on pari passu basis with the team lenders | a) The borrower shall not undertake expansion/ diversification/ modernization (except those investments accepted in CMA data) without obtaining prior permission of the consortium and without proper tie-up of funds. Similarly, No investment shall be made in associate/allied/ group concerns without prior permission of consortium.<br>b) During the currency of Bank's credit facilities, the borrower shall not, without the prior approval of the Bank in writing:-<br>- Declare dividends for any year, if the account(s) of the borrower with the bank is/are running irregular..<br>- Permit any transfer of the controlling interest or make any drastic change in management set up.<br>- Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned. |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| 8 | State Bank of India, (erstwhile State Bank of Indore) Commercial Br. Indore (Project Phase-I) | 190.00 | 03-06-2008 | BPLR-.25% | 24 quarterly installments, which will commence from 18 months after the first disbursement. | First pari passu charge over entire existing and proposed fixed assets of the company with the existing & proposed term lending | - | -Any scheme of commission payable to any sister concern should have prior written permission by the bank |
| 9 | State Bank of India, (erstwhile State Bank of Indore) Industrial Finance Br. Indore (Project Phase-II) | 105.00 | 05-10-2009 | 12.50 | 7 Years including moratorium period of 15 months and repayable in 24 quarterly installments. | Extension of 1st pari-passu charge over the entire fixed assets of the Company (including proposed Uttaranchal Unit Phase-II), present as well as future. | - | -Any scheme of commission payable to any sister concern should have prior written permission by the bank |
| 10 | State Bank of Patiala, Orbit Mall Indore (Project Phase-II) | 110.00 | 02-05-2009 | 12.75 | Repayable in 4 quarterly installment of ₹ 1.31 million and 20 quarterly installments of ₹ 5.238 million payable on the last day of each quarter commencing after one year from the date of Ist disbursement. | 1st Pari Passu charge on all fixed assets of the company OR 1st Pari Passu Charge on the entire fixed assets of the expansion project besides 2nd charge on other fixed | - | The Company will not undertake any new project (Except those mentioned in the proposal), either expansion or modernization etc. without the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | assets of the company. | | consortium. -Any cost overrun in the project or shortfall in means of finance envisaged shall be met by the company from their own sources |
| 11 | UCO Bank, Pipliyahana Branch, Indore (Existing Loan) | 221.30 | 28-09-2006 | BPLR-0.50% i.e. presently 11.50% p.a.(monthly rests) payable monthly | 24 equal quarterly installment after one year six month from the date of first disbursement | 1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar M.P., & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms lenders on pari | - | Promoters to meet increased costs on account of cost overrun/time overrun of if any from its own sources and will not ask for any additional term loan. -The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan. | | |
| 12 | UCO Bank, Pipliyahana Br. Indore (Project Phase-I) | 325.00 | 17-03-2009 | 12.50 | 24 equal quarterly installments after one year six month from the date of first disbursement | 1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar M.P., & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms | - | Promoters to meet increased costs on account of cost overrun/time overrun of if any from its own sources and will not ask for any additional term loan. -The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan. | | |
| 13 | UCO Bank, Pipliyahana Br. Indore<br>( Project Phase- I) | 110.00 | 17-03-2009 | 12.50 | 1) 12 quarterly installments for Rs2.5 million after six month from the date of first disbursement<br>2) 10 quarterly installments for Rs7.5 million from the date of first disbursement | 1st Pari-passu hypothecation charge over plant & machinery and other movable fixed assets at Kandla (both existing & Future -charge to be shared with existing & | a) 2nd charges on entire current asset (both existing and future) of the existing and proposed project sites at | a) Promoters to meet increased costs on account of cost overrun/time overrun if any, from its own sources and will not ask for any additional term loan.<br>b) The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | 3) 2 quarterly installments for Rs 2.5 million from the date of first disbursement | proposed term lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan. | Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP, &company's unit at Uttaranchal on pari passu basis with other term lender. | of interest and installments of Term Loan to any of the term lenders. c) Company has to take prior permission from bank in following cases: - effect any change in the Company's Capital Structure; - Formulate any scheme of amalgamation or restructuration or restructuring of any kind; - Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended. - undertake guarantee, obligation on behalf of any other company firm, or person. - Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation. - Monies bought in by |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission. -pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks. -Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank , Financial Institution, company , firm or person. -Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank. - Undertake any activity other than that for which the facilities has been sanctioned |
| 14 | UCO Bank Ltd., Pipliyahana Br. Indore (Project Phase-II) | 210.00 | 27-09-2010 | 12.50 | 4 equal quarterly installment of ₹2.5 million after one year six month from the date of first disbursement | 1st Pari-passu mortgage & hypothecation charge over land & building, plant & | 2nd pari pasu hypo charge on current assets of the company | The Company will not undertake any new project (Except those mentioned in the proposal), either expansion or modernization etc. without |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | 20 equal quarterly installment of ₹10.00 million after one year six month from the date of first disbursement | machinery and other immovable & movable fixed assets at Uttaranchal under Phase II (both Existing & future)-Charge to be shared with existing & proposed terms lenders on pari passu basis.FACR to be maintained min. at 1.33 through out the entire tender of the loan. | with the other existing / proposed term lenders at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP, & expansion project of the company at Uttaranchal (both existing and future), Project at IOPL at Kandla - charge to be shared with excising term lenders of the project on the pari pasu basis. First charge being held by banks extending / | the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the consortium. -Any cost overrun in the project or shortfall in means of finance envisaged shall be met by the company from their own sources. Company has to take prior permission from bank in following cases: - effect any change in the Company's Capital Structure;<br>- Formulate any scheme of amalgamation or restructuration or restructuring of any kind;<br>- Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended.<br>- undertake guarantee, obligation on behalf of any other company firm, or |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | to be extended working capital finance both at existing units, IOPL, Kandla & at Uttaranchal Phase I and II | person.<br>- Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation.<br>- Monies bought in by principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission.<br>-pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks.<br>- Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank, Financial Institution, company , firm or person.<br>- Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank.<br>- Undertake any activity |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | other than that for which the facilities has been sanctioned |
| 15 | UCO Bank, R & D Loan | 160.00 | 25-03-2010 | 11.75 | Repayable in 17 unequal quarterly installments from 11 month from the date of first disbursement | 1st Pari-passu charge on fixed assets of the company (both existing & future) of the company on pari-passu basis with other term lenders. | | a) Promoters to meet increased costs on account of cost overrun/time overrun if any, from its own sources and will not ask for any additional term loan.<br>b) The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | term lenders.<br>c) Company has to take prior permission from bank in following cases:<br>- effect any change in the Company's Capital Structure;<br>- Formulate any scheme of amalgamation or restructuration or restructuring of any kind;<br>- Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended.<br>- undertake guarantee, obligation on behalf of any other company firm, or person.<br>- Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation.<br>- Monies bought in by principle share holders/directors/depositors |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | will not be allowed to be withdrawn without the bank's permission. -pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks. - Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank , Financial Institution, company , firm or person. - Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank. - Undertake any activity other than that for which the facilities has been sanctioned |
| 16 | MPFC Capital Market, Indore (Existing Loan) | 50.00 | 04-07-2006 | 10.50 | 20 quarterly installments of ₹2.50 Million each moratorium period of six month. | -Equitable mortgage of land & building, plant & machinery, furniture & fixture & floating charge on all remaining | - | -Company shall agree not to let out or give on lease and license whole or any portion of land or building or plant and machinery to any one, without the prior written permission of the corporation, during the currency of the loan - |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | assets-land lease hold admeasuring 53200 sq. mt.situated at plot/khasra No C 41-50, d-85 to 100 & E-57 to 76, SEZ Industrial area sector -3 Pithampur Dist Dhar (M.P) - Land (lease hold) admeasuring 10914 sq. mt., situated at Plot no. 94 Industrial Area sector -1, Pithampur Dist Dhar M.P | | Company shall agree not to lend funds to any one nor invest the same in purchase of shares of any other company, during the currency of the loan without the prior written permission of the Corporation. -The company shall not declare/ pay any dividend to its shareholders (both equity and preference) during any financial year unless it has paid the installments and interest due on the loan of the corporation upto that year.-The company shall not go for public issue without prior permission of the Corporation. The Company shall undertake not to effect any change/modification in the scheme, in the constitution to transfer of Management hereby approved without prior permission of the Corporation and the Corporation does not commit itself to approve and to finance any such change/expansion |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| 17 | MPFC Capital Market, Indore (Existing Loan) | 50.00 | 21-05-2007 | 12.50 | First 8 quarterly installments of ₹2.50 Million each moratorium period six month.<br>Remaining 10 quarterly installments of ₹3.00 Million | Equitable mortgage of land & building, plant & machinery, furniture & fixture & floating charge on all remaining assets-land lease hold admeasuring 53200 sq. mt.situated at plot/khasra No C 41-50, d-85 to 100 & E-57 to 76, SEZ Industrial area sector -3 Pithampur Dist Dhar (M.P) - Land (lease hold) admeasuring 10914 sq. mt., situated at Plot no. 94 Industrial Area sector -1, Pithampur Dist Dhar M.P | - | a)Company shall agree not to let out or give on lease and license whole or any portion of land or building or plant and machinery to any one, without the prior written permission of the corporation, during the currency of the loan. b) The promoters, guarantors and the company shall give undertakings stating that in case of the Corporations loan amount goes out of order, the corporation shall have a right to publish the name of the company and its promoters/guarantors in the newspaper or through other media.-No assistance from other financial institution should be availed on assets under consideration. An undertaking in this regard shall be furnished by the company. b) Company shall agree not to lend funds to any one nor invest the same in purchase of shares of any other company, during the currency of the loan without the prior written |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | permission of the Corporation.<br>c) The Company shall undertake not to effect any change/modification in the scheme, in the constitution to transfer of Management hereby approved without prior permission of the Corporation and the Corporation does not commit itself to approve and to finance any such change/expansion<br>d) The company shall not declare/ pay any dividend to its shareholders (both equity and preference) during any financial year unless it has paid the installments and interest due on the loan of the corporation upto that year.<br>e) The company shall not go for public issue without prior permission of the Corporation. |

**Annexure - VII-B**

**Statement of Secured Loans (Working Capital Loans)**

( ₹ in Million)

| **UCO Bank, Pipliyahana Branch, Indore** | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | | | |
| | *Working Capital - Fund Based* | | |
| | Cash Credit | 230.00 | Base rate + 4%p.a.( monthly rests) i.e. presently 12% p.a., however if any consortium partner bank charge higher ROI, then the same will be applicable |
| | EPC /FBD | 200.00 | Gold card holder and in line with the bank's extant guide lines. |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 250.00 | 50% of normal charge |
| | Bank Guarantee | 100.00 | 50% of normal charge |
| | **TOTAL EXPOSURE** | **780.00** | |

| **Punjab National Bank, Siyaganj, Indore** | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit | 67.50 | BPLR i.e at present 11% to be charged at monthly rests. ROI is subject to change from time to time as per RBI/HO |
| | EPC | 223.40 | As per extant bank's guidelines. ROI is subject to change as per RBI/HO guidelines |
| | FBD | 29.10 | As per Bank's guideline |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit /BG | 273.00 | - LC:-50% of normal charge or charged by the leader bank which ever is higher |
| | | | -BG:-As per extant guideline of the bank |
| | **TOTAL EXPOSURE** | **593.00** | |

| **Central Bank of India, Siyaganj, Indore** | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit | 18.20 | BPLR+1.5% as per RBI/ C.O. guideline |
| | EPC | 6.50 | as per RBI guideline/ C.O. guideline |
| | FBD | 7.80 | As per C.O. circular |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 22.50 | As per C.O. circular |
| | Bank Guarantee | 6.00 | As per C.O. circular |
| | **TOTAL EXPOSURE** | **61.00** | |

| **State Bank of India, (Erstwhile State Bank Of Indore) Indore** | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | Working Capital - Fund Based | | |
| | Cash Credit | 7.50 | BPLR - 0.25%, subject to min of 12.50% p.a. |

| | | | |
|---|---|---|---|
| | EPC | 62.50 | -As applicable to Gold Card Scheme. In case of utilization below 60% of the sanctioned limit commitment charges at the rate of 1.00% will be applicable. |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 20.00 | As per Bank's standard charges. |
| | **TOTAL EXPOSURE** | **90.00** | |

| **State Bank of Patiala, Orbit Mall, Indore** | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit | 22.50 | BPLR - 0.75% (floating) subject to minimum of 12.00% p.a. |
| | EPC | 14.00 | As applicable to Gold Card Scheme. |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 10.00 | Commission as per extant guideline, 50% Concession allowed in LC |
| | **TOTAL EXPOSURE** | **46.50** | |

| **Axis Bank Ltd., Y.N. Road, Indore** | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit/ EPC | 150.00 | -CC:- Axis Bank Base Rate (ABBR) + 4% i.e.11.50% Payable at monthly interval |
| | | | -EPC- Up to 180 days - ABBR+ 1.50% (Presently 9.00% p.a.) |
| | | | PCFC: Disbursal is subject to availability and pricing will be subject to approval from treasury deptt. |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 150.00 | 1.25% p.a. all inclusive payable upfront. |
| | **TOTAL EXPOSURE** | **300.00** | |

**Annexure VIII**

**Statement of Unsecured Loans**

(₹ in Million)

| **Particulars** | **As at 31.03.2006** | **As at 31.03.2007** | **As at 31.03.2008** | **As at 31.03.2009** | **As at 31.03.2010** | **As at 30.09.2010** |
|---|---|---|---|---|---|---|
| Inter Corporate Deposits | 0.00 | 5.00 | 5.61 | 12.50 | 0.00 | 31.50 |
| 0% Fully Convertible Debentures | 0.00 | 0.00 | 460.00 | 460.00 | 460.00 | 460.00 |
| **Total** | **0.00** | **5.00** | **465.61** | **472.50** | **460.00** | **491.50** |

*Notes:*

*1. The Inter Corporate Deposits are repayable on demand.*

*2. The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Compan*y.

**Amount due from promoters / promoter group companies/directors/relative of directors/subsidiary companies/joint venture/associates**

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| Sunrise Properties Pvt. Ltd. | 0.00 | 0.00 | 5.61 | 0.00 | 0.00 | 0.00 |

## Annexure IX
## Statement of Inventories

(₹ in Million)

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| Raw Material & Finished Goods | 103.49 | 174.66 | 231.68 | 291.01 | 542.98 | 824.14 |
| Stores & Spares | 15.14 | 24.99 | 33.94 | 64.28 | 75.70 | 188.14 |
| **Total** | **118.63** | **199.65** | **265.62** | **355.28** | **618.67** | **1012.28** |

*Note : The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.*

## Annexure X
## Statement of Sundry Debtors

(₹ in Million)

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| Outstanding for a period exceeding six months | 0.79 | 13.11 | 60.63 | 47.24 | 16.74 | 92.77 |
| Other Debts | 154.35 | 167.00 | 313.57 | 178.27 | 473.83 | 671.61 |
| **Total** | **155.14** | **180.12** | **374.19** | **225.51** | **490.57** | **764.38** |

Amount due from promoters /promoter group / group companies/directors/relative of directors/subsidiary companies/joint venture/associate companies

| | | | | | | |
|---|---|---|---|---|---|---|
| Entertainment World Developers Ltd. | 0.23 | 0.09 | 0.00 | 0.00 | 0.00 | 0.00 |
| Satguru Polyfab Pvt. Ltd. | 0.00 | 0.00 | 0.00 | 0.00 | 0.15 | 55.25 |

*Note : The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.*

## Annexure XI
## Statement of Loans and Advances

(₹ in Million)

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| Advances recoverable in cash or in kind or for value to be received | 32.38 | 61.81 | 8.77 | 14.46 | 14.19 | 13.14 |
| Advances against Supplies & Expenses | 21.92 | 8.61 | 14.17 | 101.79 | 208.61 | 274.91 |
| Advances to Staff & Workers | 1.58 | 3.02 | 4.14 | 9.49 | 8.27 | 15.30 |

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| Tax Deducted at Source | 0.65 | 4.96 | 1.79 | 1.46 | 2.03 | 2.09 |
| Balance with excise Authorities | 5.19 | 0.05 | 1.22 | 5.82 | 16.63 | 36.92 |
| Advances to Subsidiaries | 0.00 | 0.00 | 0.82 | 65.89 | 71.25 | 60.39 |
| Other Advances | 4.72 | 5.10 | 27.32 | 33.91 | 11.91 | 40.22 |
| Entry Tax & Sales Tax Receivable | 0.00 | 0.00 | 13.24 | 2.29 | 0.00 | 0.00 |
| Incremental Growth (Against Exports) Receivable | 0.00 | 0.00 | 11.66 | 3.24 | 0.00 | 0.00 |
| Deposits & Retentions | 7.06 | 7.94 | 9.15 | 13.73 | 14.46 | 17.61 |
| **Total** | **73.49** | **91.49** | **92.28** | **252.07** | **347.35** | **460.58** |

Amount due from promoters /promoter group / group companies/directors/relative of directors/subsidiary companies/joint venture/associate companies

| | | | | | | |
|---|---|---|---|---|---|---|
| M/S Olive Commercial Company Ltd. | 6..21 | 0.00 | 0.32 | 0.00 | 0.00 | 0.00 |
| M/s Kalani Industries Pvt. Ltd. | 1.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| M/s Eco Polymer Ltd.,Bangladesh | 0.00 | 0.00 | 0.82 | 0.92 | 0.92 | 0.00 |
| M/s Flexiglobal Holding Ltd.,Cyprus | 0.00 | 0.00 | 0.00 | 0.00 | 0.31 | 0.31 |
| M/s Nanofil Technologies Pvt. Ltd.,Kashipur | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 | 8.52 |
| M/s Satguru Polyfab Pvt .Ltd.,Gandhidham | 0.00 | 0.00 | 0.00 | 64.97 | 70.00 | 51.55 |

*Notes:*
*1. The list of persons/entities classified as Promoters and Promoter Group Companies has be determined by the management and relied upon by the Auditors. The Auditors have not performed any procedures to determine whether the list is accurate or complete.*
*2. The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.*

**Annexure XII**
**Statement of Investments**

(₹ In Million)

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| **1 Non Traded Investments-unquoted** | | | | | | |
| Investment in Subsidiary | | | | | | |
| Eco Polymer Ltd. | 0.00 | 0.00 | 0.35 | 0.35 | 0.35 | 0.00 |
| Satguru Polyfab Pvt.Ltd. | 0.00 | 0.00 | 0.00 | 17.03 | 19.57 | 92.10 |
| Flexiglobal Holding Ltd. | 0.00 | 0.00 | 0.00 | 0.07 | 6.32 | 12.52 |
| Nanofil Technologies Pvt. Ltd. | 0.00 | 0.00 | 0.00 | 0.00 | 0.10 | 0.10 |
| Group Company | | | | | | |
| - Padma Homes Pvt.Ltd. | 0.44 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| **2 Traded Investments-Quoted** | | | | | | |
| - SBI Magnum Umbrella Growth Fund | 0.00 | 0.00 | 0.00 | 0.00 | 2.50 | 0.00 |
| **Total** | **0.44** | **0.00** | **0.35** | **17.45** | **28.84** | **104.72** |
| **Market value of Quoted Investments** | NA | NA | NA | NA | 2.51 | NA |

*Notes:*
*1. The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.*
*2. Investment in Land at Kashipur Project for the year ended 31.03.2008 has been regrouped and considered as Capital Work in Progress in order to match the Accounting Policy for the treatment of the same in later years.*

**Annexure XIII**
**Statement of Current Liabilities & Provisions**

(₹ in Million)

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| **Current Liabilities** | | | | | | |
| Sundry Creditors | 153.72 | 287.55 | 221.17 | 404.97 | 577.56 | 837.27 |
| Advance from Customers | 0.13 | 1.12 | 21.37 | 10.08 | 13.15 | 39.59 |
| Deposits & Retentions | 0.00 | 0.01 | 0.00 | 0.00 | 0.29 | 0.93 |
| Other Liabilities | 22.58 | 38.33 | 41.87 | 64.66 | 85.87 | 149.22 |
| Tax Payable | 0.80 | 3.40 | 4.73 | 1.99 | 6.11 | 5.57 |
| **Total Current Liabilities** | **177.23** | **330.41** | **289.14** | **481.70** | **682.98** | **1,032.58** |
| **Provisions** | | | | | | |
| Proposed Dividend | 2.98 | 3.48 | 11.09 | 0.00 | 11.33 | 11.33 |
| Dividend Tax on Proposed Dividend | 0.42 | 0.59 | 1.88 | 0.00 | 1.88 | 1.88 |
| Provision for Taxes | 1.21 | 2.23 | 2.59 | 7.03 | 0.05 | 9.06 |
| **Total Provisions** | **4.61** | **6.30** | **15.57** | **7.03** | **13.26** | **22.27** |
| **Total Current Liabilities & Provisions** | **181.84** | **336.71** | **304.71** | **488.73** | **696.24** | **1,054.85** |

*Note: The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company.*

**Annexure XIV**
**Statement of Other Income**

**(₹ in Million)**

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 | Recurring / Non Recurring | Related / Not related to business activities |
|---|---|---|---|---|---|---|---|---|
| Profit from Sale of Granules | 0.17 | 3.52 | 0.00 | 0.22 | 0.85 | 9.73 | Recurring | Related |
| Interest Received | 0.67 | 1.53 | 6.66 | 2.59 | 3.69 | 0.93 | Recurring | Related |
| Entry Tax / | 2.76 | 0.00 | 5.29 | 0.00 | 0.00 | 0.00 | Non | Related |

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 | Recurring / Non Recurring | Related / Not related to business activities |
|---|---|---|---|---|---|---|---|---|
| Excise Duty Refund | | | | | | | Recurring | |
| Insurance Claim Received | 0.00 | 0.00 | 0.07 | 0.25 | 0.37 | 0.10 | Non Recurring | Related |
| Brokerage Received | 0.00 | 0.00 | 0.00 | 1.71 | 0.37 | 0.34 | Recurring | Related |
| Lease Rent Receipts | 0.00 | 0.00 | 0.00 | 0.00 | 0.30 | 0.00 | Non Recurring | Related |
| Miscellaneous Receipts | 0.57 | 0.61 | 0.69 | 0.37 | 2.20 | 0.31 | Recurring | Related |
| Sundry Balances Written Back | 0.01 | 0.00 | 0.02 | 0.00 | 0.20 | 1.87 | Non Recurring | Related |
| Profit on Sale of Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.04 | Non Recurring | Not Related |
| **Total** | **4.20** | **5.66** | **12.73** | **5.13** | **7.98** | **13.32** | | |
| **Net Profit before Tax** | **50.11** | **104.70** | **97.31** | **102.57** | **121.73** | **125.21** | | |
| **% of Other Income** | **8.38%** | **5.41%** | **13.08%** | **5.00%** | **6.55%** | **10.64%** | | |

*Note : The classification of Other Income as Recurring / Non Recurring and Related / Not Related to business activities is based on the current operations and business activities of the Company, as determined by the Management.*

**Annexure XV**
**Statement of Dividend declared**

(₹ in Million)

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| **Equity Dividend** | | | | | | |
| Equity Share Capital (₹in Million) | 19.90 | 26.98 | 110.91 | 113.14 | 115.23 | 125.31 |
| Rate of Dividend | 15% | 17.50% | 10% | 0% | 10% | 0% |
| Amount of Dividend (₹ in Million) | 2.98 | 3.48 | 11.09 | 0.00 | 11.33 | 0.00 |
| Tax on Dividend (₹in Million) | 0.42 | 0.59 | 1.88 | 0.00 | 1.88 | 0.00 |

## Annexure XVI
## Statement of Accounting Ratios

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| Net worth as per Annexure I ( ₹ in Million) (A) | 300.71 | 417.85 | 594.72 | 697.99 | 842.20 | 1,036.00 |
| Net Profit after tax as restated attributable to equity shareholders(₹ in Million) (B) | 45.71 | 83.12 | 43.21 | 69.30 | 88.13 | 152.96 |
| No of shares outstanding at the end of the Year (C) | 1,989,500 | 2,697,876 | 11,091,430 | 11,314,430 | 11,523,430 | 12,530,618 |
| Weighted Average number of Equity shares outstanding during the year considered for Basic EPS (D) | 1,989,500 | 1,991,441 | 6,363,989 | 11,160,468 | 11,325,882 | 11,813,708 |
| Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS (E) | 1,989,500 | 1,991,441 | 7,254,183 | 15,130,321 | 15,287,464 | 15,751,551 |
| **Earnings per Share (in ₹)** | | | | | | |
| Basic (₹) (B/D) | 22.98 | 41.74 | 6.79 | 6.21 | 7.78 | 12.95 |
| Diluted (₹) (B/E) | 22.98 | 41.74 | 5.96 | 4.58 | 5.76 | 9.71 |
| Net Asset Value per Share- (₹) (A/C) | 151.15 | 154.88 | 53.62 | 61.69 | 73.09 | 82.68 |
| Return on Net Worth (%) (B/A) | 15.20 | 19.89 | 7.27 | 9.93 | 10.46 | 14.76 |

***Notes:***

**1. The Ratios have been computed as below**

a) Earnings per Share (Basic) =

$$\frac{\text{Net Profit after tax as restated attributable to Equity Shareholders}}{\text{Weighted Average number of Equity Shares outstanding during the year}}$$

b) Earnings per Share (Diluted) =

$$\frac{\text{Net Profit after tax as restated attributable to Equity Shareholders}}{\text{Weighted Average number of Dilutive Equity Shares outstanding during the year}}$$

c) Return on Net worth (%) =

$$\frac{\text{Net Profit after tax as restated}}{\text{Net Worth at the end of the year}}$$

d) Net Asset Value per share =

Net Worth as per Annexure I
Equity shares outstanding at the end of the year

**Annexure XVII**
**Staement of Related Party Transactions**

**a) List of Related Parties**

**Key Management Personnel**
Mr. Manish Kalani
(Managing Director)

**Relative of Key Management**
Smt. Manisha Kalani

**Personnel**
Mr. Saurabh Kalani

**Associates**
Kalani Industries Pvt. Ltd.
Olive Commercial Co. Ltd.
Entertainment World Developers Ltd.
Sunrise Properties Private Limited

**Subsidiaries**
Satguru Polyfab Pvt. Ltd., Gandhidham
Flexiglobal Holdings Ltd., Cyprus
Nanofil Technologies Pvt. Ltd., Kashipur
Eco Polymer Ltd.-Bangladesh

**b) Transactions with Related Parties**

(₹ in Million)

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| **A. Remuneration to Key Management Personnel** | | | | | | |
| Director Remuneration & Perquisite | 0.51 | 0.44 | 0.06 | 0.00 | 0.00 | 0.00 |
| **Sub-total (A)** | **0.51** | **0.44** | **0.06** | **0.00** | **0.00** | **0.00** |
| **B. Relative of Key Management Personnel** | | | | | | |
| Sale of Shares | 0.00 | 0.44 | 0.00 | 0.00 | 0.00 | 0.00 |
| Receiving of Services | 0.00 | 0.00 | 0.44 | 0.46 | 0.46 | 0.00 |
| **Sub-total (B)** | **0.00** | **0.44** | **0.44** | **0.46** | **0.46** | **0.00** |
| **C. Transactions** | | | | | | |

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| **with Associate Concerns** | | | | | | |
| Sale of Goods | 24.05 | 2.91 | 0.00 | 0.00 | 0.00 | 0.00 |
| Purchase of Goods | 5.82 | 2.18 | 1.61 | 1.62 | 1.21 | 0.15 |
| Purchase of Fixed Assets | 0.00 | 0.44 | 0.00 | 0.59 | 0.00 | 0.00 |
| Rendering of Services | 0.00 | 0.42 | 0.01 | 0.00 | 0.00 | 0.00 |
| Receiving of Services | 2.96 | 8.31 | 3.78 | 1.69 | 0.61 | 0.36 |
| Finance | 0.00 | 0.00 | 6.95 | 0.00 | 0.00 | 33.19 |
| Equity Contribution | 0.00 | 0.00 | 8.85 | 26.31 | 24.66 | 0.00 |
| **Sub-total (C)** | **32.83** | **14.26** | **21.20** | **30.21** | **26.48** | **33.70** |
| **D. Transactions with Subsidiaries** | | | | | | |
| Sale of Goods | 0.00 | 0.00 | 0.00 | 0.86 | 17.62 | 55.57 |
| Purchase of Goods | 0.00 | 0.00 | 0.00 | 0.00 | 34.13 | 33.08 |
| Rendering of Services | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 | 2.84 |
| Finance | 0.00 | 0.00 | (0.82) | (0.11) | 0.00 | 124.94 |
| Equity Contribution | 0.00 | 0.00 | (0.35) | (17.10) | (8.89) | 0.00 |
| **Sub-total (D)** | **0.00** | **0.00** | **(1.18)** | **(16.35)** | **42.88** | **216.44** |
| **Grand Total (A+B+C+D)** | **33.34** | **15.14** | **20.52** | **14.32** | **69.82** | **250.14** |

**Annexure XVIII**
**Statement of Capitalization**

(₹ in Million)

| Particulars | Pre-issue as at 30.09.2010 | Post-issue |
|---|---|---|
| **Borrowings** | | |
| Short Term Debt | 1,353.97 | [•] |
| Long Term Debt | 1,851.65 | [•] |
| **Total Debt** | **3,205.62** | [•] |
| **Shareholders' Fund** | | |
| Equity Share Capital | 125.31 | [•] |
| Share/Warrants Application money pending Allotment | 12.53 | [•] |
| Share Warrants | 1.15 | [•] |
| Reserves & Surplus | 898.12 | [•] |
| Less: Foreign Currency Exchange Fluctuation Reserve | 0.85 | [•] |
| Less: Miscellaneous Expenses | 1.10 | [•] |
| **Total Shareholders' Fund** | **1035.16** | [•] |
| **Long term Debt/ Shareholders' Funds (Ratio)** | **1.79** | [•] |

*Notes:*
*1. Short term debt represents debt which is due within twelve months from September 30, 2010*
*2. Long term debt represent debt other than short term debt, as defined above.*

*3. The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Company as at September 30, 2010.*
*4. Long Term Debt/Equity =*

$$\frac{\text{Long term Debt}}{\text{Shareholder's Funds}}$$

*5. The corresponding Post-issue data is not determinable at this stage pending the completion of Book Building Process and hence have not been furnished.*

**Annexure XIX**
**Statement of Tax Shelters**

(₹ in Million)

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| Profit/(Loss) before tax but after Extraordinary-items as per books | 50.11 | 104.70 | 97.31 | 102.57 | 121.73 | 125.21 |
| Adjustments | (1.64) | 3.92 | (32.77) | (10.26) | 13.08 | 27.68 |
| **Profit Before Tax as Restated (A)** | **48.47** | **108.62** | **64.54** | **92.31** | **134.81** | **152.89** |
| Tax Rate | 33.66% | 33.66% | 33.99% | 33.99% | 33.99% | 33.99% |
| Tax at Notional Rate on Profits | 16.32 | 36.56 | 21.94 | 31.38 | 45.82 | 51.97 |
| **Adjustments:** | | | | | | |
| **Permanent Differences** | | | | | | |
| Deduction u/s 10A of the Act | 20.10 | 40.52 | 16.42 | 10.36 | 59.55 | 36.73 |
| Other Adjustments | (2.30) | (0.39) | (0.36) | (1.41) | (3.95) | 0.00 |
| Penalties - Interest on late deposit of TDS | 0.00 | 0.00 | 0.00 | (0.01) | 0.00 | 0.00 |
| Donations | (0.33) | (0.51) | (0.38) | (0.26) | (0.26) | 0.00 |
| Less: Deduction U/S 80G | 0.00 | (0.25) | (0.15) | 0.00 | 0.00 | 0.00 |
| **Total Permanent Differences (B)** | **17.47** | **39.87** | **15.84** | **8.67** | **55.34** | **36.73** |
| **Timing Differences** | | | | | | |
| Difference between tax depreciation and book depreciation | 28.27 | 62.54 | 69.88 | 212.74 | 193.21 | 66.54 |
| Statutory duties claimed on paid basis net of reversal of duties claimed in Income Tax in earlier years | 0.01 | 0.01 | 0.31 | 2.32 | 0.03 | 0.00 |
| Disallowance U/s 43B | (0.15) | (2.75) | (0.27) | (0.31) | (0.43) | 0.00 |
| **Total Timing Differences (C)** | **28.13** | **59.80** | **69.92** | **214.74** | **192.81** | **66.54** |
| **Net Adjustments** | **45.60** | **99.66** | **85.76** | **223.42** | **248.15** | **103.27** |

| Particulars | Year ended 31.03.2006 | Year ended 31.03.2007 | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|---|---|
| **(D) = (B+C)** | | | | | | |
| **Taxable Income (E) = (A)-(D)** | **2.87** | **8.96** | **(21.22)** | **(131.11)** | **(113.34)** | **49.61** |
| **Unabsorbed Losses (F)** | **0.00** | **0.00** | **0.00** | **(21.22)** | **(131.11)** | **(244.45)** |
| **Tax as per Normal Provisions (G)** | **0.97** | **3.02** | **(7.21)** | **(44.56)** | **(83.09)** | **(66.23)** |
| **MAT (H)** | **0.31** | **1.13** | **2.03** | **5.11** | **0.00** | **7.99** |
| **Tax Payable (G) or (H) whichever is Higher** | **0.97** | **3.02** | **2.03** | **5.11** | **0.00** | **7.99** |

**Annexure XX**
**Statement of Contingent Liabilities**

(₹ in Million)

| Particulars | As at 31.03.2006 | As at 31.03.2007 | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|---|---|
| Estimated Amount of Contract remaining to be executed | 0.00 | 0.00 | 18.21 | 9.07 | 20.19 | 0.00 |
| Bank Guarantee Outstanding | 3.09 | 26.28 | 23.58 | 9.86 | 25.60 | 27.18 |
| Corporate Guarantees (Entertainment World Developers Ltd.) | 0.00 | 4.55 | 4.55 | 4.55 | 4.55 | 4.55 |
| Corporate Guarantees (M/s Satguru Polyfab Pvt Ltd.) | 0.00 | 0.00 | 0.00 | 0.00 | 60.00 | 60.00 |
| Corporate Guarantees (M/s Nanofil Technologies Pvt Ltd.) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.20 |
| Letter of Credit | 103.90 | 8.31 | 2.21 | 76.06 | 37.70 | 486.62 |
| Foreign Bills Discounted | 60.81 | 114.21 | 67.82 | 241.73 | 153.58 | 55.78 |
| Forward Contracts * | 0.00 | 392.94 | 1161.09 | 868.18 | 505.69 | 93.37 |
| Marked to Market Loss | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.85 |
| Sales Tax / Entry Tax Matters | 0.00 | 15.55 | 2.15 | 0.00 | 1.97 | 3.65 |
| Income Tax Matters | 0.00 | 7.00 | 11.11 | 11.11 | 11.76 | 11.76 |
| **Total** | **167.80** | **568.83** | **1,290.72** | **1,220.55** | **821.03** | **744.95** |

** The amount of Forward Contracts was shown in USD in the Audited Financial Statements from the year ended on March 31, 2008. In the above annexure, the same is converted in INR using the prevailing closing rate on the date of respective balance sheets.*

## AUDITOR'S REPORT

**To,**
**The Board of Directors,**
**Flexituff International Ltd.,**
2nd Floor of Main Building,
19, R.N. Mukherjee Road,
Kolkata (West Bengal)

Dear Sirs,

We have examined the annexed consolidated financial information of Flexituff International Ltd. ('the Company') for the half year ended September 30, 2010 and for the years ended March 31, 2010, 2009 and 2008 being the last date to which the consolidated accounts of the Company have been made up and audited by us. The consolidated financial statements for the half year ended September 30, 2010 are approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public Issue of Equity Shares in the Company (referred to as 'the Issue'), which is in accordance with

(i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

(ii) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI (ICDR) Regulations 2009')

(iii) Our terms of reference with the Company Letter dated 10-11-2010 requesting us to carry out work in connection with the Offer Document as aforesaid.

**Financial Information as per audited consolidated financial statements**

1. We report that the restated consolidated statement of assets and liabilities of the Company as at September 30, 2010, March 31, 2010, 2009 and 2008 are as set out in Annexure I to this report after making such adjustments/ restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV to this report.

2. We report that the restated consolidated statement of profits & losses of the Company for the half year ended September 30, 2010 and for the years ended March 31, 2010, 2009 and 2008 are as set out in Annexure II to this report. These profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure IV to this report.

3. We report that the restated consolidated statement of cash flows of the Company for the half year ended September 30, 2010 and for the years ended March 31, 2010, 2009 and 2008 are as set out in Annexure III to this report. These cash flows have been arrived at after making such adjustments/restatements and regrouping as in our opinion are appropriate.

**Other Financial Information**

4. We have examined the following consolidated financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report:

| ANNEXURES |
|---|
| Annexure I - Restated Consolidated Statement of Assets & Liabilities |
| Annexure II - Restated Consolidated Statement of Profit & Loss Account |
| Annexure III - Restated Consolidated Statement of Cash Flows |
| Annexure IV - Significant Accounting Policies and Notes to Accounts |
| Annexure V - Statement of Share Capital |
| Annexure VI - Statement of Reserves & Surplus |

| ANNEXURES |
|---|
| Annexure VII - Statement of Secured Loans |
| Annexure VIII - Statement of Unsecured Loans |
| Annexure IX - Statement of Inventories |
| Annexure X - Statement of Debtors |
| Annexure XI - Statement of Loans & Advances |
| Annexure XII - Statement of Investments |
| Annexure XIII - Statement of Current Liabilities & Provisions |
| Annexure XIV - Statement of Other Income |
| Annexure XV - Statement of Dividend Declared |
| Annexure XVI - Statement of Accounting Ratios |
| Annexure XVII - Statement of Related Party Transactions |
| Annexure XVIII - Statement of Capitalization |
| Annexure XIX - Statement of Tax Shelters |
| Annexure XX - Statement of Contingent Liabilities |

5. We have reviewed and examined, as appropriate, the consolidated financial information contained in these Annexures and are to state as follows:

    c) The consolidated financial information contained in these Annexures is based on the audited financial statements of the Company for the half year ended September 30, 2010 and years ended March 31, 2010, 2009 and 2008.

    d) The Consolidated Statement of Assets and Liabilities, Profits and Losses and Statement of Cash Flows have been restated with retrospective effect to reflect the Significant Accounting Policies being adopted by the Company as at September 30, 2010, if material.

6. We have not audited the financial statements of subsidiaries, both direct and indirect, whose financial statements reflect the total assets of ₹ 309.73 million, ₹ 259.92 million, ₹ 24.17 million and ₹ 1.17 million as at September 30, 2010, March 31, 2010, 2009 and 2008 respectively, total revenues of ₹ 491.71 million, ₹ 201.88 million, ₹ 34.74 million and Nil (before giving effect to the consolidation adjustments) for the half year/year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Company's management, and our opinion is based solely on the reports of the other auditors.

7. This report is intended for your information and for inclusion in the Offer Document being issued by the Company with regard to the aforesaid proposed initial public offer of equity shares of the Company for cash and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For L.K.Maheshwari & Co.
Chartered Accountants
FRN – 000780C

(Abhay Singi)
Partner
M.No. 079873

Indore
Dated: February 18, 2011

**Annexure I**
**Restated Consolidated Statement of Assets & Liabilities**

(₹ in Million)

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| **A. Fixed Assets** | | | | |
| **a) Tangible Assets** | | | | |
| Gross Block | 954.06 | 2,293.00 | 2,846.62 | 2,962.54 |
| Less: Accumulated Depreciation | 100.10 | 159.37 | 268.58 | 338.07 |
| Net Block | 853.95 | 2,133.63 | 2,578.03 | 2,624.47 |
| Capital Work in progress including capital advances | 314.88 | 246.64 | 340.17 | 525.45 |
| **Total (Tangible Assets)** | **1,168.84** | **2,380.27** | **2,918.20** | **3,149.92** |
| **b) Intangible Assets** | | | | |
| Gross Block | | | | |
| Patent | 0.02 | 0.66 | 0.66 | 0.66 |
| Goodwill | 0.00 | 0.00 | 9.64 | 9.64 |
| Goodwill (on Consolidation) | 0.00 | 1.05 | 1.05 | 11.44 |
| Less: Depreciation /Amortization | 0.00 | 0.13 | 1.50 | 4.36 |
| Net Block | 0.02 | 1.59 | 9.85 | 17.38 |
| **Total Fixed Assets** | **1,168.86** | **2,381.85** | **2,928.05** | **3,167.30** |
| **B. Investments** | **0.00** | **0.00** | **2.50** | **0.00** |
| **C. Current Assets, Loans and Advances** | | | | |
| Sundry debtors | 374.19 | 243.07 | 630.78 | 935.15 |
| Cash & Bank Balances | 27.67 | 121.98 | 146.27 | 133.02 |
| Inventories | 265.62 | 374.71 | 730.66 | 1,185.63 |
| Loans & Advances | 91.87 | 193.93 | 288.24 | 389.43 |
| **Total** | **759.35** | **933.68** | **1,795.96** | **2,643.23** |
| Less: Current Liabilities & Provisions | | | | |
| Current Liabilities | 289.14 | 557.55 | 930.89 | 1,245.07 |
| Provisions | 15.57 | 7.56 | 15.35 | 27.67 |
| **Net Current Assets** | **454.64** | **368.58** | **849.72** | **1,370.49** |
| **D. Loan Funds & Minority Interest** | | | | |
| Secured Loan | 494.99 | 1,494.06 | 2,370.64 | 2,863.42 |
| Unsecured Loan | 465.61 | 472.50 | 460.00 | 491.50 |
| Minority Interest | 0.00 | 4.20 | 0.00 | 0.00 |
| **Total** | **960.60** | **1,970.76** | **2,830.64** | **3,354.92** |
| **E. Deferred Tax Liability** | **68.41** | **81.91** | **138.00** | **134.83** |
| **Net Worth (A+B+C-D-E)** | **594.49** | **697.77** | **811.63** | **1,048.03** |
| **Net Worth represented by:** | | | | |
| **F. Equity Share Capital** | **110.91** | **113.14** | **115.23** | **125.31** |
| Share/Warrants Application Money pending Allotment | 0.00 | 0.00 | 69.58 | 37.03 |
| **G. Share Warrants** | **8.85** | **7.61** | **6.30** | **1.15** |
| **H. Reserves and Surplus** | **474.95** | **577.30** | **620.78** | **886.57** |
| Less: Miscellaneous Expenditure | (0.22) | (0.29) | (0.27) | (2.02) |
| **Total** | **474.73** | **577.01** | **620.51** | **884.55** |
| **Net Worth (F+G+H)** | **594.49** | **697.77** | **811.63** | **1,048.03** |

*Note: The above statement should be read with the Notes to the Restated Consolidated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.*

## Annexure II

### Restated Consolidated Statement of Profits & Losses

(₹ in Million)

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half-Year ended 30.09.2010 |
|---|---|---|---|---|
| **I. Income** | | | | |
| Operating Income : | | | | |
| Sales | 2,202.29 | 2,614.11 | 3,211.02 | 2,688.80 |
| Increase/(Decrease) in Stock | 24.76 | 3.60 | 263.51 | 279.59 |
| Other Income | 12.73 | 8.55 | 9.94 | 14.56 |
| **Total-A** | **2,239.78** | **2,626.26** | **3,484.47** | **2,982.95** |
| **II. Expenditure** | | | | |
| Manufacturing Expenses | 1,709.00 | 2,004.41 | 2,712.81 | 2,302.86 |
| Administration Expenses | 32.60 | 35.28 | 59.87 | 45.94 |
| Employee Remuneration & Benefits | 39.00 | 54.79 | 87.61 | 57.74 |
| Selling Expenses | 168.32 | 169.64 | 201.80 | 213.36 |
| Interest & Financial Charges | 140.89 | 207.29 | 215.67 | 150.85 |
| Depreciation | 39.12 | 51.26 | 115.36 | 69.40 |
| Amortization of Miscellaneous expenditure | 0.25 | 0.25 | 1.45 | 1.81 |
| Amortization of Goodwill on Acquisition | 0.00 | 0.11 | 0.11 | 1.14 |
| Preliminary & Share Issue Exp. W/o. | 13.29 | 0.00 | 0.00 | 0.00 |
| **Total-B** | **2,142.47** | **2,523.03** | **3,394.69** | **2,843.10** |
| **III. Profit before taxation (A-B)** | **97.31** | **103.23** | **89.78** | **139.85** |
| Less: Provision for taxation | | | | |
| -Current | 3.04 | 6.53 | 1.77 | 12.21 |
| -Deferred | 17.09 | 13.51 | 56.10 | -3.18 |
| -Fringe benefit tax | 0.94 | 1.74 | 0.00 | 0.00 |
| IV. Prior Period Items | 0.25 | 1.96 | (6.02) | (5.79) |
| V. Loss on Sale of Subsidiary | 0.00 | 0.00 | 0.00 | 0.84 |
| VI. Pre-acquisition Profits & Share of Minority | 0.00 | 0.24 | (8.04) | 1.20 |
| **VII. Profit After Taxation as per audited statement of accounts (C)** | **75.98** | **79.25** | **45.98** | **134.57** |
| Adjustments on account of changes in accounting policies | (32.77) | (10.26) | 13.08 | 27.68 |
| **Total adjustments (D)** | (32.77) | (10.26) | 13.08 | 27.68 |
| **VIII. Adjusted profit/(loss)(C+D)** | **43.21** | **68.99** | **59.06** | **162.25** |
| Surplus/(Deficit) brought forward from the Previous year | 41.96 | 72.20 | 141.19 | 177.03 |
| **IX. Profit available for appropriation** | **85.17** | **141.19** | **200.24** | **339.28** |
| Proposed equity dividend (Final) | 11.09 | 0.00 | 11.33 | 0.00 |
| Tax on dividend | 1.88 | 0.00 | 1.88 | 0.00 |
| Transfer to General Reserve A/c | 0.00 | 0.00 | 10.00 | 0.00 |
| **X. Adjusted Available Surplus/(Deficit) carried forward** | **72.20** | **141.19** | **177.03** | **339.28** |

*Note: The above statement should be read with the Notes to the Restated Consolidated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.*

**Annexure III**
**Restated Consolidated Statement of Cash Flows**

(₹ in Million)

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half-Year ended 30.09.2010 |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Net Profit before taxation and extraordinary items:** | **97.31** | **103.23** | **89.78** | **139.85** |
| **Adjustments for:** | | | | |
| Depreciation | 39.12 | 51.26 | 115.36 | 69.40 |
| Amortization of Miscellaneous Expenditure | 0.25 | 0.25 | 1.45 | 1.81 |
| Amortization of Goodwill on Acquisition | 0.00 | 0.11 | 0.11 | 1.14 |
| Foreign Currency Translation Reserve | 0.00 | 0.38 | 2.55 | 2.94 |
| Foreign Currency Exchange Fluctuation Reserve | 0.00 | 0.00 | 0.00 | 0.84 |
| Prior Period Adjustment involving cash outflow | 0.00 | (1.29) | 0.00 | 0.00 |
| (Profit)/Loss on sale of Fixed Assets | 0.31 | 0.49 | 0.44 | 0.00 |
| (Profit)/Loss on sale of Investments | 0.00 | 0.00 | 0.00 | (0.04) |
| Interest & Financial Charges | 140.89 | 207.29 | 215.67 | 150.85 |
| Impact of Changes in Accounting Policies | 6.09 | (1.37) | (10.57) | 9.64 |
| **Cash generated from operations before Working Capital Changes** | **283.96** | **360.34** | **414.80** | **376.44** |
| Adjustments for: | | | | |
| Changes in Trade and Other Receivables | (194.08) | 131.13 | (387.72) | (304.37) |
| Inventories | (65.97) | (109.09) | (355.95) | (454.97) |
| Other Assets | (0.60) | (102.13) | (94.28) | (109.12) |
| Current Liabilities | (41.27) | 268.41 | 373.34 | 314.19 |
| **Cash generated from/(used in) Operations** | **(301.93)** | **188.31** | **(464.61)** | **(554.27)** |
| Income Taxes (Paid)/Refund (net) | (2.89) | (3.02) | (6.08) | 5.74 |
| **Net Cash Flow from /(used in) Operating Activities** | **(20.85)** | **545.64** | **(55.90)** | **(172.09)** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of Fixed Assets | (480.57) | (1266.59) | (678.92) | (301.21) |
| Sale of Fixed Assets | 0.57 | 4.17 | 1.75 | 0.00 |
| Capital Subsidy Recd. Against Fixed Assets | 0.00 | 0.00 | 18.53 | 0.00 |
| (Purchase)/Sale of Investments (net) | 0.00 | 0.00 | (2.50) | 2.54 |
| Proceeds from Sale of Subsidiary | 0.00 | 0.00 | 0.00 | 0.44 |
| **Net Cash from / (used in) Investing Activities** | **(480.00)** | **(1262.41)** | **(661.15)** | **(298.24)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from Issue of Equity Shares (including Premium) | 99.06 | 26.31 | 24.66 | 124.48 |

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half-Year ended 30.09.2010 |
|---|---|---|---|---|
| Proceeds from (Conversion of) Share Application Money | 0.00 | 0.00 | 69.58 | (32.55) |
| Proceeds from (Conversion of) Share Warrants | 8.85 | (1.24) | (1.31) | (5.15) |
| Proceeds/(Repayment) from/of Short Term Borrowings (net) | 525.21 | 47.89 | 506.03 | 200.32 |
| Proceeds/(Repayment) from/of Long Term Borrowings (net) | 16.80 | 958.07 | 358.05 | 320.82 |
| Finance Charges Paid | (140.89) | (207.29) | (215.67) | (150.85) |
| Dividend Paid (including dividend distribution tax) | (4.07) | (12.98) | 0.00 | 0.00 |
| **Net Cash from / (used in) Financing Activities** | **504.96** | **810.77** | **741.34** | **457.07** |
| Net increase / (decrease) in Cash and Cash Equivalents | 4.11 | 93.99 | 24.30 | (13.25) |
| Cash and Cash Equivalents at the beginning of the year | 23.55 | 27.67 | 121.97 | 146.27 |
| Add: Cash and Cash Equivalents acquired on acquisition of subsidiary during the year | 0.00 | 0.31 | 0.00 | 0.00 |
| **Cash and Cash Equivalents at the end of the year** | **27.67** | **121.97** | **146.27** | **133.02** |

*Notes:*

*1. The above statement should be read with the Notes to the Restated Consolidated Statements of Assets & Liabilities, Profits & Losses and Cash Flows as appearing in Annexure IV.*

*2. The Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard- 3 'Cash Flow Statement' notified by Companies (Accounting Standard) Rules, 2006 (as amended).*

*3. Negative figures in the Cash Flow Statements represents Cash outflow.*

**Annexure IV**

**1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

The Consolidated financial statements envisage combining of financial statements of Flexituff International Ltd. and all its subsidiaries.

The following components are included in consolidation:

**A. Direct Subsidiaries-**

| Name of Company | Country of Incorporation | Nature of Business | Date of Becoming Subsidiary/ Incorporation | Proportion of Ownership Interest |
|---|---|---|---|---|
| Eco Polymers Ltd. | Bangladesh | Manufacturing of PP Compound [Business not Commenced] | 23 July, 2007/ 23 July, 2007 | 100%* |
| Satguru Polyfab Pvt. Ltd. | India | Reprocessing of Plastic waste/Scrap | 24 Oct., 2008**/ 10 Nov, 1997 | 95.35% |
| Flexiglobal Holdings Ltd. | Cyprus | Holding of Investment & Group financing | 22 Sep., 2008/ 22 Sep., 2008 | 100% |
| Nanofil Technologies Pvt. Ltd. | India | Manufacturing of Master Batches [Business not Commenced] | 15 Dec., 2009/ 15 Dec., 2009 | 100% |

* The Company has fully disposed off its stake in its subsidiary Eco Polymers Ltd., Bangladesh on September 29, 2010.
**The Company acquired 53%, 26% and 16% stake in Satguru Polyfab Pvt. Ltd. on October 24, 2008, January 21, 2009 and September 10, 2010 respectively.

**B. Indirect Subsidiaries (Subsidiaries of Flexiglobal Holdings Ltd.)**

| Name of Company | Country of Incorporation | Nature of Business | Date of Acquisition / Incorporation | Proportion of Ownership Interest |
|---|---|---|---|---|
| Lakshmi Incorporated | USA | Distribution of FIBC (Flexible Intermediate Bulk Container) | October 7, 2009/ January 5, 2009 | 100% |
| Flexiglobal (UK) Ltd. | UK | Distribution of FIBC (Flexible Intermediate Bulk Container) | December 1, 2009/ August 4, 2008 | 100% |

a) **PRINCIPLES OF CONSOLIDATION :**

I. The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 on “Consolidated Financial Statements” issued by The Institute of Chartered Accountants of India.

II. The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial Statements as Goodwill or

Capital Reserve as the case may be. Goodwill is amortised over a period of 10 years beginning first full year of operation under consolidation.

III. Minority interests' share of the net profit / loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of the contractual obligation on the minorities, the same is accounted for by the Company.

IV. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements. Variation in the respective accounting policies is given effect to in the consolidated financial statements only if the impact is significant.

V. The Company follows non-integral basis for translation of foreign currency transactions in respect of its foreign subsidiaries, M/s. Eco Polymers Ltd & M/s. Flexiglobal Holdings Ltd. The translation of foreign operation is done in accordance with Accounting Standard 11 "The effects of changes in foreign exchange rates". Accordingly the financials of non- integral operation has been translated at the rates prevailing on the date of Balance Sheet. The resulting exchange differences arising on conversion are accumulated under "Foreign Currency Translation Reserve".

**b) <u>Basis of preparation :</u>**

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

**c) <u>Use of estimates :</u>**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future years.

**d) <u>Revenue recognition :</u>**

a. Sales revenue is recognized when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer.

b. Promotional Benefits, Export Incentives and Export Growth Incentives are accounted for on accrual basis when virtual certainty and their probable use within reasonable time in the normal course of business, is established.

c. Claims and refunds due from Government authorities and parties, through receivable / refundable are not recognized in the accounts, if the amount thereof is not ascertainable. These are accounted for as and when ascertained or admitted by the concerned authorities / parties in favour of the Company.

d. Claims lodged with insurance companies are recognized as income on acceptance by the Insurance Company.

**e) Fixed assets :**

a. Cost of Fixed Assets comprises of its purchase price including import duties and other non-refundable taxes or levies, expenditure incurred in the course of construction or acquisition, Start-up, Reconditioning, Commissioning, test runs & experimental production and other attributable costs of bringing the assets to its working conditions for the purpose of use for the business.

b. Borrowing cost directly attributable and / or funds borrowed generally and used for the purpose of acquisition / construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized, at its capitalisation rate to expenditure on that assets, for the period as per provisions of AS 16, until all activities necessary to prepare qualifying assets for its intended use are complete.

**f) Depreciation :**

a. Depreciation is provided under the straight line method at the rates provided by Schedule XIV to the Companies Act, 1956 on pro-rata basis, On the basis of technical evaluation by Chartered Engineer, the plant and machineries of all the three divisions of holding company are categorized as continuous process plant and therefore the depreciation rate applied are for the continuous process.

b. Leased assets are amortized over the operating period of 99 years.

**g) Employee benefits :**

a. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

b. The eligible employees of the company are entitled to receive benefits under the provident fund a defined contribution plan in which both the employees and the Company make monthly contribution at a specified percentage of the covered employees salary (currently 12% of the employees salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner. The Company recognizes such contribution as expense of the year in which the liability is incurred.

c. The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plant provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to gratuity fund and the Company recognizes the liability for gratuity benefits payable in future based on an independent actuarial valuation.

**h) Investment :**

Long Term Investments are stated at cost. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline. Current Investments are carried at cost or fair value whichever is lower.

**i) Valuation of inventory :**

a. Inventories are valued at historical cost and net realisable value whichever is lower. Historical cost is determined on FIFO / Weighted Average basis on relevant categories of Inventories and net realizable value, after providing for obsolete, slow moving and defective Inventories, wherever necessary on a consistent basis.

b. Cost of raw materials includes duties net of CENVAT Credit available. Finished goods exclude "excise duty" thereon.

**j) <u>Retirement benefit :</u>**

a. Contribution to Provident Fund is recognized in the accounts on actual liabilities basis.

b. Provision / contribution to Gratuity Funds are made on the basis of actuarial valuation certificate from a registered actuary.

**k) <u>Foreign currency transactions :</u>**

a) All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions.
b) Monetary assets & liabilities are translated at the exchange rate prevailing on the balance sheet date and the resultant gain/loss is recognized in the financial statements.
c) Exchange difference are either adjusted in the cost of imported fixed assets or dealt with in the profit & loss account, depending upon the nature of the transaction.
d) The company uses foreign currency forward contracts/options to hedge its actual underlying exposure and not for trading or speculation purpose to movement in foreign currency rates. The use of these forward contracts/options reduces the risk and/or cost to the company. Exchange difference on such contracts is recognized in the reporting period in which exchange rates change.

**l) <u>Taxes on income :</u>**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**m) <u>Impairment of fixed assets :</u>**

Factors giving rise to any indication of Impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date by the Management to determine and provide / reverse an impairment loss following Accounting Standard (AS) 28 "Impairment of Assets"

**n) <u>Borrowing Cost :</u>**

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

**o) Replenishment :**

Indigenous raw materials had to be used on occasions, for exports, to be subsequently replenished under Duty Free Entitlement Schemes of the Government of India. Therefore, the cost of such indigenous raw materials has been accounted for at its equivalent imported / duty free prices by adjusting the value of such entitlements granted for neutralization of the import duties and levies.

**p) Provisions and Contingencies :**

A provision is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resource to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation, in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**q) Earnings per share :**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for event of bonus issue. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**r) Cash and cash equivalents :**

Cash and cash equivalents comprise cash at bank and on hand and short term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**2. (a) Material Adjustments:**

Summary of results of adjustments made to the audited consolidated financial statements of the company for the respective years and their impact on profits/(losses) of the company are as given below :

(₹ in Million)

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|
| Difference in Receivables in Foreign Currency | 6.09 | (1.37) | (13.71) | 9.64 |
| Difference in Foreign Currency Loan | (0.14) | 0.00 | 3.14 | (3.14) |
| Difference due to Foreign Currency Forward Contracts | (38.73) | (8.89) | 23.65 | 21.17 |
| **Total** | **(32.77)** | **(10.26)** | **13.08** | **27.68** |

During the half year ended September 30, 2010, the Company changed its accounting policy in respect of the recording of transactions entered in foreign currency. From this period, company adopted Accounting Standard 11 –

Effects of changes in foreign exchange rates. As required by the said Accounting Standard, the impact of the change in accounting policy is incorporated in the restated financial statements from financial year 2005-06. The profit/(loss) arising due to changes as stated above are incorporated in the restated profit & loss account of the respective years. Consequently, the balances of sundry receivables & foreign currency loans in the restated statement of assets & liabilities are adjusted accordingly and foreign exchange fluctuation reserve is created for the difference due to Foreign Currency Forward Contracts.

**(b) Material Regroupings:**

Appropriate adjustments have been made in the restated consolidated statements of Assets and Liabilities, Profits and Losses and Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the audited financials of the Company for the half year ended September 30, 2010 and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations 2009.

**(c) The effects of the following have not been given in the Consolidated Assets and Liabilities, Profit and Loss and Statement of Cash Flows:**

1. Prior Period Items aggregating to ₹ 2.85 million, ₹ 0.25 million, ₹ 1.96 million, ₹ (6.02) million and ₹ (5.79) million in the Audited Financial Statements for the year ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and half year ended September 30, 2010 respectively have not been adjusted in the respective years to which they pertain, as the figures involved are not material.

2. Sundry Balances written back aggregating to ₹ 0.01 million, ₹ 0.02 million, ₹ 10.27 million, ₹ 0.20 million and ₹ 1.87 million in the Audited Financial Statements for the year ended March 31, 2006, March 31, 2008, March 31, 2009, March 31, 2010 and half year ended September 30, 2010 respectively have not been adjusted in the respective years, as there are practical problems in identification of the respective years to which they pertain.

3. Tax impact of adjustments has not been considered as the Company was covered by the provisions relating to Minimum Alternate Tax under the Income-tax Act, 1961 and the tax impact is also not material.

**3. Segment Reporting:**

The Company is principally engaged in the business of Manufacturing of HD/PP Woven sacks and FIBC/Jumbo Bags. The operations of Subsidiaries do not constitute more than 10% of the total revenue or profits / losses or assets. Accordingly there is no reportable segment as per Accounting Standard 17 issued by Institute of Chartered Accountant of India on segment reporting.

**4. Deferred Tax:**

**(Amount in ₹)**

| Deferred Tax Liability | As at 31/03/2008 | As at 31/03/2009 | As at 31/03/2010 | As at 30/09/2010 |
|---|---|---|---|---|
| Net Block as per books | 767,532,268 | 1,996,628,935 | 2,443,378,441 | 2,443,898,405 |
| Net Block as per Income Tax | 538,057,205 | 1,556,454,517 | 1,795,624,166 | 1,736,907,313 |
| Less : Differences reversing during tax holiday period | 8,123,701 | 45,573,546 | 54,149,018 | 51,812,930 |
| Timing Difference | 221,351,362 | 394,600,872 | 593,605,257 | 655,178,162 |
| Deferred tax liabilities @ 30.9% on the timing difference | 68,397,571 | 121,949,314 | 183,424,024 | 200,644,884 |
| Opening Balance | 51,302,855 | 68,397,571 | 121,949,314 | 189,424,024 |
| Deferred Tax Liability Created | 17,094,716 | 53,551,743 | 67,474,710 | 14,858,802 |
| Closing Balance **(A)** | 68,397,571 | 121,949,314 | 18,9424,024 | 204,282,826 |
| **Deferred Tax Assets** | | | | |
| Opening Balance | 0 | 0 | 40,040,445 | 51,417,825 |
| Deferred Tax Assets created | 0 | 40,040,445 | 11,377,380 | 18,035,024 |

| Deferred Tax Liability | As at 31/03/2008 | As at 31/03/2009 | As at 31/03/2010 | As at 30/09/2010 |
|---|---|---|---|---|
| Cumulative Deferred Tax Assets **(B)** | 0 | 40,040,445 | 51,417,825 | 69,452,849 |
| **Net Deferred Tax Liability (A-B)** | **68,397,571** | **81,908,869** | **138,006,199** | **134,829,977** |

**5.** 92 number of Zero Percent Fully convertible Debentures (FCD) of ₹ 5 Million each to M/s Clearwater Capital Partner (Cyprus) Limited, Cyprus are pending for conversion into equity shares.

**6.** The company has allotted 195000 Equity Shares to M/s. Kalani Industries Pvt. Ltd. on 31/12/2010, out of the Share / Warrants Application Money pending allotment as on 30/09/2010 amounting to ₹ 12.53 million and after such allotment, the balance in Share / Warrants application money in the books of the holding company has become nil.

**7.** The Company did not have any subsidiary, during the year ended March 31, 2007 and 2006, hence, for the purposes of this Consolidated Financial Information, the figures for these years are not disclosed.

**Annexure V**
**Statement of Share Capital**

(₹ in Million)

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| **Authorised Share Capital:** | | | | |
| Equity Shares of ₹10 each | **150.00** | **150.00** | **200.00** | **200.00** |
| | | | | |
| **Issued, Subscribed & paid up Capital** | | | | |
| Equity Shares of ₹10 each fully paid-up | 110.91 | 113.14 | 115.23 | 125.31 |
| Share/Warrants Application Money pending Allotment | 0.00 | 0.00 | 69.58 | 37.03 |
| Share Warrants | 8.85 | 7.61 | 6.30 | 1.15 |
| **Total** | **119.76** | **120.75** | **191.11** | **163.49** |

*Note : The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.*

**Annexure VI**
**Statement of Reserve & Surplus**

(₹ in Million)

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| **Reserves and Surplus:** | | | | |
| Securities Premium | 236.33 | 260.42 | 282.99 | 397.40 |
| General Reserve | 130.50 | 130.50 | 140.50 | 140.50 |
| Foreign Currency Translation Reserve | 0.00 | 0.38 | 2.93 | 5.87 |
| Foreign Currency Exchange Fluctuation Reserve (Ref. Para 2-A of Annexure - IV) | 35.93 | 44.82 | 21.17 | 0.84 |
| Surplus/ (Deficit) in Profit & Loss account | 72.20 | 141.19 | 177.03 | 339.28 |
| Negative Balance of Minority Absorbed by Parent | 0.00 | 0.00 | (3.84) | 0.00 |
| Minority Interest Recovered by Parent | 0.00 | 0.00 | 0.00 | 2.67 |
| **Total** | **474.95** | **577.30** | **620.78** | **886.57** |

*Note : The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.*

**Annexure VII**
**Statement of Secured Loans**

(₹ in Million)

| Particulars | For the year ended March 31 | | | For the Half year ended 30.09.10 |
|---|---|---|---|---|
| | 2008 | 2009 | 2010 | |
| **WORKING CAPITAL** | | | | |
| Cash Credit facility | | | | |
| UCO Bank | 26.24 | 64.63 | 261.11 | 322.29 |
| State Bank of India | 33.45 | 22.43 | 49.05 | 80.53 |
| Central Bank of India | 12.03 | 11.75 | 23.05 | 23.25 |
| Punjab National Bank | 81.51 | 90.63 | 302.05 | 292.53 |
| State Bank of Bikaner & Jaipur | 0.00 | 0.00 | 0.00 | 0.00 |
| State Bank of Travancore | 0.00 | 0.00 | 16.03 | 13.37 |
| State Bank of Patiala | 0.00 | 0.00 | 48.51 | 59.92 |
| HSBC Bank Ltd. | 0.00 | 4.80 | 0.46 | 0.00 |
| Axis Bank Ltd | 0.00 | 0.00 | 0.00 | 108.70 |
| **TOTAL (A)** | **153.23** | **194.24** | **700.26** | **900.59** |
| **TERM LOAN** | | | | |
| **Foreign Currency Loan** | | | | |
| State Bank of India | 0.00 | 0.00 | 0.00 | 0.00 |
| Central Bank of India | 0.00 | 0.00 | 0.00 | 0.00 |
| Punjab National Bank | 0.00 | 0.00 | 0.00 | 0.00 |
| State Bank of Bikaner & Jaipur | 0.00 | 0.00 | 0.00 | 0.00 |
| HSBC Bank Limited Race Cource Road Indore | 0.00 | 0.00 | 0.00 | 26.78 |
| Effect in changes in Accounting Policies | 0.00 | 0.00 | (3.14) | 0.00 |
| **Indian Rupee Loan** | | | | |
| Existing Loan | | | | |
| UCO Bank | 201.83 | 170.80 | 146.64 | 115.89 |
| State Bank of India | 0.00 | 0.00 | 0.00 | 0.00 |
| Central Bank of India | 5.25 | 3.23 | 1.17 | 0.00 |
| Punjab National Bank | 44.06 | 27.12 | 12.40 | 6.15 |
| Corporate Loan (STL) from Punjab National Bank | 0.00 | 100.00 | 0.00 | 0.00 |
| State Bank of Bikaner & Jaipur | 0.00 | 0.00 | 0.00 | 0.00 |
| Axis Bank Ltd | 0.00 | 0.00 | 0.00 | 152.86 |
| **-For Kashipur- Phase I** | | | | |
| - UCO Bank Ltd., Pipliyahana Br. Indore | 0.00 | 435.16 | 420.61 | 385.81 |
| - State Bank of India, IF Br. Indore | 0.00 | 189.86 | 183.95 | 168.15 |
| - Central Bank of India Siyaganj Br. Indore | 0.00 | 115.11 | 108.40 | 103.73 |

| | | | | |
|---|---|---|---|---|
| - Punjab National Bank, Siyaganj Br., Indore | 0.00 | 190.00 | 242.35 | 217.25 |
| - HSBC Bank Limited Race Cource Road Indore | 0.00 | 0.00 | 40.39 | 0.00 |
| **-Kashipur Project Phase – II** | | | | |
| - UCO Bank Ltd., Pipliyahana Br. Indore | 0.00 | 0.00 | 136.94 | 197.85 |
| - State Bank of India, IF Br. Indore | 0.00 | 0.00 | 95.84 | 95.95 |
| - State Bank of Patiala, Orbit Mall Indore | 0.00 | 0.00 | 4.46 | 111.04 |
| - Punjab National Bank | 0.00 | 0.00 | 0.00 | 70.96 |
| - Uco Bank Ltd., R & D Loan | 0.00 | 0.00 | 120.00 | 161.65 |
| **-Satguru Polyfab (P) Ltd., Kandla** | | | | |
| - State Bank of Patiala, Orbit Mall Indore | 0.00 | 0.00 | 59.94 | 59.94 |
| - State Bank of Travancore, Indore | 0.00 | 0.00 | 50.00 | 50.00 |
| Add : Interset Accrued & Due | 0.00 | 0.00 | 1.25 | 1.23 |
| **TOTAL (B)** | **251.14** | **1231.28** | **1621.21** | **1925.24** |
| **From Financial Institutions:-** | | | | |
| MPFC Capital Market | 87.11 | 67.40 | 46.94 | 35.67 |
| M.P.A.K.V.N. (Indore) Ltd. | 0 | 0.00 | 0.00 | 0.00 |
| **TOTAL (C)** | **87.11** | **67.40** | **46.94** | **35.67** |
| **VEHICLE LOAN** | | | | |
| From ICICI Bank Ltd. | 2.97 | 0.83 | 1.36 | 1.20 |
| From HDFC Bank Ltd. | 0.54 | 0.31 | 0.87 | 0.72 |
| **TOTAL (D)** | **3.51** | **1.14** | **2.23** | **1.92** |
| **TOTAL (A+B+C+D)** | **494.99** | **1494.06** | **2370.64** | **2863.42** |

**Annexure VII – A**
**Statement of Secured Loans (Term Loans)**

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| 1 | Axis Bank Ltd., Y. N. Road, Indore | 200.00 | 29-07-2010 | ABBR + 4.50 % i.e. 12.00 p. a. | 1) 12 quarterly installments after 9 months from date of first disbursement as per schedule given below:- 2)10th to 21st month : ₹ 33.3 Mn in 4 equal quarterly installment. 3)22nd to 33rd month: ₹ 66.7 Mn in 4 equal quarterly installment. 4)34th to 45th month: ₹ 100.00 Mn in 4 equal quarterly installment. | Pari Passu First charge on the Fixed Assets of the Company. | Exclusive charges on debt service reserve account (DSRA) proposed to be created with the bank for an amounting to one quarter principle and interest (interest to be maintained upfront and principle to be maintained three months prior to the date of 1st installment ). The Amount to be increased based on repayments , three | **Company require prior permission of bank**: a) to formulate any scheme of amalgamation or restructuration; b) to undertake guarantee obligation on behalf of any third party or any other company. c) to make any change in Management. d) to declare dividend for any year except put of profit relating to that year after making all the due and necessary provision provided that no default had occurred in any repayment obligation. e) to undertake any expansion or fresh project or acquire fixed asset, while normal capital expenditure eg. replacement of parts, can be incurred. f) to invest by way of share capital in or lend or advance to or place deposits with any other concern (normal trade credit or security deposit in the routine course of business or advances to employees can however |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | months prior to the increase in installment | be extended. |
| 2 | Central Bank of India<br>Siyaganj Br. Indore<br>(Project Phase-I) | 115.00 | 27-06-2008 | BPLR (12) | Repayable in 24 qtrly installments. 1st installment will fall due on 01.10.09. Interest is to be serviced on monthly basis | E/M Of land & Building , Hypothecation of P & M and all other fixed assets on pari passu basis (excluding fixed assets at Bangladesh due to country laws) | | a) Company will not pay any commission to the guarantors b) Not to undertake guarantee obligation on behalf of the company without the cosent of the consortium<br>c) Agree for publishing the names of directors/ guarantors / associates concern in the media in case of default to us.<br>d) Company shallnot make any major capital investment without the prior permission of the consortium.<br>e) The guarantors will give an undertaking to the effects that they will not claim any consideration by way of fees, commission, remuneration or any other form of payment for extending their guarantees for credit facilities<br>f) The comapany /Director shall undertake that no litigation is pending before them, |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | initiated by banks/ financial institution. |
| 3 | HSBC Bank Limited Race Course Road Indore (Project Phase-I) | 61.00 | 28-07-2009 | At Mutually agreed rate | 3 equal annual installments commencing 1 year from the date of disbursement | 1) Personal Guarantee of Mr. Manish Kalani for Rs111,000,000 /- (Required. Held for ₹ 66,000,000/-) 2) Corporate Guarantee of Kalani Industries Ltd. For Rs111,000,000 /- with relevant Board Resolution. (Required. Held for ₹ 66,000,000/-) 3)First pari passu charge on the entire fixed assets of the borrower both present & future for ₹ 61,000,000/-. (Held) Second pari passu charge on the current assets of the borrower at Pithampur | - | a) Any changes in the capital structure, schemes of amalgamation/ re-construction must be agreed by the bank prior to being undertaken. b) The Borrower will seek Bank's prior permission for the following;- - Declaration of dividend , in case the operating profits (earning before Interest less depreciation and taxes) fall below the audited value of the previous year and/ or if this results in a breach of the stipulated financial covenants. - If the existing unsecured loans and advances from promoters/ directors are proposed to be repaid. |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Industrial area and C-41-50, Sector- 3, Dhar Madhya Pradesh & expansion at Uttaranchal (both existing and future) on pari passu basis with existing and proposed working capital. Banks for ₹ 61.00 million held | | |
| 4 | Punjab National Bank, Indore (Existing Loan) | 36.00 | 23.01.2004 | BPLR + 0.50% (TP) + 0.50% | 23 quarterly installment of ₹ 1.566 million w.e.f. 01.09.2005 | 1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & expansion | - | a) Company undertake not to make any alterations or modifications in the project without prior approval of bank in writing b) Firm should not offer any guarantee to any bank/financial institutions/anybody without prior written permission from bank c) Undertake not to effect any change in the capital structure and make changes in their management set up without written |
| | | 10.00 | 19.03.2005 | BPLR + 0.50% (TP) + 0.25% | 20 quarterly installment of ₹ 0.50 million after 1 year from the date of first disbursement. | | | |
| | | 36.00 | 14.11.2006 | BPLR + 2.00% +0.50% (TP) - 2.75% | 24 quarterly installment of ₹ 1.0625 million and 20 quarterly installment of ₹ 0.525 million. | | | |
| | | 2.40 | 14.11.2006 | BPLR + 2.00% +0.50% (TP) - 2.75% | 4 quarterly installment of ₹ 0.563 million and | | | |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | 1 quarterly installment of ₹ 0.148 million. | project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms lenders on pari passu basis. | | permission from bank |
| 5 | Punjab National Bank, Siyaganj Br., Indore (Project Phase-I) | 190.00 | 27-05-2008 | BPLR+.0.50%+1.50 to 2% p.a with monthly rests | 24 equal quarterly installments after 1 year & 6 months from the date of first disbursement | 1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with | - | a) Company should undertake not to diversify it's activities, take up new projects and/or expand without written permission.<br>b) Company should not take any alteration or modifications in the project without the prior approval of bank in writing.<br>c) Company should not offer any guarantee to nay bank/financial institution/any body without prior written permission from bank.<br>d) Company not to create any further charges on the current asset /fixed assets of the company without prior written permission from bank.<br>e) Company should undertake not to effect |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | existing & proposed terms with lenders on pari passu basis. | | any change in capital structure without written permission of the bank. f) During the currency of bank's credit facilities, the company shall not, without the prior approval of the bank in writing:- - Declare dividends for any year, if the account(s) of the borrower with the bank is/are running irregular.. - Permit any transfer of the controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned. - Issue Bonus Shares and dispose of share holding of promoters wherever specifically situated |
| 6 | Punjab National Bank, Siyaganj Br., Indore (Project Phase-I) | 50.00 | 27-05-2008 | BPLR+.0.50%+1.50 to 2% p.a with monthly rests | 12 quarterly installments for Rs1.1 million after one year from the date of first disbursement<br>Next 11 quarterly installments for Rs3.2 million | First pari passu charge on Project assets at Kandla installed in the premises of M/s Imperial Overseas (P) Ltd. (IOPL) | - | a) The borrower shall not undertake expansion/ diversification/ modernization (except those investments accepted in CMA data) without obtaining prior permission of the consortium and without |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | Last quarterly installment for Rs1.6 million | | | proper tie-up of funds. Similarly, No investment shall be made in associate/allied/ group concerns without prior permission of consortium. b) During the currency of Bank's credit facilities, the borrower shall not, without the prior approval of the Bank in writing:- - Declare dividends for any year, if the account(s) of the borrower with the bank is/are running irregular.. - Permit any transfer of the controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned. |
| 7 | Punjab National Bank, Mid Corporate Branch, Siyaganj Indore (Project Phase-II) | 120.00 | 25-06-2009 | BPLR+.50% (TP) p.a. to be charged at monthly rest. | First three quarterly installments of ₹ 1.10 Million each starting from 30.09.10<br>Next 20 quarterly installments of ₹ 5.50 Million each.<br>Last one quarterly | 1st Pari Passu mortgage and hypothecation charge over land and building, plant & machinery and immovable and movable fixed assets of | 2nd charges on entire current assets (both existing and future) of the existing & proposed | a) The borrower shall not undertake expansion/ diversification/ modernization (except those investments accepted in CMA data) without obtaining prior permission of the consortium and without proper tie-up of funds. |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | installment of ₹ 6.70 million & interest to be recovered as and when charged to the account. | the Uttaranchal phase II project. | project site at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & company's unit at Uttaranchal on pari passu basis with the team lenders | Similarly, No investment shall be made in associate/allied/ group concerns without prior permission of consortium. b) During the currency of Bank's credit facilities, the borrower shall not, without the prior approval of the Bank in writing:- - Declare dividends for any year, if the account(s) of the borrower with the bank is/are running irregular.. - Permit any transfer of the controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned. |
| 8 | State Bank of India, (erstwhile State Bank of Indore) Commercial Br. Indore (Project Phase-I) | 190.00 | 03-06-2008 | BPLR-.25% | 24 quarterly installments, which will commence from 18 months after the first disbursement. | First pari passu charge over entire existing and proposed fixed assets of the company with the existing & proposed term lending | - | -Any scheme of commission payable to any sister concern should have prior written permission by the bank |
| 9 | State Bank of | 105.00 | 05-10- | 12.50 | 7 Years including | Extension of | - | -Any scheme of |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | India, (erstwhile State Bank of Indore) Industrial Finance Br. Indore (Project Phase-II) | | 2009 | | moratorium period of 15 months and repayable in 24 quarterly installments. | 1st pari-passu charge over the entire fixed assets of the Company (including proposed Uttaranchal Unit Phase-II), present as well as future. | | commission payable to any sister concern should have prior written permission by the bank |
| 10 | State Bank of Patiala, Orbit Mall Indore (Project Phase-II) | 110.00 | 02-05-2009 | 12.75 | Repayable in 4 quarterly installment of ₹ 1.31 million and 20 quarterly installments of ₹ 5.238 million payable on the last day of each quarter commencing after one year from the date of Ist disbursement. | 1st Pari Passu charge on all fixed assets of the company OR 1st Pari Passu Charge on the entire fixed assets of the expansion project besides 2nd charge on other fixed assets of the company. | - | The Company will not undertake any new project (Except those mentioned in the proposal), either expansion or modernization etc. without the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the consortium. -Any cost overrun in the project in the project or shortfall in means of finance envisaged shall be met by the company from their own sources |
| 11 | UCO Bank, Pipliyahana Branch, Indore (Existing Loan) | 221.30 | 28-09-2006 | BPLR-0.50% i.e. presently 11.50% p.a.(monthly rests) payable monthly | 24 equal quarterly installment after one year six month from the date of first | 1st Pari-passu mortgage & hypothecation charge over land & | - | Promoters to meet increased costs on account of cost overrun/time overrun of if nay from its own sources |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | disbursement | building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar M.P., & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan. | | and will not ask for any additional term loan. -The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders |
| 12 | UCO Bank, Pipliyahana Br. Indore (Project Phase-I) | 325.00 | 17-03-2009 | 12.50 | 24 equal quarterly installments after one year six month from the date of first disbursement | 1st Pari-passu mortgage & hypothecation charge over land & building, plant | - | Promoters to meet increased costs on account of cost overrun/time overrun of if nay from its own sources and will not ask for any |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar Mp, & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan. | | additional term loan. -The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders |
| 13 | UCO Bank, Pipliyahana Br. Indore ( Project Phase- I) | 110.00 | 17-03-2009 | 12.50 | 12 quarterly installments for Rs2.5 million after six month from the date of first disbursement<br>10 quarterly | 1st Pari-passu hypothecation charge over plant & machinery and other movable fixed assets at | a) 2nd charges on entire current asset (both existing and future) | a) Promoters to meet increased costs on account of cost overrun/time overrun if any, from its own sources and will not ask for any additional term loan. |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | installments for Rs7.5 million from the date of first disbursement<br>2 quarterly installments for Rs 2.5 million from the date of first disbursement | Kandla (both existing & Future -charge to be shared with existing & proposed term lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan. | of the existing and proposed project sites at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP, & company's unit at Uttaranchal on pari passu basis with other term lender. | b) The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders.<br>c) Company has to take prior permission from bank in following cases:<br>- effect any change in the Company's Capital Structure;<br>- Formulate any scheme of amalgamation or restructuration or restructuring of any kind;<br>- Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended.<br>- undertake guarantee, obligation on behalf of any other company firm, or person.<br>- Declare dividends for any year except out of profits relating to that year after making all due |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | necessary provisions and provided further that no default had occurred in any repayment obligation. - Monies bought in by principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission. -pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks. - Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank , Financial Institution, company , firm or person. - Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank. - Undertake any activity other than that for which the facilities has been sanctioned |
| 14 | UCO Bank Ltd., Pipliyahana Br. Indore | 210.00 | 27-09-2010 | 12.50 | 1) 4 equal quarterly installment of ₹ | 1st Pari-passu mortgage & hypothecation | 2nd pari pasu hypo charge on | The Company will not undertake any new project (Except those |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | (Project Phase-II) | | | | 2.5 million after one year six month from the date of first disbursement<br><br>2)20 equal quarterly installment of ₹10.00 million after one year six month from the date of first disbursement | charge over land & building, plant & machinery and other immovable & movable fixed assets at Uttaranchal under Phase II (both Existing & future)- Charge to be shared with existing & proposed terms lenders on pari passu basis.FACR to be maintained min. at 1.33 through out the entire tender of the loan. | current assets of the company with the other existing / proposed tern lenders at at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP, & expansion project of the company at Uttaranchal (both existing and future), Project at IOPL at Kandla - charge to be shared with excising term lenders of the project on the pari pasu basis. | mentioned in the proposal), either expansion or modernization etc. without the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the consortium. -Any cost overrun in the project in the project or shortfall in means of finance envisaged shall be met by the company from their own sources. Company has to take prior permission from bank in following cases: - effect any change in the Company's Capital Structure;<br>- Formulate any scheme of amalgamation or restructuration or restructuring of any kind;<br>- Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | First charge being held by banks extending / to be extended working capital finance both at existing units, IOPL, Kandla & at Uttaranchal Phase I and II | extended. - undertake guarantee, obligation on behalf of any other company firm, or person. - Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation. - Monies bought in by principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission. -pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks. - Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank , Financial Institution, company , firm or person. - Sell, Assign, Mortgage or otherwise dispose off |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | any of the fixed asset charged to the bank. - Undertake any activity other than that for which the facilities has been sanctioned |
| 15 | UCO Bank, R & D Loan | 160.00 | 25-03-2010 | 11.75 | Repayable in 17 unequal quarterly installments from 11 month from the date of first disbursement | 1st Pari-passu charge on fixed assets of the company (both existing & future) of the company on pari-passu basis with other term lenders. | | a) Promoters to meet increased costs on account of cost overrun/time overrun if any, from its own sources and will not ask for any additional term loan. b) The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders. c) Company has to take prior permission from bank in following cases: - effect any change in the Company's Capital Structure; - Formulate any scheme of amalgamation or restructuration or restructuring of any kind; - Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | credit or security deposits in the normal course of business or advance to employee can however be extended.<br>- undertake guarantee, obligation on behalf of any other company firm, or person.<br>- Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation.<br>- Monies bought in by principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission.<br>-pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks.<br>- Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank , |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Financial Institution, company , firm or person. - Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank. - Undertake any activity other than that for which the facilities has been sanctioned |
| 16 | MPFC Capital Market, Indore (Existing Loan) | 50.00 | 04-07-2006 | 10.50 | 20 quarterly installments of ₹ 2.50 Million each moratorium period of six month. | -Equitable mortgage of land & building, plant & machinery, furniture & fixture & floating charge on all remaining assets-land lease hold admeasuring 53200 sq. mt.situated at plot/khasra No C 41-50, d-85 to 100 & E-57 to 76, SEZ Industrial area sector -3 Pithampur Dist Dhar (M.P) - Land (lease hold) admeasuring 10914 sq. mt., | - | -Company shall agree not to let out or give on lease and license whole or any portion of land or building or plant and machinery to any one, without the prior written permission of the corporation, during the currency of the loan -Company shall agree not to lend funds to any one nor invest the same in purchase of shares of any other company, during the currency of the loan without the prior written permission of the Corporation. -The company shall not declare/ pay any dividend to its shareholders (both equity and preference) during any financial year unless it has paid the installments and interest due on the loan of the |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | situated at Plot no. 94 Industrial Area sector -1, Pithampur Dist Dhar M.P | | corporation upto that year.-The company shall not go for public issue without prior permission of the Corporation. The Company shall undertake not to effect any change/modification in the scheme, in the constitution to transfer of Management hereby approved without prior permission of the Corporation and the Corporation does not commit itself to approve and to finance any such change/expansion |
| 17 | MPFC Capital Market, Indore (Existing Loan) | 50.00 | 21-05-2007 | 12.50 | 1) First 8 quarterly installments of ₹ 2.50 Million each moratorium period six month. 2)Remaining 10 quarterly installments of ₹ 3.00 Million | Equitable mortgage of land & building, plant & machinery, furniture & fixture & floating charge on all remaining assets-land lease hold admeasuring 53200 sq. mt.situated at plot/khasra No C 41-50, d-85 to 100 & E-57 to 76, SEZ | - | a)Company shall agree not to let out or give on lease and license whole or any portion of land or building or plant and machinery to any one, without the prior written permission of the corporation, during the currency of the loan. b) The promoters, guarantors and the company shall give undertakings stating that in case of the Corporations loan amount goes out of order, the corporation shall have a right to publish the name |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Industrial area sector -3 Pithampur Dist Dhar (M.P) - Land (lease hold) admeasuring 10914 sq. mt., situated at Plot no. 94 Industrial Area sector -1, Pithampur Dist Dhar M.P | | of the company and its promoters/guarantors in the newspaper or through other media.-No assistance from other financial institution should be availed on assets under consideration. An undertaking in this regard shall be furnished by the company. b) Company shall agree not to lend funds to any one nor invest the same in purchase of shares of any other company, during the currency of the loan without the prior written permission of the Corporation.<br>c) The Company shall undertake not to effect any change/modification in the scheme, in the constitution to transfer of Management hereby approved without prior permission of the Corporation and the Corporation does not commit itself to approve and to finance any such change/expansion<br>d) The company shall not declare/ pay any dividend to its shareholders (both |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | equity and preference) during any financial year unless it has paid the installments and interest due on the loan of the corporation upto that year. e) The company shall not go for public issue without prior permission of the Corporation. |

**SATGURU POLYFAB (P) LIMITED**

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | | Other Covenants |
|---|---|---|---|---|---|---|---|---|
| 18 | State Bank of Patiala, Orbit Mall Indore | 60 | 19-06-2009 | 12.75 | Repayable in 24 equal quarterly installments of ₹ 2.5 million each payable on the last day of each quarter commencing after one year six month from the date of 1st disbursement. | 1st pari-passu charge on entire fixed assets of the company both present & future ( Building, Plant & Machinery and other immovable and movable fixed assets at Shed No.299-303, Sector No. 2 Kandla SEZ Gandhidham, Kutch , Gujarat) | | The Company will not undertake any new project (Except those mentioned in the proposal), either expansion or modernization etc. without the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the consortium. -Any cost overrun in the project or shortfall in means of finance envisaged shall be met by the company from their own sources. |
| 19 | State Bank of Travancore, | 50 | 01-06-2009 | 15.00 | Repayable in 20 equal quarterly | Equitable mortgage by | | The Bank will have a first charge on the profits of |

| S. No. | Name of Institution | Sanctioned Limit | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Other Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | Main Branch Indore | | | | installments of ₹ 2.075 million 4 quarterly installments of ₹ 2.125 million payable on last day of each quarter commencing after one year three month from the date of 1st disbursement. | way of mortgage of lease hold rights in favour of the consorium.1st charge over Building, Plant & Machinery and other immovable and movable fixed assets at Shed No.299-303, Sector No. 2 Kandla SEZ Gandhidham, Kutch,Gujarat | | the company, after provision for taxation and dividend where applicable, for repayment of installments under the term loans granted/deferred payment guarantees executed by the bank or other repayment obligation, if any, due from the company to the bank.- The company shall keep the bank informed of the happening of any event likely to have substantial effect on the profit. |

**Annexure VII-B**
**Statement of Secured Loans (Working Capital Loans)**

**FLEXITUFF INTERNATIONAL LIMITED**

(₹ in Million)

| **UCO Bank, Pipliyahana Branch, Indore** | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit | 230.00 | Base rate + 4%p.a.( monthly rests) i.e presently 12% p.a., however if any consortium bank charge higher ROI, then the same will be applicable |
| | EPC /FBC | 200.00 | Gold card holder and in line with the bank's extent guide lines. |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 250.00 | 50% of normal charge |
| | Bank Guarantee | 100.00 | 50% of normal charge |
| | **TOTAL EXPOSURE** | **780.00** | |

| **Punjab National Bank, Siyaganj, Indore** | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit | 67.50 | BPLR i.e at present 11% to be charged at monthly rests. ROI is subject to change from time to time as per RBI/HO |
| | EPC | 223.40 | As per extent bank's guidelines. ROI is subject to change as per RBI/HO guidelines |
| | FBD | 29.10 | As per Bank's guideline |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit /BG | 273.00 | - LC:-50% of normal charge or charged by the leader bank which ever is higher |
| | | | -BG:-As per extent guideline of the bank |
| | **TOTAL EXPOSURE** | **593.00** | |

| **Central Bank of India, Siyaganj, Indore** | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit | 18.20 | BPLR+1.5% as per RBI/ CO guideline |
| | EPC | 6.50 | as per RBI guideline/ CO guideline |
| | FBD | 7.80 | As per CO circular |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 22.50 | As per CO circular |
| | Bank Guarantee | 6.00 | As per CO circular |
| | **TOTAL EXPOSURE** | **61.00** | |

| State Bank of India, (Erstwhile State Bank Of Indore) Indore | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit | 7.50 | - BPLR - 0.25%, subject to minimum of 12.50% p.a. |
| | EPC | 62.50 | -As applicable to Gold Card Scheme. In case of utilization below 60% of the sanctioned limit commitment charges at the rate of 1.00% will be applicable. |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 20.00 | As per Bank's standard charges. |
| | **TOTAL EXPOSURE** | **90.00** | |

| State Bank of Patiala, Orbit Mall, Indore | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit | 22.50 | BPLR - 0.75% (floating) subject to minimum of 12.00% p.a. |
| | EPC | 14.00 | As applicable to Gold Card Scheme. |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 10.00 | Commission as per extent guideline, 50% Concession allowed in LC |
| | **TOTAL EXPOSURE** | **46.50** | |

| Axis Bank Ltd., Y.N. Road, Indore | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit/ EPC | 150.00 | -CC:-Axis Bank Base Rate (ABBR) +4% i.e.11.50% Payable at monthly interval |
| | | | -EPC- Up to 180 days - ABBR+ 1.50% (Presently 9.00% p.a.) |
| | | | PCFC : Disbursal is subject to availability and pricing will be subject to approval from treasury deptt. |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 150.00 | 1.25% p.a. all inclusive payable upfront. |
| | **TOTAL EXPOSURE** | **300.00** | |
| **SATGURU POLYFAB (P) LIMITED** | | | |
| | | | |
| **State Bank of Travancore, Indore** | | | |
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit/ EPC | 16.00 | -CC:- STBLR + 1.75%, presently effective rate is 14.50% p.a. with monthly rests. |

| | | | |
|---|---|---|---|
| | | | -EPC- Upto 270 days- 2.50% below SBTLR, present effective rate10.25% p.a. |
| | | | Beyond 270 days- normal interest rate as applicable to SB-3 rated companies would apply i.e. at 1.75% above SBTPLR present effective rate 14.50% p.a. |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit/BG | 16.00 | -As per Bank's standard charges. |
| | **TOTAL EXPOSURE** | **32.00** | |

| State Bank of Patiala, Orbit Mall, Indore | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit/ EPC | 24.00 | CC:- At BPLR (Floating) present effective rate being 12.75% p.a. with monthly rests Subject to minimum of 12.75% p.a. ROI will not less than other consortium member |
| | | | -EPC : 2.50% below BPLR (floating) i.e. presently 10. 25% p.a |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit/BG | 24.00 | -LC:- FLC-as per Bank's standard charges.-ILC-25% concession |
| | | | -BG;-As per extent instruction's. |
| | **TOTAL EXPOSURE** | **48.00** | |

**Annexure VIII**
**Statement of Unsecured Loans**

(₹ in Million)

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| 0% Fully Convertible Debenture | 460.00 | 460.00 | 460.00 | 460.00 |
| Inter Corporate Deposits | 5.61 | 12.50 | 0.00 | 31.50 |
| **Total** | **465.61** | **472.50** | **460.00** | **491.50** |

*Notes:*
*1. The Inter Corporate Deposits are repayable on demand.*
*2. The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.*

Amount due from promoters /promoter group / group companies/directors/relative of directors/subsidiary companies/joint venture/associate companies

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| Sunrise Properties Pvt. Ltd. | 5.61 | 0.00 | 0.00 | 0.00 |

**Annexure IX**
**Statement of Inventories**

(₹ in Million)

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| Inventories : | | | | |
| Raw Material & Finished Goods | 231.68 | 309.22 | 650.63 | 991.67 |
| Stores & Spares | 33.94 | 65.49 | 80.03 | 193.96 |
| **Total** | **265.62** | **374.71** | **730.66** | **1185.63** |

*Note : The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.*

**Annexure X**
**Statement of Debtors**

(₹ in Million)

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| Outstanding for a period exceeding six months | 60.63 | 47.24 | 30.84 | 109.26 |
| Other Debts | 313.56 | 195.83 | 599.94 | 825.89 |
| **Total** | **374.19** | **243.07** | **630.78** | **935.15** |

*Note : The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.*

**Annexure XI**
**Statement of Loans and Advances**

(₹ in Million)

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| Advances recoverable in cash or in kind or for value to be received | 8.77 | 14.46 | 14.19 | 13.14 |
| Advances against Supplies & Expenses | 14.17 | 102.74 | 214.64 | 256.45 |
| Advances to Staff & workers | 4.15 | 11.06 | 8.22 | 15.40 |
| Tax Deducted at source | 1.80 | 1.46 | 2.03 | 2.15 |
| Balance with excise Authorities | 1.22 | 5.82 | 16.63 | 36.92 |
| Other Advances Receivables | 27.32 | 34.93 | 13.71 | 43.91 |
| Entry Tax & Sales Tax Receivable | 13.24 | 2.29 | 0.00 | 0.00 |
| Incremental Growth (Against Exports) Receivable | 11.66 | 3.24 | 0.00 | 0.00 |
| Deposits & Retentions | 9.55 | 17.94 | 18.82 | 21.47 |
| **Total** | **91.87** | **193.93** | **288.24** | **389.43** |

Amount due from promoters /promoter group / group companies/directors/relative of directors/subsidiary companies/joint venture/associate companies

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| Olive Commercial Co. Ltd. | 0.32 | 0.00 | 0.00 | 0.00 |

*Notes:*
*1. The list of persons/entities classified as Promoters and Promoter Group Companies has be determined by the management and relied upon by the Auditors. The Auditors have not performed any procedures to determine whether the list is accurate or complete.*
*2. The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.*

**Annexure XII**
**Statement of Investments**

(₹ in Million)

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| **Trade Investments-Quoted** | | | | |
| -SBI Magnum Umbrella Growth Fund | 0.00 | 0.00 | 2.50 | 0.00 |
| **Total** | **0.00** | **0.00** | **2.50** | **0.00** |
| **Market value of Quoted Investments** | NA | NA | 2.51 | NA |

*Notes:*
*1. The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.*
*2. Investment in Land at Kashipur Project for the year ended 31.03.2008 has been regrouped, and considered as Capital Work in Progress in order to match the Accounting Policy for the treatment of the same in later years.*

**Annexure XIII**
**Statement of Current Liabilities & Provisions**

(₹ in Million)

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| **Current Liabilities** | | | | |
| Sundry Creditors | 221.17 | 479.76 | 754.10 | 1042.95 |
| Advance from Customers | 21.37 | 10.08 | 13.15 | 39.59 |
| Deposits & Retention | 0.00 | 0.00 | 0.29 | 0.93 |
| Unpaid Dividends | 0.00 | 0.00 | 0.00 | 0.03 |
| Other Liabilities | 41.87 | 65.65 | 157.16 | 153.99 |
| Tax payable | 4.73 | 2.05 | 6.20 | 7.59 |
| **Total Current Liabilities** | **289.14** | **557.55** | **930.89** | **1245.07** |
| **Provisions** | | | | |
| Proposed Dividend | 11.09 | 0.00 | 11.33 | 11.33 |
| Dividend Tax on proposed dividend | 1.89 | 0.00 | 1.88 | 1.88 |
| Provision for taxes | 2.59 | 7.56 | 2.14 | 14.47 |

| | | | | |
|---|---|---|---|---|
| **Total Provisions** | **15.57** | **7.56** | **15.35** | **27.67** |
| **Total** | **304.71** | **565.10** | **946.24** | **1272.75** |
| | | | | |

*Note : The figures disclosed above are based on the Restated Consolidated Statement of Assets and Liabilities of the Company.*

## Annexure XIV
## Statement of Other Income

(₹ in Million)

| **Particulars** | **Year ended 31.03.2008** | **Year ended 31.03.2009** | **Year ended 31.03.2010** | **Half-Year ended 30.09.2010** | **Recurring / Non Recurring** | **Related / Not related to business activities** |
|---|---|---|---|---|---|---|
| | | | | | | |
| Profit from Sale of Granules | 0.00 | 0.22 | 0.85 | 9.73 | Recurring | Related |
| Interest Received | 6.66 | 2.59 | 3.95 | 1.02 | Recurring | Related |
| Entry Tax / Excise Duty Refund | 5.29 | 0.00 | 0.00 | 0.00 | Non Recurring | Related |
| Insurance Claim Received | 0.07 | 0.25 | 0.37 | 0.10 | Non Recurring | Related |
| Lease Rent Received | 0.00 | 0.00 | 0.30 | 0.00 | Non Recurring | Related |
| Brokerage Received | 0.00 | 1.71 | 0.37 | 0.34 | Recurring | Related |
| Professional Fees & Consultancy | 0.00 | 1.14 | 1.14 | 1.05 | Recurring | Related |
| Sundry balances written back | 0.02 | 0.86 | 0.20 | 1.87 | Non Recurring | Related |
| Miscellaneous receipts | 0.69 | 1.78 | 2.76 | 0.41 | Recurring | Related |
| Profit on sale of investments | 0.00 | 0.00 | 0.00 | 0.04 | Non Recurring | Not Related |
| **Total (Gross other income)** | **12.73** | **8.55** | **9.94** | **14.56** | | |
| **Net Profit before tax** | **97.31** | **103.23** | **89.78** | **139.85** | | |
| **% of Other Income** | **13.08%** | **8.28%** | **11.07%** | **10.41%** | | |

*Note : The classification of Other Income as Recurring / Non Recurring and Related / Not Related to business activities is based on the current operations and business activities of the Company, as determined by the Management.*

**Annexure XV**
**Statement of Dividend declared**

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half-Year ended 30.09.2010 |
|---|---|---|---|---|
| | | | | |
| **Equity Dividend** | | | | |
| Equity Share Capital (₹ in Million) | 110.91 | 113.14 | 115.23 | 125.31 |
| Rate of Dividend | 10% | 0% | 10% | 0% |
| Amount of Dividend (₹ in Million) | 11.09 | 0.00 | 11.33 | 0.00 |
| Tax on Dividend (₹ in Million) | 1.88 | 0.00 | 1.88 | 0.00 |

*Note : The amounts paid as dividends in the past are not necessarily indicative of the company's dividend policy in the future.*

**Annexure XVI**
**Statement of Accounting Ratios**

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|
| Net worth as per Annexure I ( ₹ in Million) (A) | 594.49 | 697.77 | 811.63 | 1048.03 |
| | | | | |
| Net Profit after tax as restated attributable to equity shareholders ( ₹ in Million) (B) | 43.21 | 68.99 | 59.06 | 162.25 |
| | | | | |
| No of shares outstanding at the end of the Year (C) | 11,091,430 | 11,314,430 | 11,523,430 | 12,530,618 |
| | | | | |
| Weighted Average number of Equity shares outstanding during the year considered for Basic EPS (D) | 6,363,989 | 11,160,468 | 11,325,882 | 11,813,708 |
| | | | | |
| Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS (E) | 7,254,183 | 15,130,321 | 15,287,464 | 15,751,551 |
| | | | | |
| **Earnings per Share (in ₹)** | | | | |
| Basic (₹) (B/D) | 6.79 | 6.18 | 5.21 | 13.73 |
| Diluted (₹) (B/E) | 5.96 | 4.56 | 3.86 | 10.30 |
| | | | | |
| Net Asset Value per Equity Share- (₹) (A/C) | 53.60 | 61.67 | 70.43 | 83.64 |

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half Year ended 30.09.2010 |
|---|---|---|---|---|
| | | | | |
| Return on Net Worth (%) (B/A) | 7.27 | 9.89 | 7.28 | 15.48 |

***Notes:***

**1. The Ratios have been computed as below**

a) Earnings per Share (Basic) =

$$\frac{\text{Net Profit after tax as restated attributable to Equity Shareholders}}{\text{Weighted Average number of Equity Shares outstanding during the year}}$$

b) Earnings per Share (Diluted) =

$$\frac{\text{Net Profit after tax as restated attributable to Equity Shareholders}}{\text{Weighted Average number of Dilutive Equity Shares outstanding during the year}}$$

c) Return on Net worth (%) =

$$\frac{\text{Net Profit after tax as restated}}{\text{Net Worth at the end of the year}}$$

d) Net Asset Value per share =

$$\frac{\text{Net Worth as per Annexure I}}{\text{Equity shares outstanding at the end of the year}}$$

## Annexure XVII
## Statement of Related Party Transaction

**a) List of Related Parties**

**Key Management Personnel**
Mr. Manish Kalani
(Managing Director)

**Relative of Key Management**
Smt. Manisha Kalani

**Personnel**
Mr. Saurabh Kalani

**Associates**
Kalani Industries Pvt. Ltd.
Olive Commercial Co. Ltd.
Entertainment World Developers Ltd.
Sunrise Properties Private Limited

**b) Transactions with Related Parties**

(₹ in Million)

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half-Year ended 30.09.2010 |
|---|---|---|---|---|
| **A. Remuneration to Key Management Personnel** | | | | |
| Director Remuneration & Perquisite | 0.06 | 0.00 | 0.00 | 0.00 |
| **Sub-total (A)** | **0.06** | **0.00** | **0.00** | **0.00** |
| **B. Relative of Key Management Personnel** | | | | |
| Sale of Shares | 0.00 | 0.00 | 0.00 | 0.00 |
| Receiving of services | 0.44 | 0.46 | 0.46 | 0.00 |
| **Sub-total (B)** | **0.44** | **0.46** | **0.46** | **0.00** |
| **C. Transactions with Associate Concerns** | | | | |
| Purchase of Goods | 1.61 | 1.62 | 1.21 | 0.15 |
| Purchase of Fixed Assets | 0.00 | 0.59 | 0.00 | 0.00 |
| Rendering of Services | 0.01 | 0.00 | 0.00 | 0.00 |
| Receiving of Services | 3.78 | 1.69 | 0.61 | 0.36 |
| Finance | 6.95 | 0.00 | 0.00 | 33.19 |
| Equity Contribution | 8.85 | 26.31 | 24.66 | 0.00 |
| **Sub-total (C)** | **21.20** | **30.21** | **26.48** | **33.70** |
| **Grand Total (A+B+C)** | **21.70** | **30.67** | **26.94** | **33.70** |

## Annexure XVIII
## Statement of Capitalization

(₹ in Million)

| Particulars | Pre-issue as at 30.09.2010 | Adjusted for the issue |
|---|---|---|
| **Borrowings** | | |
| Short Term Debt | 1392.09 | [•] |
| Long Term Debt | 1962.83 | [•] |
| **Total Debt** | **3354.92** | [•] |
| **Shareholders' Fund** | | |
| Equity Share Capital | 125.31 | [•] |
| Share/Warrants Application Money pending Allotment | 37.03 | [•] |
| Share Warrants | 1.15 | [•] |
| Reserves & Surplus | 886.57 | [•] |
| Less: Foreign Currency Translation Reserve | 5.87 | [•] |
| Less: Foreign Currency Exchange Fluctuation Reserve | 0.84 | [•] |
| Less: Miscellaneous Expenses | 2.02 | [•] |
| **Total Shareholders' Fund** | **1041.32** | [•] |
| **Long term Debt/ Shareholders' Funds (Ratio)** | **1.88** | [•] |

*Notes:*
*1. Short term debt represent debt which are due within twelve months from September 30,2010*
*2. Long term debt represent debt other than short term debt, as defined above.*
*3. The figures disclosed above are based on the Restated Consolidated Statement of assets and Liabilities of the Group as at September 30, 2010.*
*4. Long Term Debt/Equity =*

$$\frac{\textit{Long term Debt}}{\textit{Shareholder's Funds}}$$

*5. The corresponding Post Issue data is not determinable at this stage pending the completion of Book Building Process and hence have not been furnished.*

*6. The Classification of Borrowings into Short Term / Long Term Debt has been based on the fixed periodical repayment terms under the Loan Arrangements.*

**Annexure XIX**
**Statement of Tax Shelters**

(₹ in Million)

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2009 | Year ended 31.03.2010 | Half-Year ended 30.09.2010 |
|---|---|---|---|---|
| Profit Before Tax as per Audited Accounts | 97.31 | 103.23 | 89.78 | 139.85 |
| Adjustments | (32.77) | (10.26) | 13.08 | 27.68 |
| **Profit Before Tax as Restated (A)** | **64.54** | **92.97** | **102.86** | **167.53** |
| Tax Rate | 33.99% | 33.99% | 33.99% | 33.99% |
| Tax at notional rate on profits | 21.94 | 31.60 | 34.96 | 56.94 |
| **Adjustments:** | | | | |
| **Permanent Differences** | | | | |
| Deduction u/s 10A of the Act | 16.42 | 10.36 | 59.55 | 36.73 |
| Other Adjustments | (0.36) | (1.75) | (3.70) | 0.00 |
| Penalties - interest on late deposit of TDS | 0.00 | (0.01) | 0.00 | 0.00 |
| Donations | (0.38) | (0.26) | (0.26) | 0.00 |
| Less: Deduction U/S 80G | (0.15) | 0.00 | 0.00 | 0.00 |
| **Total Permanent Differences (B)** | **15.84** | **8.34** | **55.59** | **36.73** |
| **Timing Differences** | | | | |
| Difference between tax depreciation and book depreciation | 69.88 | 212.17 | 202.51 | 74.01 |
| Statutory duties claimed on paid basis net of reversal of duties claimed in Income Tax in earlier years | 0.31 | 2.32 | 0.03 | 0.00 |
| Disallowance U/s 43B | (0.27) | (0.31) | (0.43) | 0.00 |
| **Total Timing Differences (C)** | **69.92** | **214.17** | **202.11** | **74.01** |
| **Net Adjustments (D)=(B)+(C)** | **85.76** | **222.51** | **257.70** | **110.74** |
| **Taxable Income (E) = (A)-(D)** | **(21.22)** | **(129.54)** | **(154.84)** | **56.78** |
| **Unabsorbed Losses (F)** | **0.00** | **(21.22)** | **(129.54)** | **(284.38)** |
| **Tax as per Normal Provisions (G)** | **(7.21)** | **(51.24)** | **(96.66)** | **(77.36)** |
| **MAT (H)** | **2.03** | **5.11** | **0.00** | **9.95** |
| **Tax Payable (G) or (H) whichever is Higher** | **0.00** | **5.11** | **0.00** | **9.95** |

**Annexure XX**
**Statement of Contingent Liabilities**

(₹ in Million)

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 | As at 30.09.2010 |
|---|---|---|---|---|
| Estimated Amount of Contract remaining to be executed | 182.01 | 9.07 | 20.19 | 68.13 |
| Bank guarantee Outstanding | 23.58 | 9.86 | 85.60 | 87.20 |
| Corporate guarantees-Other Companies | 4.55 | 4.55 | 4.55 | 4.55 |
| Letter of credit | 2.21 | 76.06 | 37.70 | 486.62 |
| Foreign Bills Discounted | 67.82 | 241.73 | 153.58 | 55.78 |
| Forward Contracts * | 1161.09 | 868.18 | 505.69 | 93.37 |
| Sales Tax Entry Tax Matters | 2.15 | 0.00 | 1.97 | 3.65 |
| Income Tax Matters | 11.11 | 11.11 | 11.76 | 11.76 |
| **Total** | **1454.52** | **1220.55** | **821.03** | **811.05** |
| | | | | |

** The amount of Forward Contracts was shown in USD in the Audited Financial Statements from the year ended on March 31, 2008. In the above annexure, the same is converted in INR using the prevailing closing rate on the date of respective balance sheets.*

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

*You should read the following discussion and analysis of our financial condition and results of operations together with our restated consolidated and standalone Financial Statements included in the DRHP which have been prepared in accordance with Indian GAAP, the accounting standards prescribed by the ICAI and other applicable legal provisions and restated in accordance with the ICDR Regulations, including the notes, schedules and annexures thereto and other financial data appearing elsewhere in the DRHP. You should also read the section "Risk Factors" beginning on page 12 of the DRHP, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. Certain industry, technical and financial terms used in this discussion shall have the meanings ascribed to them in the section "Definitions and Abbreviations" beginning on page 1 of the DRHP.*

*Prior to April 1, 2007, our Company did not have any subsidiaries. Therefore, we have Restated Standalone Statements as of and for the year ended March 31, 2007.*

*Our financial year ends on March 31, so all references to a particular financial year are to the twelve month period ended March 31.*

### OVERVIEW

We currently manufacture FIBC, Geo-Textile Fabric and Ground Cover, Reverse Printed BOPP Woven Bags, Special PP Bags including Leno Bags. These products are manufactured at our three manufacturing units located in Pithampur (M.P.) and Kashipur (Uttarakhand).

We also have a recycling and reprocessing plant at Kandla which is used for recovering polypropylene and making various compounds of plastics. Our step down subsidiary, Lakshmi Incorporated, U.S.A. manufactures reclosable extruded zipper profile which is used as a secondary closure for 5-50 kg bags.

Further, we also have a Research and Development centre at Kashipur which is engaged in the research and development of various compounds for plastic products including engineering plastic, bio-degradable plastic and other new product developments.

As a business philosophy, we have fully integrated and self-sufficient manufacturing units. We believe that we are one of the leading integrated manufacturers of FIBC having largest clean-room area at one place.

### MATERIAL DEVELOPMENTS AFTER PERIOD ENDED SEPTEMBER 30, 2010

Except as stated below, in the opinion of our Board, there have not arisen any material development since the period ended September 30, 2010.

(i) Conversion of Fully Convertible Debentures into Equity Shares: Our Company had on February 24, 2011 issued 4,486,492 Equity Shares in favour of the Selling Shareholder, pursuant to conversion of Fully Convertible Debentures into Equity Shares.

(ii) Grant of Stock Options: Our Company had at a shareholders meeting dated January 7, 2011 approved an employee stock option scheme. Our Company has granted 1,061,750 stock options to various employees our Company;

(iii) On December 31, 2010, Company has issued 195,000 Equity Shares to Kalani industries Private limited at the rate of ₹ 118 per Equity Share and adjusted in Share / Warrants Application money pending Allotment (₹12.53 million) and Share Warrants (₹1.15 million).

(iv) Increase of authorised share capital: the authorised share capital of our Company was increased from ₹200 million to ₹250 million, pursuant to a shareholders resolution dated December 8, 2010.

## SIGNIFICANT FACTORS THAT MAY AFFECT RESULTS OF OPERATIONS

A number of general factors which may affect our financial condition and performance are set out below:

- Disruption in raw material supply.
- Implementation risks involved in our expansion plans.
- Availability of labour.
- Continuation of tax benefits available to us.
- Our ability to successfully implement our strategy, growth and expansion plans.
- Our exposure to market risks.
- Exchange rate fluctuations.
- The outcome of legal or regulatory proceedings that we are or might become involved in.
- Contingent liabilities, environmental problems and uninsured losses.
- Non receipt/ late receipt of Government approvals.
- Changes in government policies and regulatory actions that apply to or affect our business.
- Disruptions in our manufacturing facilities.
- Developments affecting the Indian economy
- Uncertainty in global markets

## RESULTS OF OPERATIONS

The following table sets forth selected financial data from our restated financial statements of profit and loss, the components of which are also expressed as a percentage of total income for the six months period ended on September 30, 2010 and for financial years 2010, 2009, 2008 and 2007.

(₹ in Million)

| Particulars | Year ended 31.03.2007* | % of total income | Year ended 31.03.2008 | % of total income | Year ended 31.03.2009 | % of total income | Year ended 31.03.2010 | % of total income | Half-Year ended 30.09.2010 | % of total income |
|---|---|---|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | | | | |
| Sales | 1,614.12 | 95.47 | 2,202.29 | 98.33 | 2,614.11 | 99.54 | 3,211.02 | 92.15 | 2,688.80 | 90.14 |
| Increase/ (Decrease) in Stock | 70.85 | 4.19 | 24.76 | 1.11 | 3.60 | 0.14 | 263.51 | 7.56 | 279.59 | 9.37 |
| Other Income | 5.66 | 0.33 | 12.73 | 0.57 | 8.55 | 0.33 | 9.94 | 0.29 | 14.56 | 0.49 |
| **Total Income** | **1,690.63** | **100.00** | **2,239.78** | **100.00** | **2,626.26** | **100.00** | **3,484.47** | **100.00** | **2,982.95** | **100.00** |
| | | | | | | | | | | |
| **Expenditure** | | | | | | | | | | |
| Manufacturing Expenses | 1,304.90 | 77.18 | 1,709.00 | 76.30 | 2,004.41 | 76.32 | 2,712.81 | 77.85 | 2,302.86 | 77.20 |
| Administration Expenses | 27.35 | 1.62 | 32.60 | 1.46 | 35.28 | 1.34 | 59.87 | 1.72 | 45.94 | 1.54 |
| Employee Remuneration & | 31.80 | 1.88 | 39.00 | 1.74 | 54.79 | 2.09 | 87.61 | 2.51 | 57.74 | 1.94 |

| Particulars | Year ended 31.03.2007* | % of total income | Year ended 31.03.2008 | % of total income | Year ended 31.03.2009 | % of total income | Year ended 31.03.2010 | % of total income | Half-Year ended 30.09.2010 | % of total income |
|---|---|---|---|---|---|---|---|---|---|---|
| Benefits | | | | | | | | | | |
| Selling Expenses | 143.61 | 8.49 | 168.32 | 7.52 | 169.64 | 6.46 | 201.80 | 5.79 | 213.36 | 7.15 |
| Interest & Financial Charges | 55.82 | 3.30 | 140.89 | 6.29 | 207.29 | 7.89 | 215.67 | 6.19 | 150.85 | 5.06 |
| Depreciation | 22.39 | 1.32 | 39.12 | 1.75 | 51.26 | 1.95 | 115.36 | 3.31 | 69.40 | 2.33 |
| Amortization of Miscellaneous expenditure | 0.05 | - | 0.25 | 0.01 | 0.25 | 0.01 | 1.45 | 0.04 | 1.81 | 0.06 |
| Amortization of Goodwill on acquisition | - | - | - | - | 0.11 | - | 0.11 | - | 1.14 | 0.04 |
| Preliminary & Share Issue Exp. W/o. | - | - | 13.29 | 0.59 | - | - | - | - | - | - |
| **Total Expenditure** | **1,585.92** | **93.81** | **2,142.47** | **95.66** | **2,523.03** | **96.07** | **3,394.69** | **97.42** | **2,843.10** | **95.31** |
| | | | | | | | | | | |
| **Profit before taxation** | **104.70** | **6.19** | **97.31** | **4.34** | **103. 23** | **3.93** | **89.78** | **2.58** | **139.85** | **4.69** |
| Less: Provision for taxation | | | | | | | | | | |
| -Current | 1.74 | 0.10 | 3.04 | 0.14 | 6.53 | 0.25 | 1.77 | 0.05 | 12.21 | 0.41 |
| -Deferred | 19.76 | 1.17 | 17.09 | 0.76 | 13.51 | 0.51 | 56.10 | 1.61 | (3.18) | (0.11) |
| -Fringe benefit tax | 1.14 | 0.07 | 0.94 | 0.04 | 1.74 | 0.07 | - | - | - | - |
| | | | | | | | | | | |
| Prior Period Items | 2.85 | 0.17 | 0.25 | 0.01 | 1.96 | 0.07 | (6.02) | (0.17) | (5.79) | (0.19) |
| Loss on Sale of Subsidiary | - | - | - | - | - | - | - | - | 0.84 | 0.03 |
| Pre-acquisition Profits & Share of Minority | - | - | - | - | 0.24 | 0.01 | (8.04) | (0.23) | 1.20 | 0.04 |
| | | | | | | | | | | |
| **Profit After Taxation as per audited statement of accounts** | **79.20** | **4.68** | **75.98** | **3.39** | **79.25** | **3.02** | **45.98** | **1.32** | **134.57** | **4.51** |
| Adjustments on account of changes in accounting policies | 3.92 | 0.23 | (32.77) | (1.46) | (10.26) | (0.39) | 13.08 | 0.38 | 27.68 | 0.93 |
| **Total adjustments** | **3.92** | **0.23** | **(32.77)** | **(1.46)** | **(10.26)** | **(0.39)** | **13.08** | **0.38** | **27.68** | **0.93** |
| | | | | | | | | | | |
| **Adjusted profit/(loss)** | **83.12** | **4.92** | **43.21** | **1.93** | **68.99** | **2.63** | **59.06** | **1.69** | **162.25** | **5.44** |

** Prior to April 1, 2007, our Company did not have any subsidiaries. Therefore, the amounts for the FY 2007 are from the Restated Standalone Financial Statements.*

## a) Major items of Income and Expenditure

### Income

Our total income comprises of income from operation and other income. Income from operation consist of income from sales of FIBCs, Geo-Textile Fabric and Ground Cover, Reverse Printed BOPP Woven Bags, Special PP Bags including Leno Bags in both domestic and overseas market. Our revenue contribution from domestic and overseas market is as under:

(₹ in Million)

| Particulars | FY 2007 | % to sales | FY 2008 | % to sales | FY 2009 | % to sales | FY 2010 | % to sales | For the six month ended September 30, 2010 | % to sales |
|---|---|---|---|---|---|---|---|---|---|---|
| | Standalone | | Consolidated | | | | | | | |
| Domestic | 157.00 | 9.73 | 183.96 | 8.35 | 301.40 | 11.53 | 1,028.13 | 32.02 | 1,070.94 | 39.83 |
| Overseas | 1,457.12 | 90.27 | 2,018.33 | 91.65 | 2,312.71 | 88.47 | 2,182.89 | 67.98 | 1,617.86 | 60.17 |
| **Sales** | **1,614.12** | **100.00** | **2,202.29** | **100.00** | **2,614.11** | **100.00** | **3,211.02** | **100.00** | **2,688.80** | **100.00** |

Our other income comprises of sale of granules and scrap, income received from interest, profit on sale of mutual funds etc.

### Expenditure

Our total expenditure consist of manufacturing expenses, administration expenses, selling expenses, employee remuneration and benefits, interest and financial charges, depreciation and amortization of miscellaneous expenditure.

***Manufacturing Expenses***

Manufacturing expenses comprises of cost incurred on manufacturing of our various products i.e. FIBC, Geo-Textile Fabric and Ground Cover, Reverse Printed BOPP Woven Bags, Special PP Bags including Leno Bags. It mainly comprises of expenditure incurred on procuring of raw materials viz. polymer resin, master batches, additives and consumables. It also includes expenses on power and fuel, rent, rates and taxes, labour cost, repairs to machinery, freight inward, laboratory and R&D expenses and factory expenses.

***Administration expenses***

Major expenses under this head include expenditure incurred on staff and workmen welfare, insurance charges, legal and professional charges, courier and telephone expenses, etc.

***Selling expenses***

Selling expenses includes expenses incurred for freight outward, travelling expenses, commission paid, expenses incurred for business and sales promotion and taxation on domestic sale like VAT, CST, etc.

***Employee remuneration and benefits***

Employee remuneration and benefits includes salaries, bonuses and incentives paid to employees, etc.

***Interest and financial charges***

Interest and financial charges includes interest on term loan, interest on loan taken for working capital requirements, bills discounting charges, bank charges including commission, profit/ loss on foreign exchange fluctuation, etc.

*Depreciation*

Depreciation is charged on assets which include factory building, plant and machinery, furniture and fixtures, office equipments, vehicles, etc. Our Company provides depreciation on straight line method basis and is calculated at the rates specified under Schedule XIV of the Companies Act, 1956 on pro-rata basis.

*Amortization of Miscellaneous expenditure*

It includes writing off of miscellaneous expenditure.

*Provision for taxation*

Provision for taxation comprises current tax, deferred tax and fringe benefit tax.

**Significant Accounting Policies**

**a) Principles of Consolidation**

- The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 on "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.

- The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial Statements as Goodwill or Capital Reserve as the case may be. Goodwill is amortised over a period of 10 years beginning first full year of operation under consolidation.

- Minority interests' share of the net profit / loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of the contractual obligation on the minorities, the same is accounted for by the Company.

- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements. Variation in the respective accounting policies is given effect to in the consolidated financial statements only if the impact is significant.

- The Company follows non-integral basis for translation of foreign currency transactions in respect of its foreign subsidiaries, M/s. Eco Polymers Ltd & M/s. Flexiglobal Holdings Ltd. The translation of foreign operation is done in accordance with Accounting Standard 11 "The effects of changes in foreign exchange rates". Accordingly the financials of non- integral operation has been translated at the rates prevailing on the date of Balance Sheet. The resulting exchange differences arising on conversion are accumulated under "Foreign Currency Translation Reserve".

**b) Basis of preparation**

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

**c) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future years.

**d) Revenue recognition**

a. Sales revenue is recognized when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer.

b. Promotional Benefits, Export Incentives and Export Growth Incentives are accounted for on accrual basis when virtual certainty and their probable use within reasonable time in the normal course of business, is established.

c. Claims and refunds due from Government authorities and parties, through receivable / refundable are not recognized in the accounts, if the amount thereof is not ascertainable. These are accounted for as and when ascertained or admitted by the concerned authorities / parties in favour of the Company.

d. Claims lodged with insurance companies are recognized as income on acceptance by the Insurance Company.

**e) Fixed assets**

a. Cost of Fixed Assets comprises of its purchase price including import duties and other non-refundable taxes or levies, expenditure incurred in the course of construction or acquisition, Start-up, Reconditioning, Commissioning, test runs & experimental production and other attributable costs of bringing the assets to its working conditions for the purpose of use for the business.

b. Borrowing cost directly attributable and / or funds borrowed generally and used for the purpose of acquisition / construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized, at its capitalisation rate to expenditure on that assets, for the period as per provisions of AS 16, until all activities necessary to prepare qualifying assets for its intended use are complete.

**f) Depreciation**

a. Depreciation is provided under the straight line method at the rates provided by Schedule XIV to the Companies Act, 1956 on pro-rata basis, On the basis of technical evaluation by Chartered Engineer, the plant and machineries of all the three divisions of holding company are categorized as continuous process plant and therefore the depreciation rate applied are for the continuous process.

b. Leased assets are amortized over the operating period of 99 years.

**g) Employee benefits**

a. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

b. The eligible employees of the company are entitled to receive benefits under the provident fund a defined contribution plan in which both the employees and the Company make monthly contribution at a specified percentage of the covered employees salary (currently 12% of the employees salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner. The Company recognizes such contribution as expense of the year in which the liability is incurred.

c. The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plant provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The plan is managed by a trust and the fund is invested with Life Insurance Corporation of India under its Group Gratuity Scheme. The Company makes annual contributions to gratuity fund and the Company recognizes the liability for gratuity benefits payable in future based on an independent actuarial valuation.

**h) Investment**

Long Term Investments are stated at cost. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline. Current Investments are carried at cost or fair value whichever is lower.

**i) Valuation of inventory**

a. Inventories are valued at historical cost and net realisable value whichever is lower. Historical cost is determined on FIFO / Weighted Average basis on relevant categories of Inventories and net realizable value, after providing for obsolete, slow moving and defective Inventories, wherever necessary on a consistent basis.

b. Cost of raw materials includes duties net of CENVAT Credit available. Finished goods exclude "excise duty" thereon.

**j) Retirement benefit**

a. Contribution to Provident Fund is recognized in the accounts on actual liabilities basis.

b. Provision / contribution to Gratuity Funds are made on the basis of actuarial valuation certificate from a registered actuary.

**k) Foreign currency transactions**

a) All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions.

b) Monetary assets & liabilities are translated at the exchange rate prevailing on the balance sheet date and the resultant gain/loss is recognized in the financial statements.

c) Exchange difference are either adjusted in the cost of imported fixed assets or dealt with in the profit & loss account, depending upon the nature of the transaction.

d) The company uses foreign currency forward contracts/options to hedge its actual underlying exposure and not for trading or speculation purpose to movement in foreign currency rates. The use of these forward contracts/options reduces the risk and/or cost to the company. Exchange difference on such contracts is recognized in the reporting period in which exchange rates change.

**l) Taxes on income**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**m) Impairment of fixed assets**

Factors giving rise to any indication of Impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date by the Management to determine and provide / reverse an impairment loss following Accounting Standard (AS) 28 "Impairment of Assets"

**n) Borrowing Cost**

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

**o) Replenishment**

Indigenous raw materials had to be used on occasions, for exports, to be subsequently replenished under Duty Free Entitlement Schemes of the Government of India. Therefore, the cost of such indigenous raw materials has been accounted for at its equivalent imported / duty free prices by adjusting the value of such entitlements granted for neutralization of the import duties and levies.

**p) Provisions and Contingencies**

A provision is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resource to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation, in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**q) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for event of bonus issue. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**r) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and short term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**b) Income and Sales on account of major contribution from various products**

Our revenue contribution from various products in terms of value and as a percentage to sales is mentioned below:

(₹ in Million)

| Products | FY 2007 | % to sales | FY 2008 | % to sales | FY 2009 | % to sales | FY 2010 | % to sales | For the six month ended September 30, 2010 | % to sales |
|---|---|---|---|---|---|---|---|---|---|---|
| | Standalone | | Consolidated | | | | | | | |
| FIBC | 1,457.10 | 90.27 | 2,018.33 | 91.65 | 2,312.70 | 88.47 | 2,182.89 | 67.98 | 1,617.86 | 60.17 |
| Special PP /HD Bags | 141.59 | 8.77 | 167.72 | 7.62 | 280.98 | 10.75 | 499.96 | 15.57 | 291.92 | 10.86 |
| Reverse Printed BOPP Bags | - | - | - | - | - | - | 200.60 | 6.25 | 205.87 | 7.66 |
| Geotextile Fabric & Ground Cover | - | - | - | - | - | - | 99.20 | 3.09 | 160.00 | 5.95 |
| Sale of Recycle of Granules & Agglomerates | - | - | - | - | - | - | 27.18 | 0.85 | 93.88 | 3.49 |
| Trading of FIBC | - | - | - | - | - | - | 172.68 | 5.38 | 302.73 | 11.26 |
| Others | 15.43 | 0.96 | 16.24 | 0.74 | 20.43 | 0.78 | 28.51 | 0.89 | 16.54 | 0.62 |
| **Total** | **1,614.12** | **100.00** | **2,202.29** | **100.00** | **2,614.11** | **100.00** | **3,211.02** | **100.00** | **2,688.80** | **100.00** |

**DISCUSSION ON RESULTS OF OPERATIONS**

**Analysis of the Restated Consolidated Financial Statements for the six months period ended on September 30, 2010**

**Income**

Our total income for the six months period ended on September 30, 2010 was ₹ 2,982.95 million.

*Sales*

Income from sales comprises of revenue received from our operations. For the six months period ended on September 30, 2010 our income from sales was ₹ 2,688.80 million. Revenue from exports was ₹ 1617.86 million and revenue from domestic sales was ₹ 1070.94 million.

*Increase/ (Decrease) in stock*

Increase in stock for the six months period ended on September 30, 2010 was ₹ 279.59 million.

*Other income*

Other income for the six months period ended on September 30, 2010 was ₹ 14.56 million. Income under this head primarily comprises of profit on sale of granules of ₹ 9.73 million, income from interest received of ₹ 1.02 million and receipts from professional fees and consultancy of ₹ 1.05 million

**Expenditure**

Our total expenditure for the six months period ended on September 30, 2010 was ₹ 2,843.10 million. It mainly comprises of manufacturing expenses, administration and other expenses and interest and financial charges.

*Manufacturing Expenses*

Our manufacturing expenses for the six months period ended on September 30, 2010 were ₹ 2,302.86 million. This primarily comprises of expenditure incurred on procuring raw material, power and fuel expenses, labor cost, etc.

*Administration expenses*

Our administration expenses for the six months period ended on September 30, 2010 were ₹ 45.94 million. This mainly includes legal and professional fees, staff and workmen welfare expenses and other miscellaneous expenditure.

*Employee remuneration and benefits*

Expenditure on employee remuneration and benefits for the six months period ended on September 30, 2010 was ₹ 57.74 million.

*Selling Expenses*

Our expenses on selling for the six months period ended on September 30, 2010 were ₹ 213.36 million. This primarily comprises of freight and carriage outward, taxation on domestic sales, commission paid and expenses towards business and sales promotion.

*Interest and financial charges*

Total cost incurred under this head for the six months period ended on September 30, 2010 was ₹ 150.85 million. This comprises of interest on term loan, interest on working capital, bills discounting charges and other bank charges.

*Depreciation*

Our depreciation expenses for the six months period ended on September 30, 2010 were ₹ 69.40 million.

**Profit before tax**

Our profit before tax for the six months period ended on September 30, 2010 was ₹ 139.85 million.

**Provision for taxation**

Our provision for taxation for the six months period ended on September 30, 2010 was ₹ 9.03 million.

**Restated net profit**

Our net profit as restated for the six months period ended on September 30, 2010 was ₹ 162.25 million.

**Comparison of FY 2010 vis-à-vis FY 2009**

**Income**

Our total income for FY 2010 increased to ₹ 3,484.47 million from ₹ 2,626.26 million in FY 2009 showing an increase of 32.68 % in FY 2010.

*Sales*

Our income from sales increased by 22.83% from ₹ 2,614.11 million in FY 2009 to ₹ 3,211.02 million in FY 2010. This was mainly on account of, sales of our new products and trading of FIBC which contributed approximately ₹ 499.66 million in our total sales. Out of this sales of ₹ 499.66 million, sales of Reverse Printed BOPP bags and

Geotextile Fabric and Ground Cover comprises of ₹ 299.80 million and the remaining sales of ₹ 199.86 million was on account of sales of sale of Sale of Recycle of Granules & Agglomerates and Trading of FIBC

*Increase/ (Decrease) in stock*

In FY 2010 our inventory increased to ₹ 263.51 million from ₹ 3.60 million in FY 2009.

*Other income*

Our other income in FY 2010 was ₹ 9.94 million which was ₹ 8.55 million in FY 2009. Our other income in FY 2010 increased mainly on account of receipts from sale of waste.

**Expenditure**

Our total expenditure in FY 2010 was ₹ 3,394.69 million and was ₹ 2,523.03 million in FY 2009. As a percentage of total income, our total expenditure increased to 97.42% in FY 2010 from 96.07% in FY 2009. This can be attributable to increase in sales and increase in manufacturing and administration expenses and also because of increase in depreciation which increased from ₹ 51.26 million in FY 2009 to ₹ 115.36 million in 2010.

*Manufacturing Expenses*

Manufacturing expenses was increased to ₹ 2,712.81 million in FY 2010 from ₹ 2,004.41 million in FY 2009, showing an increase of ₹ 708.40 million. This was primarily due to increased in production from 20582 MT in FY 2009 to 26308 MT in FY 2010 and respective increase in manufacturing expenses viz. power and fuel, labor cost, freight inward, expenditure towards repairs to machinery, etc.

*Administration expenses*

Administration expenses increased by 69.70% in FY 2010 from ₹ 35.28 million in FY 2009 to ₹ 59.87 million in FY 2010. The increase was mainly on account of expenditure incurred towards setting up of new office in New Delhi. The increase was also due to administration expenses incurred w.r.t. Kashipur unit.

*Employee remuneration and benefits*

Our expenditure on employee remuneration and benefits increased to ₹ 87.61 million in FY 2010 from ₹ 54.79 million in FY 2009, showing an increase of ₹ 32.82 million. This can be attributable to hiring of additional staff for our Kashipur unit.

*Selling Expenses*

Our selling expenses increased by 18.96% in FY 2010 from ₹ 169.64 million in FY 2009 to ₹ 201.80 million in FY 2010. The increase was mainly due to increase in ocean freight expenses and travelling expenses of our sales team.

*Interest and financial charges*

Financial charges represented 6.19% of our total income in FY 2010 as against 7.89% in FY 2009 and have increased by 4.04% in FY 2010 from ₹ 207.29 million in FY 2009 to ₹ 215.67 million in FY 2010.

*Depreciation*

Depreciation increased by 125.05% in FY 2010 from ₹ 51.26 million in FY 2009 to ₹ 115.36 million in FY 2010. The increase was on account of addition of fixed assets.

**Profit before tax**

Due to factors discussed above our profit before tax decreased by 13.03% to ₹ 89.78 million in FY 2010 from ₹ 103.23 million in FY 2009.

**Provision for taxation**

The Provision for taxation for FY 2010 was ₹ 57.87 million showing an increase of 165.65% as compared to FY 2009. The above increase was due to increase in deferred tax from ₹ 13.51 million in FY 2009 to ₹ 56.10 million in FY 2010

**Restated net profit**

Our restated net profit for FY 2010 was ₹ 59.06 million as against ₹ 68.99 million in FY 2009. As a percentage of total income, restated net profit was decreased to 1.69% in FY 2010 as compared to 2.63% in FY 2009.

**Comparison of FY 2009 vis-à-vis FY 2008**

**Income**

Our total income for FY 2009 increased to ₹ 2,626.26 million from ₹ 2,239.78 million in FY 2008 showing an increase of 17.26%.

*Sales*

Our income from sales increased by 18.70% from ₹ 2,202.29 million in FY 2008 to ₹ 2,614.11 million in FY 2009. This was mainly on account of demand met through higher production from 18443 MT in FY 2008 to 20582 MT in FY 2009.

*Increase/ (Decrease) in stock*

In FY 2009 our inventory decreased to ₹ 3.60 million from ₹ 24.76 million in FY 2008.

*Other income*

Our other income in FY 2009 was ₹ 8.55 million which was ₹ 12.73 million in FY 2008. Our other income in FY 2009 decreased mainly on account of interest received of ₹ 6.66 million and refund received w.r.t excise duty/ entry tax paid of ₹ 5.29 in FY 2008.

**Expenditure**

Our total expenditure in FY 2009 was ₹ 2,523.03 million and was ₹ 2,142.47 million in FY 2008. As a percentage of total income, our total expenditure increased to 96.07% in FY 2009 from 95.66% in FY 2008. This can be mainly attributable to increase in employee remuneration & benefits from ₹ 39.00 million in FY 2008 to ₹ 54.79 million in FY 2009, increase in interest and financial charges from ₹ 140.89 in FY 2008 to ₹ 207.29 million in FY 2009.

*Manufacturing Expenses*

Manufacturing expenses was increased to ₹ 2,004.41 million in FY 2009 from ₹ 1,709.00 million in FY 2008, showing an increase of ₹ 295.41 million. This was primarily due to increased in production from 18443 Mt in FY 2008 to 20582 MT in FY 2009 and respective increase in power and fuel expenses, labor cost, expenses towards repairs to machinery, etc.

*Administration expenses*

Administration expenses increased by 8.22% in FY 2009 from ₹ 32.60 million in FY 2008 to ₹ 35.28 million in FY 2009. This was primarily due to expenses incurred on repairs and maintenance and certain other miscellaneous expenses, etc.

*Employee remuneration and benefits*

Our expenditure on employee remuneration and benefits increased to ₹ 54.79 million in FY 2009 from ₹ 39.00 million in FY 2008, showing an increase of ₹ 15.79 million. This can be attributable to increase in salary expenses towards increase in employees from 560 employees in FY 2008 to 664 employees in FY 2009 and also due to increase in salary levels of our existing employees.

*Selling Expenses*

Our selling expenses increased by 0.78% in FY 2009 from ₹ 168.32 million in FY 2008 to ₹ 169.64 million in FY 2009. The increase was mainly due to increase in sales and respective increase in freight expenses.

*Interest and financial charges*

Financial charges represented 7.89% of our total income in FY 2009 as against 6.29% in FY 2008 and have increased by 47.13% in FY 2009 from ₹ 140.89 million in FY 2008 to ₹ 207.29 million in FY 2009. The increase was due to increase in borrowings and respective increase towards increased interest charges.

*Depreciation*

Depreciation increased by 31.05% in FY 2009 from ₹ 39.12 million in FY 2008 to ₹ 51.26 million in FY 2009. The increase was on account of addition of fixed assets.

**Profit before tax**

Due to factors discussed above our profit before tax increased by 6.08% to ₹ 103.23 million in FY 2009 from ₹ 97.31 million in FY 2008.

**Provision for taxation**

The provision for taxation for FY 2009 was ₹ 21.78 million showing an increase of 3.35% as compared to FY 2008. The above increase was due to increased in profit from ₹ 43.21 million in FY 2008 to ₹ 68.99 million in FY 2009.

**Restated net profit**

Our restated net profit for FY 2009 amounted to ₹ 68.99 million as against ₹ 43.21 million in FY 2008. As a percentage of total income, restated net profit was increased to 2.63% in FY 2009 as compared to 1.93% in FY 2008.

**Comparison of FY 2008 vis-à-vis FY 2007**

The Restated Consolidated Financial Statements for the FY 2008 reflects the acquisition of a 100.00% ownership interest in Eco Polymers Limited on July 23, 2007. However our company has disassociated from the said company on September 29, 2010.

Prior to April 1, 2007, our Company did not have any subsidiaries. Therefore, the amounts for the FY 2007 in this comparison of the FY 2008 and 2007 are from the Restated Standalone Financial Statements.

## Income

Our total income for FY 2008 increased to ₹ 2,239.78 million from ₹ 1,690.63 million in FY 2007, showing an increase of 32.48%.

*Sales*

Our income from sales increased by 36.44% from ₹ 1,614.12 million in FY 2007 to ₹ 2,202.29 million in FY 2008. This was due to increase in revenue received from exports from ₹ 1,457.12 in FY 2007 to ₹ 2,018.33 million in FY 2008 and increase in domestic sales from ₹ 157.00 million in FY 2007 to ₹ 183.96 million in FY 2008.

*Increase/ (Decrease) in stock*

In FY 2008 our inventory decreased to ₹ 24.76 million from ₹ 70.85 million in FY 2007.

*Other income*

Our other income in FY 2008 was ₹ 12.73 million which was ₹ 5.66 million in FY 2007. Our other income in FY 2008 increased mainly on account of interest received and other receipts.

## Expenditure

Our total expenditure in FY 2008 was ₹ 2,142.47 million and was ₹ 1,585.92 million in FY 2007. As a percentage of total income, our total expenditure increased to 95.66% in FY 2008 from 93.81% in FY 2007. This was primarily due to increase in depreciation from ₹ 22.39 million in FY 2007 to ₹ 39.12 million in FY 2008 and increase in interest and financial charges from ₹ 55.82 million in FY 2007 to ₹ 140.89 million in FY 2008.

*Manufacturing Expenses*

Manufacturing expenses was increased to ₹ 1,709.00 million in FY 2008 from ₹ 1,304.90 million in FY 2007, showing an increase of ₹ 404.10 million. This was primarily due to increase in expenditure towards power and fuel, labor cost and expenditure towards repairs of machinery.

*Administration and other expenses*

Administration expenses increased by 19.20% in FY 2008 from ₹ 27.35 million in FY 2007 to ₹ 32.60 million in FY 2008. The increase was mainly due to expenditure incurred towards legal and professional fees and also on account of certain miscellaneous expenses.

*Employee remuneration and benefits*

Our expenditure on employee remuneration and benefits increased to ₹ 39.00 million in FY 2008 from ₹ 31.80 million in FY 2007, showing an increase of ₹ 7.20 million.

*Selling Expenses*

Our selling expenses increased by 17.21% in FY 2008 from ₹ 143.61 million in FY 2007 to ₹ 168.32 million in FY 2008. The increase was mainly due to increase in sales and respective increase in freight and carriage outward expenses

*Interest and financial charges*

Financial charges represented 6.29% of our total income in FY 2008 as against 3.30% in FY 2007 and have increased by 152.39% in FY 2008 from ₹ 55.82 million in FY 2007 to ₹ 140.89 million in FY 2008.

*Depreciation*

Depreciation increased by 74.68% in FY 2008 from ₹ 22.39 million to ₹ 39.12 million. The increase was on account of addition of fixed assets.

**Profit before tax**

Due to factors discussed above our profit before tax decreased by 7.06% to ₹ 97.31 million in FY 2008 from ₹ 104.70 million in FY 2007.

**Provision for taxation**

The provision for taxation for FY 2008 was ₹ 21.08 million showing decrease of 6.92% as compared to FY 2007. The above decrease was due to less provision of deferred tax liability.

**Restated net profit**

Our restated net profit for FY 2008 amounted to ₹ 43.21 million as against ₹ 83.12 million in FY 2007. As a percentage of total income, restated net profit was decreased to 1.93% in FY 2008 as compared to 4.92% in FY 2007.

**LIQUIDITY AND CAPITAL RESOURCES**

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. Our liquidity requirements relate to servicing our debt, funding our working capital requirements and funding towards purchase of capital expenditure. Our business requires a significant amount of working capital. The Company funds these requirements/ costs primarily from funds generated from its operations, equity issuances, advances from clients and external borrowings, including term loan and working capital financing.

As on September 30, 2010, we have cash and cash equivalents of ₹ 133.02 million, secured loan of ₹ 2,863.42 million and unsecured loan of ₹ 491.50 million.

**CASH FLOWS**

The table below summarizes our cash flows as restated, for the periods indicated.

(₹ in Million)

| Particulars | FY 2007 | FY 2008 | FY 2009 | FY 2010 | For the six months ended September 30, 2010 |
|---|---|---|---|---|---|
| | Standalone | Consolidated | | | |
| Net Cash flow from/ (used) in Operating Activities (A) | 206.05 | (20.85) | 545.64 | (55.90) | (172.09) |
| Net Cash from/ (used) in Investing Activities (B) | (362.08) | (480.00) | (1,262.41 ) | (661.15) | (298.24) |
| Net Cash from/ (used) in Financing Activities (C) | 163.81 | 504.96 | 810.77 | 741.34 | 457.07 |
| Net Increase/ (decrease) in cash & cash equivalent (A+B+C) | 7.78 | 4.11 | 93.99 | 24.30 | (13.25) |
| Cash & cash equivalent at beginning of the year/ period | 15.78 | 23.55 | 27.67 | 121.97 | 146.27 |
| Cash & cash equivalents at the end of the year/ period | 23.56 | 27.67 | 121.97 | 146.27 | 133.02 |

**Net cash from/ (used in) operating activities**

During the six months period ended September 30, 2010, net cash used in operating activities was ₹ 172.09 million. The decrease in net cash flow from operating activities was due to increase in trade and other receivables of ₹ 304.37, increase in inventories of ₹ 454.97, increase in current liabilities of ₹ 314.19 million. It also reflects non-cash/non-operating items of depreciation of ₹ 69.40 million and interest and financial charges of ₹ 150.85 million.

In FY 2010, our net cash used in operating activities was ₹ 55.90 million. Changes in current assets and current liabilities that have a cash flow impact comprised mainly increase in trade and other receivables of ₹ 387.72, increase in inventories of ₹ 355.95, increase in current liabilities of ₹ 373.34 million. It also reflects non-cash/non-operating items of depreciation of ₹ 115.36 million and interest and financial charges of ₹ 215.67 million.

In FY 2009, our net cash generated from operating activities was ₹ 545.64 million. The increase in cash flow was primarily due to decrease in trade and other receivables of ₹ 131.13 million, increase in inventories of ₹ 109.09 million, increase in current liabilities of ₹ 268.41 million. It also reflects non-cash/non-operating items of depreciation of ₹ 51.26 million and interest and financial charges of ₹ 207.29 million.

In FY 2008, our net cash used in operating activities was ₹ 20.85 million. The decrease was due to increase in trade and other receivables of ₹ 194.08, increase in inventories of ₹ 65.97, decrease in current liabilities of ₹ 41.27 million. It also reflects non-cash/non-operating items of depreciation of ₹ 39.12 million and interest and financial charges of ₹ 140.89 million.

In FY 2007, our net cash generated from operating activities was ₹ 206.05 million. This mainly reflects increase in trade and other receivables of ₹ 24.98 million, increase in inventories of ₹ 81.02 million, increase in current liabilities of ₹ 153.18 million. It also reflects non-cash/non-operating items of depreciation of ₹ 22.39 million and interest and financial charges of ₹ 55.82 million.

**Net cash from/ (used in) investing activities**

During the six months period ended September 30, 2010, net cash used in investing activities was ₹ 298.24 million. This mainly reflected expenditure towards purchase of fixed assets of ₹ 301.21 million, sale of investments of ₹ 2.54 million and proceeds from sale of subsidiary of ₹ 0.44 million.

In FY 2010, our net cash used in investing activities was ₹ 661.15 million. This mainly reflected expenditure towards purchase of fixed assets of ₹ 678.92 million, capital subsidy received against fixed assets of ₹ 18.53 million and fresh investment of ₹ 2.50 million.

In FY 2009, our net cash used in investing activities was ₹ 1,262.41 million. This mainly reflected expenditure towards purchase of fixed assets of ₹ 1,266.59 million.

In FY 2008, our net cash used in investing activities was ₹ 480.00 million. This mainly reflected expenditure towards purchase of fixed assets of ₹ 480.57 million.

In FY 2007, our net cash used in investing activities was ₹ 362.08 million. This reflected expenditure towards purchase of fixed assets of ₹ 362.52 million and sale of investments of ₹ 0.44 million.

**Net cash from/ (used in) financing activities**

During the six months period ended September 30, 2010, net cash generated from financing activities was ₹ 457.07 million. This was due to increase in borrowing of ₹ 521.14 million proceeds from issue of equity shares of ₹ 124.48 million. During this period we also paid finance charges of ₹ 150.85 million.

In FY 2010, our net cash generated from financing activities was ₹ 741.34 million which is mainly attributable increase in borrowings of ₹ 864.08 million. We have also received proceeds from issuance of equity shares of ₹ 24.66 million and share application money received of ₹ 69.58 million.

In FY 2009, our net cash generated from financing activities was ₹ 810.77 million. This was due to increase in borrowing of ₹ 1005.96 million mainly long-term borrowing of ₹ 958.07 million, proceeds from issue of equity shares of ₹ 26.31 million. During this period we also paid finance charges of ₹ 207.29 million.

In FY 2008, our net cash generated from financing activities was ₹ 504.96 million. This was due to increase in borrowing of ₹ 542.01 million mainly short-term borrowing of ₹ 525.21 million, proceeds from issue of equity shares of ₹ 99.06 million.

In FY 2007, our net cash generated from financing activities was ₹ 163.81 million. This was due to increase in long-term borrowings of ₹ 189.29 million, proceeds received from issuance of equity shares of ₹ 70.84 million. During this period our Company has also repaid short term loan of ₹ 7.09 million.

**Certain Balance Sheet items**

The below is the table showing selected items of our Balance Sheet as on dates indicated:

(₹ in Million)

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | March 31, 2007 | March 31, 2008 | March 31, 2009 | March 31, 2010 | September 30, 2010 |
| | Standalone | Consolidated | | | |
| Fixed Assets (net) | 729.51 | 1,168.86 | 2,381.85 | 2,928.05 | 3,167.30 |
| Investments | - | - | - | 2.50 | - |
| Current Assets, Loans and advances | 494.81 | 759.35 | 933.68 | 1,795.96 | 2,643.23 |
| Liabilities and Provisions | 336.71 | 304.71 | 565.1 | 946.24 | 1,272.74 |
| Net Worth | 417.85 | 594.49 | 697.77 | 811.63 | 1,048.03 |

**Fixed Assets**

Our fixed assets primarily consist of land, factory building, plant and machinery, furniture and fixtures, patents, etc. As of September 30, 2010 our net fixed assets were of ₹ 3,167.30 million.

**Current assets, loans and advances**

Our current assets, loans and advances as on September 30, 2010 were ₹ 2,643.23 million. This primarily constitutes inventory, sundry debtors, cash and bank balances and loans and advances.

**Liabilities and Provisions**

Our current liabilities and provisions as on September 30, 2010 were ₹ 1,272.74 million. This primarily constitutes sundry creditors and provision for tax.

**Net Worth**

Our net worth as on September 30, 2010 was ₹ 1,048.03 million representing mainly ₹ 125.31 million of equity share capital and ₹ 886.57 million of reserves and surplus.

**Indebtedness**

As of September 30, 2010, we had total borrowings of ₹ 3,354.92 million. The following table shows our borrowings as of September 30, 2010:

(₹ in Million)

| Particulars | As at September 30, 2010 |
|---|---|
| Secured loan | 2,863.42 |

| | |
|---|---:|
| Unsecured loan | 491.50 |
| **Total** | **3,354.92** |

For further details, please refer to the section “Financial Statements” beginning on page 218 of the DRHP.

**Contingent Liabilities**

The following table provides our contingent liabilities as at September 30, 2010

(₹ in Million)

| Particulars | As at September 30, 2010 |
|---|---:|
| Estimated amount of contract remaining to be executed | 68.13 |
| Bank guarantee outstanding | 87.20 |
| Corporate guarantees- other companies | 4.55 |
| Letter of credit | 486.62 |
| Foreign bills discounted | 55.78 |
| Forward contracts | 93.37 |
| Sales tax, entry tax matters | 3.65 |
| Income tax matters | 11.76 |
| **Total** | **811.05** |

**Off balance sheet arrangements**

We do not have any material off balance sheet arrangements

**OTHER INDUSTRY AND COMPANY SPECIFIC INFORMATION**

**(i) Unusual or infrequent events or transactions**

There have been no unusual or infrequent events or transaction that would have any material impact on the operations or the performance of our Company.

**(ii) Significant economic changes/ regulatory changes**

There have been no significant economic or regulatory changes which would have any material impact on our operations. For details of Regulations & Policies please refer to the section “Regulations and Policies" beginning on page 137 of the DRHP

**(iii) Known trends or uncertainties**

Except as described in the section "Risk Factors" beginning on page 12 of the DRHP and the section "Management’s Discussion and Analysis of Financial Conditions and Results of Operations" beginning on page 317 of the DRHP to our knowledge, there are no known trends or uncertainties that have or had or expected to have any material adverse impact on revenues or income of our Company from continuing operations.

**(iv) Future Changes in relationship between cost and revenues**

Other than as described in the section "Risk Factors" and "Management’s Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 12 and 317 of the DRHP to our knowledge there are no future relationship between cost and income that have or had or are expected to have a material adverse impact on our operation and finances.

**(v) Reason for material increase in net sales**

We have witnessed increase in sales from FY 2008 to FY 2010 due to increase in product portfolio and increased in installed capacity and respective increase in capacity utilization.

**(vi) Total turnover of each major industry segment**

Our operations mainly relate to only one segment i.e. Packaging. Hence, there are no reportable segments.

**(vii) New products or business segment**

We intend to manufacture Injection Moulding Products and Polymer Compounds.

**(viii) Seasonality of business**

Our business is not seasonal

**(ix) Dependence on a few client**

The customer base of our Company is well diversified and spread across overseas and domestic market and we sell our products directly or through various distributors, hence we are not dependent upon single or few customers.

**(x) Competitive conditions**

For details on competition, please refer to the section "Business Overview" beginning on page 116 of the DRHP.

## FINANCIAL INDEBTEDNESS

The details of borrowings of our Company as on September 30, 2010 on standalone basis are as follows

### Statement of Secured Loans

(₹ in Million)

| Particulars | For the year ended March 31 | | | | | For the Half year ended 30.09.10 |
|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | |
| **WORKING CAPITAL** | | | | | | |
| Cash Credit facility | | | | | | |
| UCO Bank | 0.00 | 23.76 | 26.24 | 64.63 | 261.11 | 322.29 |
| State Bank of India | 44.82 | 0.00 | 33.45 | 22.43 | 49.06 | 80.53 |
| Central Bank of India | 11.59 | 10.84 | 12.03 | 11.75 | 23.05 | 23.25 |
| Punjab National Bank | 21.02 | 54.03 | 81.51 | 90.63 | 302.05 | 292.53 |
| State Bank of Bikaner & Jaipur | 13.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| State Bank of Patiala | 0.00 | 0.00 | 0.00 | 0.00 | 26.08 | 35.16 |
| HSBC Bank Ltd. | 0.00 | 0.00 | 0.00 | 4.80 | 0.46 | 0.00 |
| Axis Bank Ltd | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 108.70 |
| **TOTAL (A)** | **90.83** | **88.63** | **153.23** | **194.24** | **661.80** | **862.47** |
| **TERM LOAN** | | | | | | |
| Foreign Currency Loan | | | | | | |
| State Bank of India | 29.61 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Central Bank of India | 12.40 | 7.68 | 0.00 | 0.00 | 0.00 | 0.00 |
| Punjab National Bank | 38.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| State Bank of Bikaner & Jaipur | 38.95 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| HSBC Bank Limited Race Cource Road Indore | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 26.78 |
| Effect in changes in Accounting Policies | 2.32 | -0.14 | 0.00 | 0.00 | -3.14 | 0.00 |
| Indian Rupee Loan | | | | | | |
| UCO Bank | 0.00 | 195.71 | 201.83 | 170.80 | 146.64 | 115.89 |
| State Bank of India | 8.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Central Bank of India | 2.03 | 2.49 | 5.25 | 3.23 | 1.17 | 0.00 |

| Particulars | For the year ended March 31 | | | | | For the Half year ended 30.09.10 |
|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | |
| Punjab National Bank | 3.51 | 60.84 | 44.06 | 27.12 | 12.40 | 6.15 |
| Corporate Loan (STL) from Punjab National Bank | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| State Bank of Bikaner & Jaipur | 0.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Axis Bank Ltd | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 152.86 |
| **<u>For Kashipur Phase I</u>** | | | | | | |
| - UCO Bank Ltd., Pipliyahana Br. Indore | 0.00 | 0.00 | 0.00 | 435.16 | 420.61 | 385.81 |
| - State Bank of India, IF Br. Indore | 0.00 | 0.00 | 0.00 | 189.86 | 183.95 | 168.15 |
| - Central Bank of India Siyaganj Br. Indore | 0.00 | 0.00 | 0.00 | 115.11 | 108.40 | 103.73 |
| - Punjab National Bank, Siyaganj Br., Indore | 0.00 | 0.00 | 0.00 | 190.00 | 242.35 | 217.25 |
| - HSBC Bank Limited Race Cource Road Indore | 0.00 | 0.00 | 0.00 | 0.00 | 40.39 | 0.00 |
| **<u>Kashipur Project Phase-II :</u>** | | | | | | |
| - UCO Bank Ltd., Pipliyahana Br. Indore | 0.00 | 0.00 | 0.00 | 0.00 | 136.94 | 197.85 |
| - State Bank of India, IF Br. Indore | 0.00 | 0.00 | 0.00 | 0.00 | 95.84 | 95.95 |
| - State Bank of Patiala, Orbit Mall Indore | 0.00 | 0.00 | 0.00 | 0.00 | 4.46 | 111.04 |
| - Punjab National Bank | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 70.96 |
| - Uco Bank Ltd., R & D Loan | 0.00 | 0.00 | 0.00 | 0.00 | 120.00 | 161.65 |
| **TOTAL (B)** | **135.87** | **266.58** | **251.14** | **1,231.28** | **1,510.02** | **1,814.07** |
| **From Financial Institutions** | | | | | | |
| MPFC Capital Market | 0.00 | 47.50 | 87.11 | 67.40 | 46.94 | 35.67 |

| | For the year ended March 31 | | | | | For the Half year ended 30.09.10 |
|---|---|---|---|---|---|---|
| **Particulars** | **2006** | **2007** | **2008** | **2009** | **2010** | |
| M.P.A.K.V.N. (Indore) Ltd. | 9.90 | 4.95 | 0.00 | 0.00 | 0.00 | 0.00 |
| **TOTAL (C)** | **9.90** | **52.45** | **87.11** | **67.40** | **46.94** | **35.67** |
| **VEHICLE LOAN** | | | | | | |
| From ICICI Bank Ltd. | 1.75 | 5.67 | 2.97 | 0.83 | 1.36 | 1.20 |
| From HDFC Bank Ltd. | 0.24 | 0.12 | 0.54 | 0.31 | 0.87 | 0.72 |
| **TOTAL (D)** | **1.99** | **5.79** | **3.51** | **1.14** | **2.23** | **1.92** |
| **TOTAL (A+B+C+D)** | **238.58** | **413.45** | **494.99** | **1,494.06** | **2,220.99** | **2,714.12** |

**Statement of Secured Loans (Term Loans)**

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| 1 | Axis Bank Ltd., Y. N. Road, Indore | 200.00 | 29-07-2010 | ABBR + 4.50 % i.e.12.00 p. a. | 12 quarterly installments after 9 months from date of first disbursement as per schedule given below:-<br>1) 10th to 21st month: ₹33.3 Mn in 4 equal quarterly installments.<br>2) 22nd to 33rd month: ₹ 66.7 Mn in 4 equal quarterly installments.<br>3) 34th to 45th month: ₹ 100.00 Mn in 4 equal quarterly installments. | Pari Passu First charge on the Fixed Assets of the Company. | Exclusive charges on debt service reserve account (DSRA) proposed to be created with the bank for an amounting to one quarter principle and interest (interest to be maintained upfront and principle to be maintained three months prior to the date of 1st installment). The Amount to be increased based on repayments, three months prior to the | **Company require prior permission of bank**:<br>a) to formulate any scheme of amalgamation or restructuration;<br>b) to undertake guarantee obligation on behalf of any third party or any other company.<br>c) to make any change in Management.<br>d) to declare dividend for any year except put of profit relating to that year after making all the due and necessary provision provided that no default had occurred in any repayment obligation.<br>e) to undertake any expansion or fresh project or acquire fixed asset, while normal capital expenditure eg. replacement of parts, can be incurred.<br>f) to invest by way of share capital in or lend or advance to or place deposits with any other concern normal trade credit or security deposit in the routine course of business or advances to employees can however be extended. |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | increase in installment | |
| 2 | Central Bank of India<br>Siyaganj Br. Indore (Project Phase-I) | 115.00 | 27-06-2008 | BPLR (12) | Repayable in 24 qtrly installments. 1st installment will fall due on 01.10.09. Interest is to be serviced on monthly basis | E/M Of land & Building , Hypothecation of P & M and all other fixed assets on pari passu basis (excluding fixed assets at Bangladesh due to country laws) | | a) Company will not pay any commission to the guarantors b) Not to undertake guarantee obligation on behalf of the company without the cosent of the consortium<br>c) Agree for publishing the names of directors/ guarantors / associates concern in the media in case of default to us.<br>d)Company shallnot make any major capital investment without the prior permission of the consortium.<br>e) The guarantors will give an undertaking to the effects that they will not claim any consideration by way of fees, commission, remuneration or any other form of payment for extending their guarantees for credit facilities<br>f) The comapany /Director shall undertake that no litigation is pending before them, initiated by banks/ financial institution. |
| 3 | HSBC Bank Limited Race Course Road Indore (Project Phase-I) | 61.00 | 28-07-2009 | At Mutually agreed rate | 3 equal annual installments commencing 1 year from the date of | 1) Personal Guarantee of Mr. Manish Kalani for | - | a) Any changes in the capital structure, schemes of amalgam ation/ re-construction must be |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | disbursement | Rs111,000,000/- (Required. Held for ₹ 66,000,000/-)<br>2) Corporate Guarantee of Kalani Industries Ltd. For Rs111,000,000/- with relevant Board Resolution. (Required. Held for ₹ 66,000,000/-)<br>3) First pari passu charge on the entire fixed assets of the borrower both present & future for ₹ 61,000,000/-. (Held)<br>4) Second pari passu charge on the current assets of the borrower at Pithampur Industrial area and C-41-50, Sector- 3, Dhar Madhya Pradesh & expansion at | | agreed by the bank prior to being undertaken.<br>b) The Borrower will seek Bank's prior permission for the following; - Declaration of dividend , in case the operating profits (earning before Interest less depreciation and taxes) fall below the audited value of the previous year and/ or if this results in a breach of the stipulated financial covenants.<br>- If the existing unsecured loans and advances from promoters/ directors are proposed to be repaid. |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Uttaranchal (both existing and future) on pari passu basis with existing and proposed working capital. Banks for ₹ 61.00 million held | | |
| 4 | Punjab National Bank, Indore (Existing Loan) | 36.00 | 23.01.2004 | BPLR + 0.50% (TP) + 0.50% | 23 quarterly installment of ₹ 1.566 million w.e.f. 01.09.2005 | 1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & expansion project of the company at Uttaranchal (both Existing & future)-Charge to be shared with existing & | - | a) Company undertake not to make any alterations or modifications in the project without prior approval of bank in writing b) Firm should not offer any guarantee to any bank/financial institutions/anybody without prior written permission from bank c) Undertake not to effect any change in the capital structure and make changes in their management set up without written permission from bank |
| | | 10.00 | 19.03.2005 | BPLR + 0.50% (TP) + 0.25% | 20 quarterly installment of ₹ 0.50 million after 1 year from the date of first disbursement. | | | |
| | | 36.00 | 14.11.2006 | BPLR + 2.00% +0.50% (TP) - 2.75% | 24 quarterly installment of ₹1.0625 million and 20 quarterly installment of ₹0.525 million. | | | |
| | | 2.40 | 14.11.2006 | BPLR + 2.00% +0.50% (TP) - 2.75% | 4 quarterly installment of ₹0.563 million and 1 quarterly installment of ₹0.148 million. | | | |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | proposed terms lenders on pari passu basis. | | |
| 5 | Punjab National Bank, Siyaganj Br., Indore (Project Phase-I) | 190.00 | 27-05-2008 | BPLR+.0.50%+1.50 to 2% p.a with monthly rests | 24 equal quarterly installments after 1 year & 6 months from the date of first disbursement | 1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & expansion project of the company at Uttaranchal (both Existing & future)- Charge to be shared with existing & proposed terms with lenders on pari passu basis. | - | a) Company should undertake not to diversify it's activities, take up new projects and/or expand without written permission. b) Company should not take any alteration or modifications in the project without the prior approval of bank in writing. c) Company should not offer any guarantee to nay bank/financial institution/any body without prior written permission from bank. d) Company not to create any further charges on the current asset /fixed assets of the company without prior written permission from bank. e) Company should undertake not to effect any change in capital structure without written permission of the bank. f) During the currency of bank's credit facilities, the company shall not, without the prior approval of the bank in writing:- - Declare dividends for any year, if the account(s) of |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | the borrower with the bank is/are running irregular.. - Permit any transfer of the controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned. - Issue Bonus Shares and dispose of share holding of promoters wherever specifically situated |
| 6 | Punjab National Bank, Siyaganj Br., Indore (Project Phase-I) | 50.00 | 27-05-2008 | BPLR+.0.50%+1.50 to 2% p.a with monthly rests | 1) 12 quarterly installments for Rs1.1 million after one year from the date of first disbursement<br>Next 11 quarterly installments for Rs3.2 million 2)Last quarterly installment for Rs1.6 million | First pari passu charge on Project assets at Kandla installed in the premises of M/s Imperial Oversea (P) Ltd. (IOPL) | - | a) The borrower shall not undertake expansion/ diversification/ modernization (except those investments accepted in CMA data) without obtaining prior permission of the consortium and without proper tie-up of funds. Similarly, No investment shall be made in associate/allied/ group concerns without prior permission of consortium. b) During the currency of Bank's credit facilities, the borrower shall not, without the prior approval of the Bank in writing:- - Declare dividends for any |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | year, if the account(s) of the borrower with the bank is/are running irregular.. - Permit any transfer of the controlling interest or make any drastic change in management set up. - Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned. |
| 7 | Punjab National Bank, Mid Corporate Branch, Siyaganj Indore (Project Phase-II) | 120.00 | 25-06-2009 | BPLR+.50% (TP) p.a. to be charged at monthly rest. | 1)First three quarterly installments of ₹1.10 Million each starting from 30.09.10 2) Next 20 quarterly installments of ₹5.50 Million each. 3)Last one quarterly installment of ₹6.70 million & interest to be recovered as and when charged to the account. | 1st Pari Passu mortgage and hypothecation charge over land and building, plant & machinery and immovable and movable fixed assets of the Uttaranchal phase II project. | 2nd charges on entire current assets (both existing and future) of the existing & proposed project site at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP & company's unit at Uttaranchal on pari passu basis with the team | a) The borrower shall not undertake expansion/ diversification/ modernization (except those investments accepted in CMA data) without obtaining prior permission of the consortium and without proper tie-up of funds. Similarly, No investment shall be made in associate/allied/ group concerns without prior permission of consortium. b) During the currency of Bank's credit facilities, the borrower shall not, without the prior approval of the Bank in writing:- - Declare dividends for any year, if the account(s) of the borrower with the bank is/are running irregular.. |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | lenders | - Permit any transfer of the controlling interest or make any drastic change in management set up.<br>- Divert/utilize Banks funds to other sister/associate group concerns or for purpose other than those for which the credit facilities have been sanctioned. |
| 8 | State Bank of India, (erstwhile State Bank of Indore) Commercial Br. Indore<br>(Project Phase-I) | 190.00 | 03-06-2008 | BPLR-.25% | 24 quarterly installments, which will commence from 18 months after the first disbursement. | First pari passu charge over entire existing and proposed fixed assets of the company with the existing & proposed term lending | - | -Any scheme of commission payable to any sister concern should have prior written permission by the bank |
| 9 | State Bank of India, (erstwhile State Bank of Indore) Industrial Finance Br. Indore (Project Phase-II) | 105.00 | 05-10-2009 | 12.50 | 7 Years including moratorium period of 15 months and repayable in 24 quarterly installments. | Extension of 1st pari-passu charge over the entire fixed assets of the Company (including proposed Uttaranchal Unit Phase-II), present as well as future. | - | -Any scheme of commission payable to any sister concern should have prior written permission by the bank |
| 10 | State Bank of Patiala,<br>Orbit Mall Indore (Project Phase-II) | 110.00 | 02-05-2009 | 12.75 | Repayable in 4 quarterly installment of ₹ 1.31 million and 20 quarterly | 1st Pari Passu charge on all fixed assets of the company OR | - | The Company will not undertake any new project (Except those mentioned in the proposal), either expansion or |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | installments of ₹ 5.238 million payable on the last day of each quarter commencing after one year from the date of Ist disbursement. | 1st Pari Passu Charge on the entire fixed assets of the expansion project besides 2nd charge on other fixed assets of the company. | | modernization etc. without the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the consortium. -Any cost overrun in the project or shortfall in means of finance envisaged shall be met by the company from their own sources |
| 11 | UCO Bank, Pipliyahana Branch, Indore (Existing Loan) | 221.30 | 28-09-2006 | BPLR-0.50% i.e. presently 11.50% p.a.(monthly rests) payable monthly | 24 equal quarterly installment after one year six month from the date of first disbursement | 1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar M.P., & expansion project of the company at Uttaranchal (both Existing | - | Promoters to meet increased costs on account of cost overrun/time overrun of if any from its own sources and will not ask for any additional term loan. -The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | & future)-Charge to be shared with existing & proposed terms lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan. | | |
| 12 | UCO Bank, Pipliyahana Br. Indore (Project Phase-I) | 325.00 | 17-03-2009 | 12.50 | 24 equal quarterly installments after one year six month from the date of first disbursement | 1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets of the existing facilities at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar M.P., & expansion project of the company at Uttaranchal (both Existing & future)- | - | Promoters to meet increased costs on account of cost overrun/time overrun of if any from its own sources and will not ask for any additional term loan. -The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Charge to be shared with existing & proposed terms lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan. | | |
| 13 | UCO Bank, Pipliyahana Br. Indore<br>( Project Phase- I) | 110.00 | 17-03-2009 | 12.50 | 1) 12 quarterly installments for Rs2.5 million after six month from the date of first disbursement<br>2) 10 quarterly installments for Rs7.5 million from the date of first disbursement<br>3) 2 quarterly installments for Rs 2.5 million from the date of first disbursement | 1st Pari-passu hypothecation charge over plant & machinery and other movable fixed assets at Kandla (both existing & Future -charge to be shared with existing & proposed term lenders on pari passu basis. FACR to be maintained min. at 1.33 through out the entire tender of the loan. | a) 2nd charges on entire current asset (both existing and future) of the existing and proposed project sites at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP, &company's unit at Uttaranchal on pari passu basis with other term lender. | a) Promoters to meet increased costs on account of cost overrun/time overrun if any, from its own sources and will not ask for any additional term loan.<br>b) The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders.<br>c) Company has to take prior permission from bank in following cases:<br>- effect any change in the Company's Capital Structure;<br>- Formulate any scheme of amalgamation or restructuration or restructuring of any kind; |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | - Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended. - undertake guarantee, obligation on behalf of any other company firm, or person. - Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation. - Monies bought in by principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission. -pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by the Banks. - Create any further any charge in lien or encumbrance over the assets and properties of the |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | company to be charged to the bank in the favour of any other bank , Financial Institution, company , firm or person. - Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank. - Undertake any activity other than that for which the facilities has been sanctioned |
| 14 | UCO Bank Ltd., Pipliyahana Br. Indore (Project Phase-II) | 210.00 | 27-09-2010 | 12.50 | 4 equal quarterly installment of ₹2.5 million after one year six month from the date of first disbursement<br>20 equal quarterly installment of ₹10.00 million after one year six month from the date of first disbursement | 1st Pari-passu mortgage & hypothecation charge over land & building, plant & machinery and other immovable & movable fixed assets at Uttaranchal under Phase II (both Existing & future)- Charge to be shared with existing & proposed terms lenders on pari passu basis.FACR to be maintained min. at 1.33 | 2nd pari pasu hypo charge on current assets of the company with the other existing / proposed term lenders at Pithampur Industrial area & C-41 50 SEZ Sector-3 Dhar MP, & expansion project of the company at Uttaranchal (both | The Company will not undertake any new project (Except those mentioned in the proposal), either expansion or modernization etc. without the approval of the consortium. -The company will not make any further investments in the group companies/ Associates/ Subsidiaries without permission of the consortium. -Any cost overrun in the project or shortfall in means of finance envisaged shall be met by the company from their own sources. Company has to take prior permission from bank in following cases: - effect any change in the Company's Capital |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | through out the entire tender of the loan. | existing and future), Project at IOPL at Kandla - charge to be shared with excising term lenders of the project on the pari pasu basis. First charge being held by banks extending / to be extended working capital finance both at existing units, IOPL, Kandla & at Uttaranchal Phase I and II | Structure;<br>- Formulate any scheme of amalgamation or restructuration or restructuring of any kind;<br>- Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended.<br>- undertake guarantee, obligation on behalf of any other company firm, or person.<br>- Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation.<br>- Monies bought in by principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission.<br>-pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the credit limit sanctioned by |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | the Banks. - Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank, Financial Institution, company , firm or person. - Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank. - Undertake any activity other than that for which the facilities has been sanctioned |
| 15 | UCO Bank, R & D Loan | 160.00 | 25-03-2010 | 11.75 | Repayable in 17 unequal quarterly installments from 11 month from the date of first disbursement | 1st Pari-passu charge on fixed assets of the company (both existing & future) of the company on pari-passu basis with other term lenders. | | a) Promoters to meet increased costs on account of cost overrun/time overrun if any, from its own sources and will not ask for any additional term loan. b) The Company to undertake that no dividend on the share capital will be paid by the company in case there are any arrears of interest and installments of Term Loan to any of the term lenders. c) Company has to take prior permission from bank in following cases: - effect any change in the |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Company's Capital Structure; - Formulate any scheme of amalgamation or restructuration or restructuring of any kind; - Invest by way of share capital in or lend or advice funds to, or place deposit with any other concern normal trade credit or security deposits in the normal course of business or advance to employee can however be extended. - undertake guarantee, obligation on behalf of any other company firm, or person. - Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligation. - Monies bought in by principle share holders/directors/depositors will not be allowed to be withdrawn without the bank's permission. -pay guarantee commission to the guarantor whose guarantee have been stipulated/ furnished for the |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | credit limit sanctioned by the Banks. - Create any further any charge in lien or encumbrance over the assets and properties of the company to be charged to the bank in the favour of any other bank , Financial Institution, company , firm or person. - Sell, Assign, Mortgage or otherwise dispose off any of the fixed asset charged to the bank. - Undertake any activity other than that for which the facilities has been sanctioned |
| 16 | MPFC Capital Market, Indore (Existing Loan) | 50.00 | 04-07-2006 | 10.50 | 20 quarterly installments of ₹2.50 Million each moratorium period of six month. | -Equitable mortgage of land & building, plant & machinery, furniture & fixture & floating charge on all remaining assets-land lease hold admeasuring 53200 sq. mt.situated at plot/khasra No C 41-50, d-85 to 100 & E-57 to 76, SEZ | - | -Company shall agree not to let out or give on lease and license whole or any portion of land or building or plant and machinery to any one, without the prior written permission of the corporation, during the currency of the loan -Company shall agree not to lend funds to any one nor invest the same in purchase of shares of any other company, during the currency of the loan without the prior written permission of the Corporation. -The |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Industrial area sector -3 Pithampur Dist Dhar (M.P) - Land (lease hold) admeasuring 10914 sq. mt., situated at Plot no. 94 Industrial Area sector -1, Pithampur Dist Dhar M.P | | company shall not declare/ pay any dividend to its shareholders (both equity and preference) during any financial year unless it has paid the installments and interest due on the loan of the corporation upto that year.-The company shall not go for public issue without prior permission of the Corporation. The Company shall undertake not to effect any change/modification in the scheme, in the constitution to transfer of Management hereby approved without prior permission of the Corporation and the Corporation does not commit itself to approve and to finance any such change/expansion |
| 17 | MPFC Capital Market, Indore (Existing Loan) | 50.00 | 21-05-2007 | 12.50 | First 8 quarterly installments of ₹2.50 Million each moratorium period six month.<br>Remaining 10 quarterly installments of ₹3.00 Million | Equitable mortgage of land & building, plant & machinery, furniture & fixture & floating charge on all remaining assets-land lease hold admeasuring 53200 sq. | - | a)Company shall agree not to let out or give on lease and license whole or any portion of land or building or plant and machinery to any one, without the prior written permission of the corporation, during the currency of the loan. b) The promoters, guarantors and the company shall give undertakings stating that in |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | mt.situated at plot/khasra No C 41-50, d-85 to 100 & E-57 to 76, SEZ Industrial area sector -3 Pithampur Dist Dhar (M.P) - Land (lease hold) admeasuring 10914 sq. mt., situated at Plot no. 94 Industrial Area sector -1, Pithampur Dist Dhar M.P | | case of the Corporations loan amount goes out of order, the corporation shall have a right to publish the name of the company and its promoters/guarantors in the newspaper or through other media.-No assistance from other financial institution should be availed on assets under consideration. An undertaking in this regard shall be furnished by the company. b) Company shall agree not to lend funds to any one nor invest the same in purchase of shares of any other company, during the currency of the loan without the prior written permission of the Corporation.<br>c) The Company shall undertake not to effect any change/modification in the scheme, in the constitution to transfer of Management hereby approved without prior permission of the Corporation and the Corporation does not commit itself to approve and to finance any such change/expansion<br>d) The company shall not |

| S. No. | Name of Institution | Sanctioned Limit (₹ in Million) | Date of Sanction | Rate of Interest P.A. | Repayment Terms | Primary Securities Offered | Others Securities Offered | Covenants |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | declare/ pay any dividend to its shareholders (both equity and preference) during any financial year unless it has paid the installments and interest due on the loan of the corporation upto that year. e) The company shall not go for public issue without prior permission of the Corporation. |

**Statement of Secured Loans (Working Capital Loans)**

( ₹ in Million)

| UCO Bank, Pipliyahana Branch, Indore | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | | | |
| | *Working Capital - Fund Based* | | |
| | Cash Credit | 230.00 | Base rate + 4%p.a.( monthly rests) i.e. presently 12% p.a., however if any consortium partner bank charge higher ROI, then the same will be applicable |
| | EPC /FBD | 200.00 | Gold card holder and in line with the bank's extant guide lines. |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 250.00 | 50% of normal charge |
| | Bank Guarantee | 100.00 | 50% of normal charge |
| | **TOTAL EXPOSURE** | **780.00** | |

| Punjab National Bank, Siyaganj, Indore | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit | 67.50 | BPLR i.e at present 11% to be charged at monthly rests. ROI is subject to change from time to time as per RBI/HO |
| | EPC | 223.40 | As per extant bank's guidelines. ROI is subject to change as per RBI/HO guidelines |
| | FBD | 29.10 | As per Bank's guideline |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit /BG | 273.00 | - LC:-50% of normal charge or charged by the leader bank which ever is higher |
| | | | -BG:-As per extant guideline of the bank |
| | **TOTAL EXPOSURE** | **593.00** | |

| Central Bank of India, Siyaganj, Indore | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit | 18.20 | BPLR+1.5% as per RBI/ C.O. guideline |
| | EPC | 6.50 | as per RBI guideline/ C.O. guideline |
| | FBD | 7.80 | As per C.O. circular |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 22.50 | As per C.O. circular |
| | Bank Guarantee | 6.00 | As per C.O. circular |
| | **TOTAL EXPOSURE** | **61.00** | |

| State Bank of India, (Erstwhile State Bank Of Indore) Indore | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | Working Capital - Fund Based | | |
| | Cash Credit | 7.50 | BPLR - 0.25%, subject to min of 12.50% p.a. |
| | EPC | 62.50 | -As applicable to Gold Card Scheme. In case of utilization below 60% of the sanctioned limit commitment charges at the rate of 1.00% will be |

| | | | |
|---|---|---|---|
| | | | applicable. |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 20.00 | As per Bank's standard charges. |
| | **TOTAL EXPOSURE** | **90.00** | |

| **State Bank of Patiala, Orbit Mall, Indore** | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit | 22.50 | BPLR - 0.75% (floating) subject to minimum of 12.00% p.a. |
| | EPC | 14.00 | As applicable to Gold Card Scheme. |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 10.00 | Commission as per extant guideline, 50% Concession allowed in LC |
| | **TOTAL EXPOSURE** | **46.50** | |

| **Axis Bank Ltd., Y.N. Road, Indore** | | | |
|---|---|---|---|
| **S.NO.** | **NATURE OF FACILITY** | **LIMIT** | **INTEREST/ COMMISSION** |
| | *Working Capital - Fund Based* | | |
| | Cash Credit/ EPC | 150.00 | -CC:- Axis Bank Base Rate (ABBR) + 4% i.e.11.50% Payable at monthly interval |
| | | | -EPC- Up to 180 days - ABBR+ 1.50% (Presently 9.00% p.a.) |
| | | | PCFC: Disbursal is subject to availability and pricing will be subject to approval from treasury deptt. |
| | *Working Capital - Non Fund Based* | | |
| | Letters of Credit | 150.00 | 1.25% p.a. all inclusive payable upfront. |
| | **TOTAL EXPOSURE** | **300.00** | |

**Statement of Unsecured Loans**

(₹ in Million)

| **Particulars** | **As at 31.03.2006** | **As at 31.03.2007** | **As at 31.03.2008** | **As at 31.03.2009** | **As at 31.03.2010** | **As at 30.09.2010** |
|---|---|---|---|---|---|---|
| Inter Corporate Deposits | 0.00 | 5.00 | 5.61 | 12.50 | 0.00 | 31.50 |
| 0% Fully Convertible Debentures | 0.00 | 0.00 | 460.00 | 460.00 | 460.00 | 460.00 |
| **Total** | **0.00** | **5.00** | **465.61** | **472.50** | **460.00** | **491.50** |

*Notes:*
*1. The Inter Corporate Deposits are repayable on demand.*
*2. The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the Compan*y.

## SECTION-VI LEGAL AND REGULATORY INFORMATION

## OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*Except as stated below, there are no outstanding or pending litigations, disputes, bargains and demands, investigations, Central / State Government claims or inquiries, proceedings or disputed tax liabilities, over-dues to banks/financial institutions, defaults against banks/ financial institutions, proceedings initiated for economic/civil/ criminal/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act) against/by our Company, our Subsidiaries, our Promoters, our Directors or our Group Companies Other than as stated below, there are no defaults of non-payment of statutory dues against our Company including under the excise, customs, sales tax, income tax and service tax and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, its Subsidiaries, its Promoters, its Directors and its Group Companies. Further, there have been no defaults and there are no over-dues in respect of bonds, debentures and fixed deposits (placed through public or private placement) and arrears in respect of cumulative preference shares or any other liabilities as on current date.*

### I. Proceedings Involving our Company

### i. Details of cases filed by our Company:

***Criminal Cases***

*i. Criminal Complaint under section 138 of Negotiable Instrument Act against M/s Verma Fibres and Others.*

M/s. Verma Fibres had issued a cheque, bearing cheque no. 064870 dated December 28, 2006 of ₹100,546 in favour of our Company against the purchase of HDPP Cloth fabrics from our Company. The said cheque, when presented in bank by our Company, was dishonoured with the remark "Funds Insufficient". Our Company, thereafter, filed a criminal complaint (Criminal Complaint No. 38386/2007) under section 138 of The Negotiable Instruments Act, 1881 against (1) M/s. Verma Fibres and (2) Ms. Suman Verma (Signatory) on March 8, 2007 for dishonour of the said cheque. The complaint is pending before the District Court, Indore for adjudication.

*ii. Complaint against M/s Maxam Packaging Inc. U.S.A and others*

Our Company has filed a criminal complaint under sections 406 (*punishment for criminal breach of trust*), 407(*criminal breach of trust by carrier, etc*), 409 (*criminal breach of trust by public servant, or by banker, merchant or agent*) and 420 (*cheating and dishonestly inducing delivery of property*) read with 120B of the Indian Penal Code, 1860 (IPC) against M/s Maxam Packaging Inc., U.S.A and 8 others (**Accused**) for the alleged misappropriation of consignment of jumbo bags by the Accused which was dispatched around August 27, 2007 by our Company. The complaint is pending before Chief Judicial Magistrate, Dhar for adjudication.

***Civil Cases***

*iii. Execution Case against M/s Sharad Ransingh and Others for recovery of money.*

Our Company had deposited ₹ 575,000 (5% of the cost) for the supply of 500 metric tons of iron in the bank account of M/s Sharad Ransingh, Mr. Sharad Ransingh, Aditya Kridatt and others (Defendants). However, the Defendants had failed to supply the iron rods and also failed to refund the deposit money. Our Company, thereafter, filed a civil suit (Civil Suit No. 3 B/ 2007 before the Additional District Judge, Dhar) for the recovery of ₹ 575,000 along with interest. The suit has been decreed in favour of our Company and the Defendants have been ordered to pay ₹ 575,000 plus interest at the rate of 6 per cent from the May 6, 2004 and ₹ 5,000 as cost. Thereafter, our Company has filed an execution petition, bearing Execution Case no. 11/10, before District Court, Dhamtari, Chattisgarh for recovery of the said amount. The case is pending for execution.

***Writ Petitions***

*iv. Writ Petition filed by our Company against the order passed by the Assistant Commissioner Customs, Central Excise and Service Tax adjusting the refund of service tax from the arrears of Kalani Industries Private Limited (our Promoter).*

Our Company was entitled for refund of service tax of ₹ 1,031,909 on account of various charges covered under specified services used for authorised operation of our Company and payment of service tax which has been made to service provider. As such our Company submitted application for refund of claim of the said service tax which was allowed vide the orders dated November 15, 2010 and three other orders all dated November 30, 2010 by the Assistant Commissioner Customs, Central Excise and Service Tax. However, the same was adjusted towards arrears of ₹ 1,151,000 pending for recovery from M/s Kalani Industries Private Limited, Pithampur under section 11-B of the Central Excise Act, 1944 read with section 81 of the Finance Act. Our Company has filed a writ petition before the High Court of Madhya Pradesh (Indore Bench) (WP No. 1338/2011) challenging the said orders stating that both our Company and Kalani Industries Private Limited are different legal entities, they have separate registered offices, separate board of directors and as such there can be no adjustment of liability of one against refund claim of another company. The case is pending before High Court of Madhya Pradesh.

*v. Writ Petition filed by* our Company *against the order passed by the Assistant Commissioner Customs, Central Excise and Service Tax adjusting the rebate claim in relation to central excise duty from the arrears of Kalani Industries Private Limited*

Our Company had submitted rebate claim for sanctioning rebate of central excise duty amounting to ₹ 3,007,997. The Assistant Commissioner Customs, Central Excise and Service Tax, vide order dated October 26, 2010 sanctioned the said rebate claim but directed that the said rebate claim be adjusted against the arrears of ₹ 4,151,000 due and payable to Kalani Industries Private Limited. Our Company has filed a writ petition before the High Court of Madhya Pradesh (Indore Bench) (WP No. 13862/2010) challenging the said order stating that both Kalani Industries Private Limited and our Company are separate legal entities and therefore, there can be no adjustment of liability of one company against the liability of the other company. The case is pending before High Court of Madhya Pradesh.

***Tax Appeals***

vi. *Appeal against the confirmation of demand of additional duty of customs leviable on imported High Speed Diesel Oil*

Our Company had filed an appeal before the Commissioner of Customs (Appeals) Kandla, Ahmedabad challenging the order dated March 17, 2010 issued by Joint Commissioner of Customs, Custom House, Kandla. The dispute in this appeal related to the confirmation of demand of additional duty of customs leviable under Section 116 of the Finance Act, 1999 on imported High Speed Diesel Oil (HSD). Out of total demand of ₹ 1,060,200 after extending the benefit of limitation, the adjudicating authority vide impugned Order-In-Original passed in *denovo* proceedings had confirmed the demand of additional duty of customs leviable under Section 116 of Finance Act, 1999 amounting to ₹ 963,240 against our Company along with interest payment under Section 28 AA of the Customs Act, 1972. Commissioner of Customs (Appeals) Kandla has, however, rejected our appeal vide its order dated February 4, 2011.

*vii. Appeal before the Appellate Board M. P. Tax Tribunal, Bhopal against the demand of Sales Tax*

Assistant Commissioner of Commercial Tax Circle 09, Indore had completed the assessment (assessment period April 1, 2005 to March 31, 2006) vide its order dated March 31, 2009 and created a demand of Sales Tax of ₹ 1,957,148 in case no. 192/2006 (State) by considering the capping amount available at ₹ 1,528,135 as against the actual capping amount available at ₹ 1,927,241. Our Company had preferred an appeal against the said order before Appellate Authority and Deputy Commissioner of Commercial Tax Division 03, Indore ("Appellate Authority"). However, Appellate Authority had rejected the appeal. Our Company has again preferred an appeal before the Appellate Board M. P. Tax Tribunal, Bhopal stating that the Appellate Authority and Deputy Commissioner of Commercial Tax passed the impugned order without giving the proper opportunity to produce the required documents and the confirmation of the consideration of available capping amount of ₹ 1,528,135 is improper, unjustified and unwarranted. The appeal is pending.

*viii. Appeal before the Appellate Board M. P. Tax Tribunal, Bhopal against the demand of Sales Tax*

Assistant Commissioner of Commercial Tax Circle 09, Indore had completed the assessment (assessment period April 1, 2005 to March 31, 2006) vide its order dated March 31, 2009 and created a demand of ₹ 15,329 in a case no. 191/2006 (state) by considering the capping amount available at ₹ 1,528,135 as against the actual capping amount available at ₹ 1,927,241. Our Company had preferred an appeal against the said order before Appellate Authority and Deputy Commissioner of Commercial Tax Division 03, Indore ("Appellate Authority"). However, Appellate Authority had rejected the appeal. Our Company has again preferred an appeal before the Appellate Board M. P. Tax Tribunal, Bhopal stating that the Appellate Authority and Deputy Commissioner of Commercial Tax passed the impugned order without giving the proper opportunity to produce the required documents and the confirmation of the consideration of available capping amount of ₹ 1,528,135 is improper, unjustified and unwarranted. The appeal is pending.

ix. *Appeal against the determination and confirmation of Entry Tax levied against our Company*

Deputy Commissioner of Commercial Tax, Audit Wing, Indore 02 had completed the Assessment (assessment period April 1, 2007 to March 31, 2008) vide its order dated May 19, 2010 and created a demand Entry Tax of ₹ 1,679,289 in audit case no. 08/08 (Entry tax) by determining the Gross Turn Over at ₹ 604,236,392. Our Company had filed an appeal before the Appellate Authority and Upper Commissioner, Commercial Tax, Indore Division stating *inter alia* that the Deputy Commissioner did not consider certain exemptions to SEZ unit from Entry Tax. Further, it is alleged that the Assessing Officer did not consider the entry tax exemption in respect of sale to SEZ unit under the Notification No. A-3-93-05-1-V (75) dated November 2, 2006 and certain explanation given by our Company. The appeal of our Company has, however, been rejected. Our Company is proposing to file an appeal against this order.

**ii. Details of cases filed against our Company:**

*i. Income Tax Appeals filed in the Madhya Pradesh High Court against the order of the Income Tax Appellate Tribunal, Indore*

Our Company had filed an appeal before the Income Tax Appellate Tribunal, Indore (ITA No. 30/Ind/2009) against the order of CIT (A) dated December 31, 2008 confirming the penalty of ₹ 1,453,000 imposed under section 271(1)(c) of the Income Tax Act, contending that the quantum addition was deleted by the tribunal and therefore, the penalty does not survive. Vide order dated May 4, 2010, the ITAT held that when the basis on which penalty was imposed is no more in existence (as deleted by the tribunal), no penalty under section 271 (1)(C) is exigible. The appeal was allowed in favour of our Company. The Commissioner of Income Tax-I, Indore has now filed an appeal before the Madhya Pradesh High Court (ITA 64/2010) challenging the said order of the ITAT allowing the appeal filed by our Company.

*ii. Income Tax Appeals filed in the Madhya Pradesh High Court against the order of the Income Tax Appellate Tribunal, Indore*

Our Company had filed an appeal before the Income Tax Appellate Tribunal, Indore (ITA No. 515/Ind/2006) challenging the order of the CIT (A) dated May 15, 2006 for the assessment year 2003-04 confirming the addition of ₹ 3,951,765 on account of deduction under section 80-IB of the Income Tax Act. After considering the submissions and materials on record, ITAT held that our Company was entitled to deduction under section 80-IB of the Act on the amount of duty drawback and the order of the CIT(A) was set aside. The Commissioner of Income Tax-I, Indore has now filed an appeal (ITA 80/2009) before the Madhya Pradesh High Court challenging the said order of ITAT. The appeal is pending adjudication.

*iii. Income Tax Appeals filed in the Madhya Pradesh High Court against the order of the Income Tax Appellate Tribunal, Indore*

Our Company had filed return of income declaring total income of ₹ 5,234,160. Upon scrutiny, the Assessment Officer determined income at ₹ 22,385,925 and initiated penalty proceedings. Being aggrieved by the order of the assessment officer our Company preferred an appeal before the CIT (A) – I, Indore, which by its order dated May 15, 2006 deleted the addition of ₹ 13,200,000 made by the assessment officer. Being aggrieved by the order of CIT (A) Revenue preferred an appeal before the Income Tax Appellate Tribunal (ITA/530/Ind/2006). The Income Tax Appellate Tribunal (ITAT), however, Commissioner of Income Tax – I, Indore dismissed the appeal vide its order dated December 22, 2006. The Income Tax Department has again preferred an appeal before the Madhya Pradesh High Court, Indore (ITA No. 252/2007) challenging the order of ITAT. The matter is presently pending adjudication before the High Court of Madhya Pradesh.

***Writ Petitions***

*iv. Writ Petition filed by Zenith Metals Private Limited*

Zenith Metals Private Limited ("Zenith Metals") has filed a writ petition (W.P. No. 1641/ 2011) before the Madhya Pradesh High Court, (Indore Bench) against the State of Madhya Pradesh (Respondent no.1), Managing Director M.P. Audyogik Kendra Vikas Nigam (Respondent no. 2) and our Company (Respondent no.3). In the said writ petition Zenith Metals has challenged the Notice Inviting Tender (NIT) bearing no. 12366 dated October 19, 2010 issued by the Respondent no. 2. In the writ petition, it has been stated that the said tender was issued for the purpose of operation and maintenance and management of warehousing or for setting up the manufacturing facilities for the period of 30 (thirty) years at SEZ Pithampur. Further, there were two options in the NIT. The first option was for operation, maintenance and management of warehousing and the second option was for setting up manufacturing facilities. It has been alleged that in the NIT itself it was provided that if sufficient bids are not received for the first option, the second option would be considered. In spite of only one bid being received for the first option, the Respondent no. 2 opened the same (i.e. tender for the first option). Further, it has been alleged that the financial bid for the first option was opened suddenly and abruptly. Also, when there were three bidders for the second option, Zenith Metals alleged that they were not considered and the first option (where there was only one bid) was considered. With the above allegations, Zenith Metals has filed the writ petition challenging the said NIT stating that Respondent no. 2 has joined hands with our Company to get the tenders sanctioned in favour of our Company. The matter is now pending before the Madhya Pradesh High Court.

*v. Writ Petition filed by Elixir Impex Private Limited*

Elixir Impex Private Limited ("Elixir Impex") has filed a writ petition (WP No. 1639/ 2011) before the Madhya Pradesh High Court, (Indore Bench) against the State of Madhya Pradesh (Respondent no.1), Managing Director M. P. Audyogik Kendra Vikas Nigam (Respondent no. 2) and our Company (Respondent no.3). In the said writ petition Elixir Impex has challenged the Notice Inviting Tender (NIT) bearing no. 12366 dated October 19, 2010 issued by the Respondent no. 2. In the writ petition, it has been stated that the said tender was issued for the purpose of operation and maintenance and management of warehousing or for setting up the manufacturing facilities for the period of 30 (thirty) years at SEZ Pithampur. Further, there were two options in the NIT. The first option was for operation, maintenance and management of warehousing and the second option was for setting up manufacturing facilities. It has been alleged that in the NIT itself it was provided that if sufficient bids are not received for the first option, then the second option would be considered. In spite of only one bid being received for the first option, the Respondent no. 2 opened the same (i.e. tender for the first option). Further, it has been alleged that the financial bid for the first option was opened suddenly and abruptly. Also, when there were three bidders for the second option, Elixir Impex alleged that they were not considered and the first option (where there was only one bid) was considered. With the above allegations, Elixir Impex has filed the writ petition challenging the said NIT stating that Respondent no. 2 has joined hands with our Company to get the tenders sanctioned in favour of our Company. The matter is now pending before the Madhya Pradesh High Court.

***Compensation Cases***

*vi. Compensation case filed by Mr. Vijay Shukla against the factory manager of our Company before the Labour Court*

Mr. Vijay Shukla has filed a case/ petition before the Labour Court, Dhar (labour case no. 04/11/MPIR/2011) against the factory manager of our Company, Mr. A.K. Giri. In the said petition Mr. Vijay Shukla has alleged that the Factory Manager of our Company has, by verbal order on January 11, 2011, terminated his appointment in our Company as an electrician without giving any charge sheet or any opportunity for submitting explanation. In the said petition, Mr. Vijay Shukla has asked for setting aside of the alleged termination order. He has also asked that his services to be reinstated with the same salary as earlier and all other service benefits.

vii. *Compensation Claim Application by an ex-workman for loss of his fingers while working in the factory of our Company*

One of the ex-workman, Mr. Krishnadhar Tripathi of our Company has lost his two fingers on August 4, 2006 while working on the R.P. Machine in the factory of our Company at Pithampur, Dhar. On December 10, 2007, he has filed an Application before the Labour Court, Rewa (M.P.) (W.C. Case No. 64/2007) against our Company and Krishi Associates, village Dhar, District Indore, M.P. for claiming compensation of ₹ 502,200 plus interest @ 12% from the date of accident.

**iii. Notices and summons issued against/ upon our Company:**

i. *Show cause notice by the Additional Commissioner, Customs, Central Excise & Service Tax in respect of payment of service tax*

Show Cause Notice dated September 17, 2010 has been issued by the Additional Commissioner, Customs, Central Excise & Service Tax, Manik Bagh Palace, Indore stating that our Company is liable to pay the service tax on the freight paid on inward transportation of goods as well as outward transportation of goods up to place of removal. It has been further stated in the said notice that during the course of scrutiny of S.T.3 return for the period from April 2009 to September 2009 and October 2009 to March 2010 on GTA *vis a vis* trial balance for the year 2009-2010, it has been observed that our Company has short paid the service tax of ₹ 630,587 during the financial year 2009-2010. In the said notice it has also been stated that our Company was asked to pay the differential amount of service tax by the jurisdictional range Superintendent vide C.No.IV(16) 30-66/ST Pith/2009-10 dated August 2, 2010 but our Company has not paid the amount. Vide this show cause notice our Company has been called upon to show cause and explain to the Additional Commissioner Central Excise and Service Tax, Hqrs, Indore as to why an amount of service tax of ₹ 630,587 should not be demanded with interest and penalty. Thereafter, there has been no correspondence in this matter between our Company and the service tax authorities.

ii. *Demand cum Show Cause Notice by the Additional Commissioner, Central Excise in respect of alleged short paid duty*

Demand cum Show Cause Notice dated February 2, 2010 has been issued by the Additional Commissioner, Central Excise HQRS, Indore. In the said notice it has been stated that our Company is engaged in the manufacture of HDPE Woven Sacks/Bags/FIBC/Fabric Tape etc. falling under the First Schedule to the Central Excise Tariff Act, 1985. It further states that the Company is also availing CENVAT Credit facility in respect of duty paid on the inputs used in the manufacture of the above products as per the provisions of CENVAT Credit Rules, 2004 and our Company is paying duty on Flexible Intermediate Bulk Container (FIBC), classifying the product under Sub Heading 63053200 of the Central Excise Tariff Act, 1985. It also states that during the scrutiny of records it was noted that our Company is engaged in the manufacture of various products falling under Chapter 39 of Central Excise Tariff Act, 1985 and it is observed that FIBC etc. so manufactured by the Company merited classification under Chapter 39269099 attracting duty @ 14%, 10% and 8% but it was classified under Sub Heading No. 60053300, thus resulted in short-levy of duty during the period from December 2008 to July 2009. In the notice, it has been stated that during the period from January 2009 to June 2009, the Company had short paid duty amounting to ₹ 883,976 which is recoverable from our Company under section 11 A of the Central Excise Act, 1944. Further, goods are also liable to be confiscated in terms of the provisions of Rule 25 of the Central Excise Rules, 2002 as the goods were cleared/ removed from the factory premises violating Rule 6 and Rule 8. Vide this demand cum show cause notice, our Company has been called upon to show to the Commissioner, Central Excise and Customs, Manik Bagh Palace, Indore as to why an amount of ₹ 883,976 should not be recovered from our Company under section 11 A of the Central Excise Act, 1944 and as to why penalties and interest should not be imposed. Thereafter, there has been no correspondence in this matter between our Company and the central excise authorities.

*iii.* *Show cause notice by Factory Inspector and Asst Manager, Industrial Health and Safety Pithampur, Dhar, MP:*

The factory Inspector, Industrial Health and Safety, Sector no. 2, Pithampur, Dhar, MP and Assistant Manager Industrial Health and Safety Pithampur, Dhar, MP had inspected the factory of our Company on June 17, 2010 because of the fatal accident of Sri Satish Trivedi on June 16, 2010 and issued Show Cause Notice dated June 21, 2010 as to why no legal action should be taken against our Company for the various violations alleged to be found under the Factories Act, 1948 and Madhya Pradesh Factories Rules. Our Company has replied to the said show cause notice vide its reply dated July 14, 2010 denying the allegations.

*iv.* *Show Cause Notice dated May 6, 2009 issued by the Directorate General of Central Excise Intelligence, Ahmedabad Zonal Unit.*

The Directorate General of Central Excise Intelligence (DGCEI), Ahmedabad zonal unit has issued a show cause notice dated May 6, 2009 bearing reference number F.NO. DGCEI/AZU/36-8/2009-10/266 upon our Company, Mr. Umesh Dwivedi, Vice President of our Company and Mr. Mukesh Sangla.

DGCEI has alleged in the aforesaid notice that certain suppliers of plastic polymers had issued cenvatable invoices to the manufacturers of plastic products including our Company to fraudulently avail CENVAT credit against those invoices without receipts of duty paid. The officers of DGCEI have further alleged that our Company has violated the provisions of Central Excise Act, 1944 and the rules made thereunder. It is also alleged by DGCEI that our Company has made certain fraudulent availment of excess drawback. Our Company was called upon to show cause as to why CENVAT Credit amounting to ₹ 3,841,487 should not be recovered alongwith interest and penalty; and as to why duty drawback amounting to ₹ 16,286,651 should not be recovered from our Company. Mr. Umesh Diwedi was also called upon to show cause as to why penalty should not be imposed upon him under the rules framed under Central Excise Rules 2002, CENVAT Credit Rules 2004 and Customs Act, 1962.Our Company has replied to the said show cause notice vide its letters dated December 07, 2010 and December 28, 2010 denying all the allegations and contentions on the grounds that the demand of CENVAT Credit is not justified on facts and in law, since it is based entirely on uncorroborated third party records, the notice does not disclose how the drawback demand has been computed and, non consideration of other relevant facts.

*v.* *Summons issued by Income Tax Officer, TDS-I*

Summons were issued upon our Company vide summon dated January 20, 2011 by the Income Tax Officer, TDS-I under section 131 of the Income Tax Act, 1961 to attend its office on February 3, 2011 to give evidence and/ or to produce either personally or through an authorised representative the books of account or other documents: (i) all records relating to compliance of TDS under chapter XVII of the Income Tax Act (ii) photo copy of e-TDS returns for last three years (iii) year wise amount paid as development fund/ maintenance charges to Madhya Pradesh Audyogik Kendra Vikas Nigam Limited during financial years 2004-05 to 2009-10 (iv) copy of the ledger of development fund/ maintenance charges account for financial years 2004-05 to 2009-10 (v) copy of the audit report for the 2004-05 to 2009-10 and trial balance.

*vi.* *Show cause notice by the Directorate General of Central Excise Intelligence*

Directorate General of Central Excise Intelligence has issued a show cause notice dated July 23, 2010 calling upon our Company as to why: ₹ 1,413,030 as Service Tax towards the taxable service rendered during 2005-06 to 2009-10 (upto July 7, 2009) under the category of “Business Auxiliary Services” should be demanded and recovered alongwith interest and penalty. Our Company has replied to the said show cause notice vide its reply dated October 4, 2010 stating that our Company is entitled for certain exemptions from service tax and in view of legal provisions stated therein no service tax is payable from our Company and also our Company is not liable for any interest amount or penalties. Our Company has also asked for setting aside of the said show cause notice.

*vii.* *Legal notice issued by M/s. Ettlinger Kunststoffmaschinen GmbH, Germany*

Our Company has received a notice dated January 27, 2011 from M/s. Ettlinger Kunststoffmaschinen GmbH (Ettlinger), Germany through their advocate in India. It is alleged in the said notice that our Company has damaged a meltfilter which was taken on a hire basis from Ettlinger. Ettlinger has raised an invoice for a sum of Euro 49,811.00 towards the cost of repair for the damaged meltfilter. It is further stated that our Company is required to pay Euro 56,660.64 (which includes Euro 3183.00 towards administration costs and Euro 3666.64 towards interests till January 21, 2011) and also interest at the rate of 18% p.a. on Euro 56,660.64. It states that if our Company fails to remit the aforesaid amount along with the interest within 21 days of the receipt of the notice, M/s. Ettlinger Kunststoffmaschinen GmbH will file a petition for winding up under Section 433(*circumstances in which the company may be wound up by court*) and Section 434 (*company when deemed unable to pay its debts*) of the Companies Act, 1956. Our Company has replied to the said notice dated January 27, 2011 through its advocate vide letter dated February 15, 2011 denying the allegations. Our Company has further stated that in the contract dated August 18, 2009 executed between our Company and Ettlinger, it was mentioned that our Company will be liable for damages by coercion or wearing during the hiring period and for all other damages including force majeure condition, our Company was liable to take out an insurance policy which our Company has taken. Our Company has further stated that in the present case the dispute is about damages caused to meltfilter while in transit/ transportation from one factory to another. As such, for the said alleged damages, if any caused, the same has to be made good through insurance company and our Company has already lodged claim with them and as such our Company is not liable to pay the sum of Euro 56,660.64 or any other amount towards the said damages. Our Company has further denied all the contrary allegations and advised Ettlinger through its advocate in India not to initiate any malicious proceedings as threatened in their notice. The advocates of Ettlinger have also para-wise replied on February 23, 2011 to our advocate's reply and denied the contents thereof and reiterated the contents of their notice dated January 27, 2011. Our Company has also been called upon to remit the said amount of Euro 56,660.64 alongwith interest @ 18% per annum within 15 days from the date of receipt of their reply, failing which, it has been stated that, Ettlinger would be constrained to take legal action against our Company.

*viii.* *Cease and desist notice for the alleged infringement of Patents*

Codefine SA, claiming to be the registered proprietor of the European Patent designating the United Kingdom no. EP1023232B1 ("Patent") titled "Bag for Transporting and Intermediate Storing of Bulk Goods" has issued a cease and desist notice dated February 1, 2011 against our Company and Flexiglobal (UK) Limited. Our Company has been called on to cease and desist from importing the alleged infringing FIBCs into the United Kingdom. Our Company has also been asked to deliver all documents relating to the alleged infringing FIBC; and to retrieve all stock of the alleged infringing FIBC from all the purchasers etc and to deliver those within 28 days.

*ix.* *Notices under section 153A read with section 143(2) of the Income Tax Act, 1961 to produce documents, accounts and any other evidence in support of returns filed by our Company*

Returns of income were filed by our Company as required by the income tax authorities for the assessment years 2004-05, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010. Thereafter 6 (six) notices all dated January 3, 2011 and January 4, 2011 for the said assessment years were issued by the Deputy Commissioner of Income Tax 1(1), Indore requiring the representatives of our Company to attend his office on February 8, 2011 either in person or by an authorised representative and produce books of accounts, documents and explanations specified therein. Thereafter, there has been no written correspondence between the authorities and our Company.

*x.* *Order under section 201 (1) of the Income Tax Act for claiming short deduction of the TDS*

Income Tax Officer, TDS Ward – 1, Indore had issued a show cause notice dated December 24, 2010 upon our Company in respect of certain defaults under section 201(1) of the Income Tax Act, short deduction/ amount deducted but not paid and interest under section 201(1A) of the Income Tax Act for transactions in the financial year 2007-2008. Thereafter, our Company had filed the reply vide letter dated nil bearing reference no. FIL/2010-11/08 which was received by the IT/TDS-1 on January 19, 2011 and thereby made certain clarifications (i.e. that certain payments have been made after issuing the show cause notice dated December 24, 2010; some of the TDS have already been paid etc) and also furnished copy of the revised statement. Thereafter, the Income Tax Officer (TDS)-1, Indore passed an order under section 201(1)/ 201(1A) of the Income Tax Act, 1961 taking on record our reply to the said show cause notice. In the said order, our Company has been made liable for short deduction and interest payable under section 201(1A) of the Income Tax Act, 1961 to the tune of ₹ 522,558. Our Company has now filed an application under section 154 of the Income Tax Act on February 11, 2011 for seeking rectification of the said order, stating that the Income Tax Officer (TDS)-1 has worked out the liability towards short deduction/ interest payable amounting to ₹ 522,558 under section 201 (1A), while our Company had clarified all the query in its reply submitted on January 19, 2011.

**iv. Notices issued by our Company**

*i. Notice for refund of penalty and surcharge*

Our Company, for the purpose of enhancement in drawing capacity of electricity than the earlier contracted demand (i.e. 2000 KVA to 2200 KVA), had paid the requisite charges and deposit of ₹492,416 to M. P. Audyogik Kendra Vikas Nigam Limited, Indore (MPAKVNL) on April 3, 2007. Thereafter, our Company had again paid the requisite charges and deposit of ₹ 615,520 on July 4, 2007 for further enhancement from 2200 KVA to 2450 KVA. MPAKVNL has, however, levied the penal charges upon our Company aggregating to ₹1,165,336 for allegedly drawing more electric power than contracted demand. In response to the same, our Company had, thereafter, issued a letter to MPAKVNL on February 22, 2008 for the waiver of penalty charges levied and refund of the same on the ground that our Company had already paid the required charges and deposit for enhancement in the drawing capacity of the electricity than the contracted demand. The matter was also referred to the Board of Madhya Pradesh State Industrial Development Corporation, however, the matter did not get approval. Our Company, vide its letter dated September 1, 2008, addressed to the chairman of Madhya Pradesh State Industrial Development Corporation has sought personal hearing in the matter.

*ii. Notice for recovery of money*

Our Company had supplied certain materials, worth ₹ 189,761 to M/s Tirupati Packer, Delhi. Upon enquiry, we were informed that the materials which were supplied to M/s. Tirupati Packers were taken by a former employee of our Company, Mr. Yogesh Kumar and were not returned. Thereafter, our Company issued a notice dated July 3, 2010 against Mr. Yogesh Kumar calling upon him to deposit ₹ 189,671 or return the materials taken by him. Mr. Yogesh Kumar, by his reply dated August 13, 2010 alleged that he was compelled to resign and claimed dues on account of salary, allowances etc. Our Company thereafter replied on December 31, 2010, calling upon Mr. Yogesh Kumar to clear the outstanding, failing which legal recourse would be adopted.

**II. Proceedings involving our Promoters**

**1. Kalani Industries Private Limited (KIPL):**

**A. Litigations filed by KIPL**

***Civil Cases***

*i. Writ petition before the High Court of Jodhpur:*

A demand notice dated February 4, 2009 and March 24, 2009 was issued by the Tahasildar, Jaisalmer for the payment of sum of ₹ 211,859 alongwith interest of ₹ 47,574 and ₹189,619 alongwith interest respectively against the lease rent of land payable by one of our Promoter, KIPL, for wind generation farm admeasuring 30 (Thirty) acres situated at Jaisalmer. KIPL, has filed a writ petition (WP No. 5944/2009) before the Hon'ble High Court of Jodhpur against the State of Rajasthan, the District Collector, Jaisalmer and Tahasildar, Collectorate, Jaisalmer (Respondents) to quash the said aforesaid notices on the ground that the lease rent has been unilaterally revised in contrary to the agreement entered into by KIPL with the Respondents, which provides that the rent shall be subject to revision after 30(thirty) years. The State of Rajasthan has filed its reply and stated that KIPL was required to deposit the rent/ interest and as per the terms and conditions of the lease deed and KIPL is responsible for deposition the lease rent as prescribed by the state government from time to time. The State Government has also challenged the writ petition on the ground *inter-alia* that KIPL has got alternative, speedy, efficacious and statutory remedy by way of filing appeal before the competent authority, if at all, it feels aggrieved against any order passed by the competent authority and the writ petition is not maintainable. The matter is pending adjudication.

ii. *Suit for recovery of money*

Public Health Department of Rajasthan had invited tenders for supply of air conditioners (AC) pressure pipes. KIPL had participated in the tender process and certain tenders were awarded to KIPL for supply of AC pressure pipes. As required by the said department, KIPL had furnished security deposits against the supply of pressure pipes. Subsequently, the said department had written letters to KIPL alleging defects in the pressure pipes supplied by it. KIPL had replied to the said letters denying the allegations and had sought for the refund of security deposit amounting to ₹ 1,237,845 in aggregate. However, the Department vide its office order dated December 22, 2005 retained the said security deposit. Thereafter, KIPL has filed a suit on April 23, 2008 (Case No. GCG/18/2008) against the Secretary and the Chief Secretary, Department of Public Health, Government of Rajasthan for refund of the said security deposit along with interest at the rate of 9% per annum i.e. ₹1,409,532. The matter is pending before the Court of Additional District Judge – 9, Jaipur City, Jaipur for adjudication.

iii. *Suit for recovery of forfeited amount*

The Secretary, Department of Public Health, Government of Rajasthan and Chief Secretary, Department of Public Health, Government of Rajasthan (Defendants) had issued rate contract dated April 17, 2001 in favour of KIPL for supply of AC pressure pipes and five purchase orders were issued with the specifications. KIPL had deposited the security deposit in pursuant to the purchase orders. However, the Defendants vide letter dated January 30, 2002 had asked KIPL to deliver the pipes on January 31, 2002 from Indore to different places in Rajasthan. Similarly, orders were placed on KIPL vide letter dated February 14, 2002 for delivery of pipes on February 14, 2002. As sufficient time was not given for the delivery of the pipes, KIPL failed to deliver the same. KIPL requested the Defendants to grant the extension of time so that the delivery of pipes could be made. However, the request was not accepted and the security deposit amounting to ₹ 800,000 was forfeited by the Defendants. KIPL, thereafter, vide its letters dated January 14, 2006 requested for the refund of the said balance deposit. On April 23, 2008, KIPL had issued a demand notice through its lawyer for the refund of ₹ 800,000 along with the interest at the rate of 18% p.a. Subsequently, another demand notice was sent on October 7, 2008 by KIPL. As the security deposit was not refunded, KIPL has filed a suit before the District Judge, Jaipur on July 15, 2010 seeking refund the security deposit of ₹ 800,000 along with the interest of ₹ 183,000 aggregating to ₹983,000 till the date of filing of this suit alongwith further interest at 9% p.a. till realisation. The matter is pending before the Court of District Judge Jaipur for adjudication.

***Criminal Cases***

iv. *Criminal complaint for dishonour of cheque:*

KIPL has filed a criminal complaint (Criminal Complaint No. 724/02) under section 138 (*Dishonour of cheque for insufficiency, etc. of funds in the accounts*) of Negotiable Instrument Act, 1881 against M/s Santha Infras and others (Accused) on June 25, 2002 for dishonour of cheque no. 198253 and 198254 both dated December 20, 2001 each amounting to ₹ 350,000. The matter is pending before 3rd Chief Judicial Magistrate, Indore for adjudication.

***Arbitration***

v. *Arbitration Appeal (bearing Arbitration Appeal no. 22/2007) filed against the arbitral award in favour of Madhya Pradesh Laghu Udyog Nigam Limited (MPLUN).*

KIPL and MPLUN had entered into an agreement dated April 27, 2002 (Agreement) for a period of one year for the supply of air conditioner (AC), pressure pipes by KIPL. MPLUN had initiated arbitral proceeding before the sole arbitrator alleging that KIPL has breached the terms of the Agreement and had supplied similar goods to Maharashtra State Small Scale Industries Development Corporation Limited at a lower rate compared to the rate at which it was supplied to the MPLUN and claimed ₹ 338,511 including interest @ 18% per annum i.e. ₹ 139,635 from May 12, 2003 before the sole arbitrator vide Arbitration Case no. 12/2005. The arbitrator passed an award in favour of MPLUN on December 20 2006 to the tune of ₹ 478,147 along with interest @18% per annum. Aggrieved by the order, KIPL preferred an appeal vide arbitration appeal no. 22/2007 challenging the said award under section 34(3) of the Arbitration and Conciliation Act, 1996. The matter is pending adjudication

vi. *Arbitration Appeal (bearing Arbitration Appeal no. 23/2007) filed against the arbitral award in favour of Madhya Pradesh Laghu Udyog Nigam Limited (MPLUN).*

KIPL and MPLUN had entered into an agreement dated April 27, 2002 for a period of one year for the supply of air conditioner (AC) pressure pipes by KIPL. MPLUN had initiated arbitral proceeding before a sole arbitrator alleging that KIPL had breached the terms of the said agreement and supplied similar goods to Maharashtra State Small Scale Industries Development Corporation Limited at a lower rate compared to the rate at which it was supplied to the MPLUN and claimed ₹ 3,073,560 including interest @ 18% per annum i.e. ₹ 1,267,843 from May 12, 2003 before the sole arbitrator vide Arbitration Case no. 11/2005. The arbitrator passed an award in favour of MPLUN on December 20, 2006 directing KIPL to pay ₹ 4,341,403 along with interest @18% per annum. Aggrieved by the said order, KIPL has preferred an appeal vide arbitration appeal no. 23/2007 challenging the said award under section 34(3) of the Arbitration and Conciliation Act, 1996. The matter is pending adjudication.

vii. *Arbitration Appeal (bearing Arbitration Appeal no. 21/2007) filed against the arbitral award in favour of Madhya Pradesh Laghu Udyog Nigam Limited (MPLUN).*

KIPL and MPLUN had entered into an agreement dated April 27, 2002 for a period of one year for supply of air conditioner (AC), pressure pipes by KIPL. MPLUN had initiated arbitral proceeding before the sole arbitrator alleging that KIPL had breached the terms of the said agreement and supplied similar goods to Maharashtra State Small Scale Industries Development Corporation Limited at a lower rate compared to the rate at which it supplied to MPLUN and claimed ₹ 2,130,135 including the interest @ 18% per annum from May 12, 2003 before the sole arbitrator vide Arbitration Case no. 10/2005. The arbitrator passed an award in favour of MPLUN on December 20, 2006 in favour of MPLUN directing KIPL to pay ₹ 2,130,135 along with the interest @ 18% per annum. Aggrieved by the said order, KIPL has preferred an appeal vide arbitration appeal no. 21/2007 challenging the said award under section 34(3) of the Arbitration and Conciliation Act, 1996. The matter is pending adjudication.

viii. *Claim Application against Vestas Wind Technology India Private Limited ("Vestas")*

Vestas in pursuant to a Supply Agreement dated December 14, 2006 (Agreement) with KIPL had supplied a Wind Energy Generator (WEG) to KIPL against a cost of ₹ 106,523,950. The WEG was installed, commissioned and maintained by the Vestas for generation of electricity at a Wind Energy Park located in Gudepanchgani village, Sangli District, Maharashtra (Wind Energy Park) which was developed by Vestas. It was, however, observed that the generation from WEG was almost 50% lesser than the estimated generation given by the Vestas to KIPL. Consequently, a dispute arose and KIPL has filed this Claim Petition before the Arbitral Tribunal presided over by Hon'ble Justice Shri P.R. Gokulakrishan (Retd.), the Presiding Arbitrator, Hon'ble Justice Shri K. Sampath (Retd.) and Hon'ble Justice Shri R. Balasubramanian (Retd.). Detail of claims prayed for are (a) Loss of Energy Generation: ₹ 149,298,012; (b) Inconvenience: ₹ 10,000,000; and (c) Exemplary damages: ₹ 50,000,000. The matter is pending adjudication.

ix. *Arbitration Petition against Edelweiss Securities Private Limited (Edelweiss)*

KIPL had appointed Edelweiss as its broker and accordingly Demat account was opened by KIPL. Edelweiss was authorised to do trading on its behalf as per the prior instructions or prior written approval obtained by Edelweiss from KIPL. It is alleged that on or after August 13, 2007, Edelweiss arbitrarily and without prior intimation and/ or permission changed the officer who was handling the account of KIPL and also started trading in derivatives without any authority and or direction of and/ or permission of KIPL and continued doing so till September 6, 2007 when the president of KIPL sent a letter dated September 6, 2007 to Edelweiss, strongly protesting the unauthorised trading on the account of KIPL. KIPL addressed a letter dated December 10, 2007 to Edelweiss setting out various irregularities and unauthorised trading done on the account of KIPL and called upon Edelweiss to make good the loss so sustained by KIPL. Edelweiss replied vide its advocate's legal reply dated January 18, 2008 denying the content. KIPL, thereafter, vide its legal notice dated February 15, 2008 denied the contentions of Edelweiss legal reply and had also sent a copy of the said letter dated February 15, 2008 to SEBI as a complaint to resolve the disputes *inter se* between KIPL and Edelweiss. KIPL had also sent a copy of the letter dated February 15, 2008 to the Investor Grievance Cell of NSE and BSE which was followed with another complaint lodged with the Investor Grievance (Service) Cell of NSE on June 5, 2008. The Investor Grievance (Service) Cell of NSE finally took cognizance of the complaint of KIPL. However, after considering the explanation given by Edelweiss, the Investor Grievance (Service) Cell of NSE treated the complaint as closed vide letter dated August 28, 2008. Since the conciliation failed, KIPL referred the dispute to arbitration vide its Application/ Claim dated December 5, 2008. As required by the NSE, to select 7 arbitrators in order of its preference from the list of 8 arbitrators provided, KIPL had also selected 7 arbitrators. However, NSE vide its letter dated February 23, 2009 appointed Mr. A N Chakrabarti, whose name was not in the list of 7 arbitrators given by KIPL, to which KIPL objected and protested. The said objection was, however, not considered. The reference was numbered Arbitration Matter No. F&O/M-0013/2009. Subsequently, the Arbitral Tribunal by its award dated July 18, 2009 held that the claim of KIPL was time barred and accordingly rejected the claim of KIPL. Being aggrieved by the said arbitral award, KIPL has filed Arbitration Application No. 922 of 2009 under section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Bombay challenging the award. The matter is pending adjudication.

***Income Tax***

*x. Appeal before the Income Tax Appellate Tribunal against the order of CIT (A)*

KIPL had claimed deductions under section 80 IA of the Income Tax Act, 1961 in respect of profit and gains of a unit for power generation. The deduction were alleged to be in excess and were disallowed vide order dated March 23, 2006 by the Assessing Officer while completing assessment under sections 143(3) read with section 147 of the Income Tax Act. It was alleged that while working out the quantum of deduction under section 80 IA, our Company had claimed depreciation as per Companies Act and consequently KIPL claimed excess claim of deduction under section 80 IA by ₹ 7,321,324. Further, it was alleged that interest received, amounting to ₹ 202,408 was considered to work out the eligible profit from the power generation unit and thereby in that respect excess deduction was made by KIPL under section 80 IA. Penalty proceeding under section 271(1)(c) were initiated by the Assessment Officer and penalty of ₹ 2,934,000 has been imposed. KIPL had filed an appeal before the Commissioner of Income Tax (Appeals) I, Indore against the penalty imposed by the Assessment Officer. However, the Commissioner of Income Tax (Appeals), vide its order dated December 31, 2008 confirmed the penalty of ₹ 2,934,000. KIPL has now filed an appeal before the Income Tax Appellate Tribunal, Indore Branch, Indore (Appeal No. 29/IND/2009) against the order dated December 31, 2008. The case is pending for adjudication.

*xi. Appeal before the Commissioner of Income Tax (Appeal), Indore against the order of Assessing Officer*

KIPL had filed the return of income declaring the total income as Nil for the assessment year 2005-2006. The case was selected for scrutiny and KIPL was asked to explain why interest expenses should not be attributed to non-performing assets like investment in shares. KIPL replied stating that the term loan from financial institution and banks were taken for specific project and it was utilized as per terms of sanction and during the year KIPL did not have any fund base working capital limits. It was further stated that question of utilization of interest bearing funds in non performing assets did not arise and hence, attribution of interest to non performing assets cannot be done and investment in shares was out of KIPL's own fund and not from the interest bearing funds.

The contention of KIPL was not accepted by the Assessment Officer and income has been recomputed as ₹7,200,000 by the Assessment Officer vide its order dated December 24, 2007. KIPL has filed an appeal on January 15, 2008 before Commissioner of Income Tax (Appeal), Indore (Appeal No. IT-553/2007-2008) challenging the said order of the Assessment Officer. The case is pending adjudication.

*xii. Appeal against the order of CIT (A)*

During the Assessment Year 2000-01, KIPL had declared a total income of ₹3,135,611 which was assessed at ₹ 3,727,040. It was alleged by the Assessment Officer (AO) that, during the said period KIPL had claimed excess allowance of deduction of ₹ 7,523,732 under Section 80 IA of the Income Tax Act, i.e. ₹7,321,324 on account of depreciation and ₹ 202,408 on account of interest. The AO has, however, disallowed the claim of deduction on depreciation and also held that deduction under Section 80 IA of Income Tax Act, 1961 on interest of ₹ 202,408 was not allowed on the interest income as the same was not derived from manufacturing activities and accordingly disallowed the deduction. It was further held by the AO that KIPL had been allowed excess credit of Minimum

Alternative Tax (MAT) of the earlier year by ₹ 350,742. KIPL, against the assessment order of the AO, preferred an appeal before the Commissioner of Income Tax (Appeal). The Commissioner of Income Tax (Appeals), however, confirmed the addition of ₹ 7,523,732 made by the AO vide its order dated May 15, 2006. KIPL has now filed an appeal before the Income Tax Appellate Tribunal, Indore Bench, Indore (Appeal No ITANo.514/IND/ 2006) against the order of CIT (A) dated May 15, 2006 for addition of ₹ 7,523,732 made by the AO disallowing the depreciation and deduction on interest. The case is pending adjudication.

***Excise Cases***

*xiii. Appeal before the Commissioner of Central Excise Appeal, Indore against the order of the Assistant Commissioner*

KIPL has availed the Modified Value Added Tax (MODVAT) scheme and accordingly the final products manufactured by KIPL are dutiable. The buyers of KIPL make delay in payments to KIPL. KIPL having book debt limit with their bankers is required to make payment of interest on receivables to banks. KIPL had claimed deduction of interest element while arriving the assessable value of their product and the same was allowed to KIPL vide order no. 162/95 dated September 19, 1995 and the issue was settled in favour of KIPL. However, the Assistant Commissioner, Central Excise, Div. II, C.G.O, Indore vide order no. 237-239/97 dated November 20, 1997 disallowed the claim of KIPL and demanded duty for the period of May 1995 to June 1997 amounting to ₹ 239,837. Being aggrieved by the order passed by the Assistant Commissioner, KIPL has filed an appeal before the Commissioner (Appeals), Indore under section 35 of the Central Excise Act, 1944 on the grounds that KIPL is required to pay interest to bank on the receivables and such interest does not form part of the assessable value and is, therefore, excludible from the price of the goods while determining the assessable value as per section 4 of the Central Excise Act, 1944. Further, the same deduction of interest element was allowed previously. KIPL has also challenged the order on the ground that the issue was already settled and therefore the adjudicating authority has erred in reopening the same again. The matter is pending for adjudication.

*xiv. Appeal before the Commissioner of Central Excise Appeal, Indore against the order of the Assistant Commissioner*

KIPL has availed the MODVAT scheme and accordingly the final products manufactured by KIPL are dutiable. In the event the buyers of KIPL make delay in payments, KIPL having book debt limit with their bankers is required to make payment of interest on receivables to banks. KIPL had claimed deduction of interest element while arriving the assessable value of their product and the same was allowed to KIPL vide order no. 162/95 dated September 19, 1995 and the issue was settled in favour of KIPL. However, the Assistant Commissioner, Central Excise, Div. II, C.G.O, Indore vide Order F. No. IV (16)30-29/98/DII/CIII/4194 dated March 30 1998 disallowed the claim of KIPL and demanded duty for the period of July 1997 to November 1997 amounting to ₹ 190,938 and imposed a penalty of ₹ 20,000. Being aggrieved by the order of the Assistant Commissioner, KIPL has filed an appeal before the Commissioner (Appeals), Indore under section 35 of the Central Excise Act, 1944 on the grounds that KIPL is required to pay interest to bank on the receivables and such interest does not form part of the assessable value and is, therefore, excludible from the price of the goods while determining the assessable value as per section 4 of the Central Excise Act, 1944. Further, the same deduction of interest element was allowed previously. KIPL has also challenged the order on the ground that the issue was already settled and therefore, the adjudicating authority has erred in reopening the same again. The matter is pending adjudication.

*xv. Appeal before the Commissioner of Central Excise Appeal, Indore against the order of the Assistant Commissioner*

On February 27, 1996, the Assistant Commissioner, Central Exchange and Customs, Division II, Indore issued a show cause notice stating that KIPL is availing the benefit of notification no. 01/93 dated February 28, 1993 by taking full exemption from duty upto the clearance value of ₹ 3,000,000 as contemplated in the said notification and thereafter, pays duty at the different concessional rate, applicable till ₹ 7,500,000. It was observed that KIPL had cleared 961 A.C. pressure pipes at nil rate of duty and the value of the said clearance should not be taken for the purpose of computation of aggregate value of clearance. Also stated therein that KIPL had already availed full exemption upto ₹ 3,000,000 and subsequently the benefit of concessional rate of duty from 3,000,000 to ₹ 7,500,000 and that they had not taken into account the value of clearances made under said ad-hoc order during the period

August 1, 1995 to December 1995 while computing the value of clearance. Therefore, it was alleged that the rate of duty should be charged from KIPL for the period August 1995 to December 1995, instead of the duty paid on the clearance made without accounting the value of goods cleared. After issuing a show cause notice and affording hearing, Deputy Commissioner of Central Excise, Head Quarter Manik Bagh Palace, Indore passed on order demanding duty to the tune of ₹ 422,763 and penalty of ₹25,000 together with interest thereon. Being aggrieved by the said order KIPL has filed an appeal before the Commissioner (Appeal), which is pending adjudication.

xvi. *Appeal before the Commissioner of Central Excise Appeal, Indore against the order of the Assistant Commissioner*

The Assistant Collector, Central Excise, Division II, Indore had issued a demand cum show cause notice dated December 2, 1994 upon KIPL stating that KIPL had availed full exemption upto the clearance value of ₹ 3,000,000. It is further stated that KIPL, on the date of opting out of MODVAT i.e. June 7, 1994, did not have any balance of credit nor did they have any balance of inputs. However, there was a stock of finished products of 3,549 A.C pressure pipes of different sizes and the amount of MODVAT credit, on inputs contained therein was to the tune of ₹ 268,699 which KIPL was allegedly required to reverse/ pay, but they did not do. In the said notice KIPL was called upon to show cause and explain as to why MODVAT credit amounting to ₹268,699 should not be recovered from them under Central Excise Rules 1994 and Central Excise Salt Act, 1994. Thereafter, KIPL filed its replies vide letter dated February 17, 1995 and letter dated May 13, 1995 and made submissions during the personal hearing. However, the adjudicating authority passed an order for recovery of MODAVT credit amounting to ₹ 268,699 and imposed penalty of ₹ 25,000. Aggrieved, KIPL has filed an appeal before the Commissioner (Appeals). The matter is pending adjudication.

**B. Litigations against KIPL**

*Income Tax Appeal against KIPL before the Madhya Pradesh High Court*

KIPL had filed the return of income declaring gross total income of ₹ 42,486,536 for the assessment year 2003-2004. The Assessing Officer, however, assessed the income of KIPL to be ₹ 49,486,536 vide its assessment order dated March 31, 2006. Being aggrieved by the Assessment Order, KIPL preferred an appeal before the CIT(A), which subsequently deleted the addition of ₹ 7,000,000 made by the Assessing Officer. Being aggrieved by the order of CIT(A), the department had preferred an appeal before the Income Tax Appellate Tribunal (ITAT). The ITAT, however, dismissed the appeal vide its order dated December 22, 2006. The Income Tax Department has again preferred an appeal before the Madhya Pradesh High Court, Indore (Appeal No. ITA 250/2007) challenging the order of ITAT. The matter is presently pending adjudication before the High Court of Madhya Pradesh.

**C. Notices issued against KIPL**

i. *Notices under section 153A read with section 143(2) of the Income Tax Act*

Returns of income were filed by KIPL as required by the income tax authorities for the assessment years 2004-05, 2006-07, 2007-08, 2008-09, 2009-10. Thereafter 5 (five) notices dated January 3, 2011 and January 4, 2011 for the said assessment years were issued by the Deputy Commissioner of Income Tax 1(1), Indore requiring the representatives of the company to attend his office on February 7, 2011 either in person or by an authorised representative and produce books of accounts, documents and explanations specified therein. Thereafter, there has been no written correspondence between the authorities and KIPL.

ii. *Demand Notice by Recovery Officer, Employees State Insurance Corporation*

The Recovery Officer, Employees State Insurance Corporation issued a demand notice for recovery of an amount of ₹415,007 along with such interest in relation to Employer's Code no. 18000101290000205. KIPL has paid ₹ 200,000 towards part payment of the demand. For payment of the balance amount, they sought time till March 30, 2011 vide their letter dated February 22, 2011 and so that the factual position on the basis of which the final amount can be decided. Thereafter, KIPL addressed another letter dated February 23. 2011 to the Deputy Director, Employees State Insurance Corporation stating that the said code no. 18-10129-101 pertains to Kalani Finance which was one of the divisions of KIPL was which was merged with KIPL on employer code 18-10350-101 and all employees of Kalani Finance were transferred to KIPL. KIPL has been regularly depositing ESIC contribution since merging for the said Employer Code no. 1800010350000408. During August 1998 to June 2000, Kalani Finance division had not deposited ESIC contribution of ₹ 71,509 and the said matter was referred went to the Madhya Pradesh High Court which decided the matter on June 30, 2008. In view of the order of the High Court, KIPL stated that they were ready to deposit ESIC contributions. KIPL has hence requested that demand for ESI contribution for the relevant employer code which was not deposited by Kalani Finance be revised and also requested for the closure of Kalani Finance employer code.

**D. Notice issued by KIPL: Nil**

**2. Sanovi Trading Private Limited: Nil**
**3. Miscellani Global Private Limited: Nil**

**III. Proceedings involving our Directors**

**A. Litigations filed by our Directors:** Nil
**B. Litigations against our Directors**

*i. Criminal Complaint against Mr. Manish Kalani*

A criminal complaint No. 15020/2007 has been filed under section 44 of the Building & Other Construction Workers (Regulation of Employment & Condition of Service) Act, 1996 against Mr. Manish Kalani and others in relation to an accident which occurred at a construction site, resulting in the death of a contract labourer. The case is pending adjudication.

*ii. Report registered under section 154 of the Criminal Procedure Code, 1973 has been lodged against Mr. Manish Kalani*

A Report registered under section 154 of the Criminal Procedure Code, 1973 has been lodged against our Managing Director, Mr. Manish Kalani and others by Mr. Mahesh Garg on July 9, 2008 before the Director General of Economic Offence Wing, Bhopal and the Superintendent of Police, Economic Offence Wing, Indore in relation to the change of use of land situated at 11, M. G. Road, Indore from residential to commercial by a Government notification and advising taking cognizance of offences under section 13(1)(a)(d)(e) and section 13(2) of Prevention of Corruption Act, 1988 read with sections 120B, 420, 467, 468 and 471 of the Indian Penal Code, 1860. It was alleged that the use of the land on which a mall was constructed was changed by the government to favour the project. The matter is pending before the Director General of Police and Superintendent of Police, Economic Offence Wing.

*iii. Criminal proceeding launched against Mr. Pawan Kumar Jain*

The Inspector of Factories, Pithampur has filed a criminal case bearing No. 2782/2009 on August 25, 2009 under section 7 (a-2) (c) of the Factories Act, 1948 and Rule 73(E) and Rule 73(F) of Madhya Pradesh Factories Rules against Mr. Pawan Kumar Jain (in the capacity as Occupier) and Mr. Madan Singh Negi (in the capacity of Factory Manager) of our Company. The said case has been filed due to an accidental death of a worker employed with our Company, Late Shri. Gajanan Bawanthode, in our factory premises situated at Pithampur under certain unfortunate circumstances. The case is pending before the Chief Judicial Magistrate, Dhar for adjudication.

**C. Notice issued against our Directors**

*Mr. Manish Kalani*

(i.) Intimation u/s 143(i)/(ii) of the Income Tax Act, 1961 has been issued to Manish Kalani (for the A.Y. 2008-09) vide notice dated March 19, 2010 by the Income Tax Department, Indore showing his assessed income as ₹ 17,360,600 and net amount payable at ₹ 7,423,580. Mr. Manish Kalani has replied to the said intimation notice stating that his income has been assessed as ₹ 17,360,600 in place of returned income of ₹ 17,303,630. He further stated that certain mistakes have occurred (for the reasons expressly stated in the reply) and his income remains at ₹ 17,303,630. His total tax liability comes to ₹ 5,823,721 against which a T.D.S of ₹ 6,031,360 has been deducted. Further after adjusting the tax payable of ₹ 5,823,721 from the T.D.S amount, Mr. Manish Kalani is entitled for a refund of ₹ 207,639 with interest.

*(ii.) Notices under section 153A read with section 143(2) of the Income Tax Act, 1961 to produce documents, accounts and any other evidence in support of returns filed*

Returns of income were filed by Mr. Manish Kalani as required by the income tax authorities for the assessment years 2006-07, 2007-08, 2008-09, 2009-10. Thereafter 4 (four) notices dated January 4, 2011 for the said assessment years were issued by the Deputy Commissioner of Income Tax 1(1), Indore requiring the representatives of our Company to attend his office on February 10, 2011 either in person or by an authorised representative and produce books of accounts, documents and explanations specified therein. Thereafter, there has been no written correspondence between the authorities and Mr. Manish Kalani.

*Mr. Ravindra Chaurasia*

*(a) Notices under section 153A of the Income Tax Act, 1961*

The Deputy Commissioner of Income Tax (1) has issued 6 (six) notices dated October 22, 2010 under section 153A calling upon the director to prepare a correct return for the previous year relevant to the assessment years 2004-05 to 2009-10. Mr. Chaurasia has thereafter filed the returns on February 17, 2011.

*Mr. Pawan Kumar Jain*

*(b) Notices under section 153A of the Income Tax Act, 1961*

The Deputy Commissioner of Income Tax (1) has issued 6 (six) notices dated October 22, 2010 under section 153A calling upon the director to prepare a correct return for the previous year relevant to the assessment years 2004-05 to 2009-10. Mr. Pawan Kumar Jain had thereafter filed the returns on November 22, 2010. Thereafter 6(six) notices dated January 17, 2011 for the said assessment years were issued by the Deputy Commissioner of Income Tax 1(1), Indore requiring assessee to attend his office on February 16, 2011 either in person or by an authorised representative and produce books of accounts, documents and explanations specified therein. Thereafter, there has been no written correspondence between the authorities and Mr. Pawan Kumar Jain.

## IV. Proceedings involving our Group Entities

### A. Litigations filed by our Group Entities

*i. Appeal filed by Olive Commercial Private Limited ("Olive Commercial") before the Commissioner of Income Tax (Appeals)*

Olive Commercial had filed the return of income on September 26, 2008 disclosing a total loss of ₹ 1,239,500 for the assessment year 2008-2009. Thereafter, notices were issued by the Income Tax Officer and information was sought and the case was discussed by the authority with representatives of the Olive Commercial. Subsequently on November 9, 2010, the I.T.O Wd 6 (3) Kolkata passed as assessment order disallowing ₹ 333,753 as per the provisions of section 14A of the Income Tax Act 1961 and added back to the total income of Olive Commercial. Oliver Commercial has subsequently filed an appeal before the Commissioner of Income Tax (Appeals) on December 6, 2010 challenging the said order of the I.T.O dated November 9, 2010. The matter is pending adjudication.

*ii. Arbitration Appeal filed by Padma Homes Private Limited, Kalani Brothers (Indore) Private Limited and Entertainment World Developers Limited against the Madhya Pradesh Housing Board*

Padma Homes Private Limited, Kalani Brothers (Indore) Private Limited and Entertainment World Developers Limited had entered into a Memorandum of Understanding dated May 21, 2003 for the development of a housing cum family entertainment complex cum multiplex-cum-shopping mall. The land was owned by Padma Homes Private Limited and Kalani Brothers (Indore) Private Limited and was to be developed by Entertainment World Developers Limited and would be supervised by the Madhya Pradesh Housing Board. In consideration for the supervision of the project by the Madhya Pradesh Housing Board, it was agreed that the Madhya Pradesh Housing Board would be entitled for a supervision fee of 7.5% of the civil construction cost subject to a maximum of ₹22,500,000 of which ₹ 11,250,000 was to be paid in advance by way of equity shares of Entertainment World Developers Limited and the balance to be paid in cash. Accordingly, the board of Entertainment World Developers Limited issued partly paid up equity shares in favour of the Madhya Pradesh Housing Board. Thereafter, the chairman of the Madhya Pradesh Housing Board vide a letter dated November 25, 2003 terminated the said MoU which termination was subsequently struck down. The Madhya Pradesh Housing Board then made a claim of ₹114,967,000 towards the equity shares allotted, loss of profit and interest. The matter was thus referred to arbitration. The Arbitrator, vide order dated June 27, 2010 held that the Madhya Pradesh Housing Board was entitled to receive ₹ 1,067,300 being the value of the equity shares issued alongwith interest aggregating to ₹ 2,187,965. Aggrieved by the order, an Arbitration Appeal was filed by the Padma Homes Private Limited, Kalani Brothers (Indore) Private Limited and Entertainment World Developers Limited against the Madhya Pradesh Housing Board before the District Court in Indore. The matter is pending adjudication.

iii. *Income Tax Appeal filed by Padma Homes Private Limited (Padma Homes) against the order of the assessing officer*

Padma Homes had filed its return of income declaring net total income after set off at ₹Nil for the Assessment year 2004-2005. However, the assessing officer after carrying out the assessment, assessed its income at ₹ 26,809,867 vide its assessment order dated December 24, 2007 stating *inter alia* that the that the income of ₹ 105.72 lacs (accrual basis) received as security deposit from Entertainment World Developers Limited against lease should be treated as capital gains. The assessing officer has also issued a demand of ₹ 7,454,679 as balance tax payable with interest. Assistant Commissioner of Income Tax 1(2), Indore has also issued a show cause notice dated December 24, 2007 calling upon Padma Homes as to why an order imposing a penalty should not be made under section 271 of Income Tax Act. Padma Homes has now filed an appeal before the Commissioner of Income Tax (Appeals), Indore challenging the said order of the Assessing Officer.

iv. *Income Tax Appeal filed by Padma Homes Private Limited (Padma Homes) against the order of the assessing officer*

Padma Homes had filed its return of income declaring net total loss at ₹ 33,356 for the Assessment year 2005-2006. However, the assessing officer after carrying out the assessment, assessed its income at ₹ 14,900,950 vide its assessment order dated December 24, 2007 stating *inter alia* that the income of ₹ 105.72 lacs (accrual basis) received as security deposit from Entertainment World Developers Limited against lease should be treated as capital gains. The assessing officer has also issued a demand of ₹ 4,143,970 as balance tax payable with interest. Assistant Commissioner of Income Tax 1(2), Indore has also issued a show cause notice dated December 24, 2007 calling upon Padma Homes as to why an order imposing a penalty should not be made under section 271 of Income Tax Act. Padma Homes has now filed an appeal before the Commissioner of Income Tax (Appeals), Indore challenging the said order of the Assessing Officer.

v. *Income Tax Appeal filed by Kalani Brothers (Indore) Private Limited ("Kalani Brothers") against the order of the assessing officer*

Kalani Brothers had filed its return of income declaring loss of ₹ 42,200 for the Assessment year 2004-2005 which was carried forward. However, the assessing officer after carrying out the assessment, assessed its income at ₹ 104,446,750 vide its assessment order dated December 29, 2006 stating inter alia that receipt of refundable security of ₹ 70,492,487 (and total of ₹105.72 million on accrual basis) from Entertainment World Developers Limited under agreement to lease dated May 21, 2003 should be treated as income of Kalani Brothers from capital gains made under section 45 of the Income Tax Act and demand of ₹ 28,472,306 was issued. The Assistant Commissioner of Income Tax 1(1), Indore has also issued a show cause notice dated December 29, 2006 calling upon Kalani Brothers as to why an order imposing a penalty should not be made under section 271 of Income Tax Act. Kalani Brothers has now filed an appeal before the Commissioner of Income Tax (Appeals) II, Indore challenging the said order of the Assessing Officer.

*vi. Appeal filed by Padma Homes Private Limited (Padma Homes), Kalani Brothers (Indore) Private Limited ("Kalani Brothers") and another against the demand order for property tax*

Demand order for property tax of ₹ 2,113,730 (including penalty) was issued by the Municipal Corporation, Indore on November 30, 2004 on Kalani Brothers (for AY 2004-2005). Being aggrieved by the said demand order Kalani Brothers, Padma Homes and Entertainment World Developers Limited preferred three appeals: (i) before the Mayor-in-Council, Indore (ii) before the Commissioner of Indore Municipal Corporation (bearing reference No. 8386) and (iii) before the Ist Additional District Judge, Indore. The Ist Additional Dist Judge has disposed off the matter stating that it does not have jurisdiction to entertain the appeal vide its order dated March 3, 2008. Appeals before the Mayor-in-council, Indore and Commissioner of Indore Municipal Corporation are pending adjudication.

**B. Litigations filed against our Group Entities**

*i. Special Leave Petition against Saurabh Properties Private Limited*

M/s. Saurabh Properties Private Limited (Saurabh Properties), owner of land in Village Bicholi, Hapsi District, Indore had submitted applications to the Joint Director of Town and Country Planning (T&CP) for sanction of the plans for construction of residential houses on the said land. The Joint Director (T&CP) did not approve the plans for construction of the houses on account of the Draft Scheme No. 164 under Section 50 (2) of the M.P. Nagar Tatha Gram Nivesh Abhiyan, 1973 (Abhiyan). Saurabh Properties thereafter challenged the Draft Scheme No. 164 and the communications of the Joint Director (T&CP) before the High Court of Jabalpur. By order dated March 6, 2007, the division bench of the High Court of Jabalpur quashed the notification published in the Draft Scheme No. 164 under Section 50 (2) of Abhiyan, in so far as it applied to the village Bicholi Habsi and directed that the applications of the petitioner Saurabh Properties be reconsidered. The said order of March 6, 2007 was challenged by the Indore Development Authority before the Supreme Court, but the same was dismissed. However, the Joint Director (T&CP) did not pass any order on the application and accordingly Saurabh Properties filed contempt petitions before High Court of Jabalpur, which thereafter passed directions upon the Joint Director (T&CP) to grant permission to Saurabh Properties and the other petitioners. The State of Madhya Pradesh has now filed a Special Leave Petition (SLP No. 19190/08) before the Supreme Court against the final judgment and order dated April 10, 2008 passed by the High Court of Jabalpur in Contempt Petition No. 904/2007. Thereafter, the Joint Director (T&CP) has issued an order dated April 24, 2008 granting permission to Saurabh Properties for development of land on certain Survey Nos. stipulated therein subject to the decision of the Special Leave Petition. The case is pending adjudication.

*ii. Arbitration Appeal filed by Madhya Pradesh Housing Board against Padma Homes Private Limited, Kalani Brothers (Indore) Private Limited and Entertainment World Developers Limited*

Padma Homes Private Limited, Kalani Brothers (Indore) Private Limited and Entertainment World Developers Limited had entered into a Memorandum of Understanding dated May 21, 2003 for the development of a housing cum family entertainment complex cum multiplex-cum-shopping mall. The land was owned by Padma Homes Private Limited and Kalani Brothers (Indore) Private Limited and was to be developed by Entertainment World Developers Limited and would be supervised by the Madhya Pradesh Housing Board. In consideration for the supervision of the project by the Madhya Pradesh Housing Board, it was agreed that the Madhya Pradesh Housing Board would be entitled for a supervision fee of 7.5% of the civil construction cost subject to a maximum of ₹ 22,500,000 of which 11,250,000 was to be paid in advance by way of equity shares of Entertainment World Developers Limited. Accordingly, the board of Entertainment World Developers Limited issued partly paid up equity shares in favour of the Madhya Pradesh Housing Board. Thereafter, the chairman of the Madhya Pradesh Housing Board vide a letter dated November 25, 2003 terminated the said MoU which termination was subsequently struck down. The Madhya Pradesh Housing Board then made a claim of ₹ 114,967,000 towards the equity shares allotted, loss of profit and interest. The matter was thus referred to arbitration. The Arbitrator, vide order dated June 27, 2010 held that the Madhya Pradesh Housing Board was entitled to receive ₹ 1,067,300 being the value of the equity shares issued alongwith interest aggregating to ₹2,187,965. The Arbitrator however did not order in favour of the Madhya Pradesh Housing Board on certain other claims raised. Aggrieved by the order, an Arbitration Appeal was filed by Madhya Pradesh Housing Board against Padma Homes Private Limited, Kalani Brothers (Indore)

Private Limited and Entertainment World Developers Limited before the District Court in Bhopal. The matter is pending adjudication.

**C. Other Proceedings**

*i. Scheme of Amalgamation of Fab-Syntex Private Limited ("FSPL") and TI Travels Private Limited ("TTPL") with Dumet Wire India Private Limited ("DWIPL"):*

An application under section 391 to 394 of the Companies Act, 1956 for the purposes of considering the Scheme of Amalgamation of FSPL, TTPL with DWIPL has been filed in the Ordinary Original Civil Jurisdiction of High Court of Judicature at Bombay ("the said application"). The said application also seeks to dispense the requirement of the meeting of the equity shareholders, unsecured creditors of DWIPL on account of the consents received from their equity shareholders and the unsecured creditors. The matter is at pre-admission stage and is presently pending before the Bombay High Court.

**D. Notices issued against our Group Entities**

*i. Notice on Anshuman Properties Private Limited ("Anshuman Properties") by Income Tax Officer*

Anshuman Properties filed its return of income for the assessment year 2007-08 declaring total income as Nil. The return of income was processed under section 143(1) of the Income Tax Act, 1961 and the case was selected for scrutiny. After assessment and consideration of submissions of Anshuman Properties disallowance of interest was worked out as ₹ 316,420 as per section 14A read with rule 8D and the same was added back to the total income of Anshuman Properties. The final total income was assessed at ₹ 51,100 and demand of ₹ 22,360 was issued. Thereafter, Anshuman Properties filed rectification under section 154 vide its application dated November 26, 2009 computing the total income at ₹ 8,380. In the said rectification it was further stated that the Income Tax Officer has not given credit of TDS of ₹14,471 and that after considering of above TDS certificate there is a refund of ₹ 11,650 alongwith interest due thereon. In the said rectification application, Anshuman Properties asked for refund of ₹ 11,650 alongwith the interest thereon. The Income Tax Officer 8(1)(1) has vide its letter dated March 19, 2010 rejected request for rectification and asked Anshuman Properties to pay the demand within 2 days of receipt of the letter. Anshuman Properties have replied on June 28, 2010 to the said order dated March 19, 2010 restating that the department has not given credit for TDS certificate amounting to ₹ 14,471. Anshuman Properties after deducting the said amount of TDS (i.e. ₹ 14,471) have paid the balance tax payable amounting to ₹ 3,548 on June 25, 2010. There has been no further correspondence in this regard.

*ii. Demand notice on Vibgyor Laminates Pvt. Ltd. (Vibgyor Laminates) by the Income Tax Officer*

Vibgyor Laminates had filed the e-return of income on October 26, 2007 declaring an income of ₹ Nil for the assessment year 2007-2008. Subsequently the case was selected for scrutiny and notice under section 143 (2) of the Income Tax Act was served on our Company. Thereafter, vide an order dated November 16, 2009 the Income Tax officer 9(3)(3) Mumbai disallowed ₹ 348,877 and after adding back the same to the total income, the total income was computed at ₹ 348,877 and issued a demand of ₹ 60,526 as net tax payable with interest. Vibgyor Laminates have now filed rectification application under section 154 of the Income Tax Act requesting to rectify the interest disallowed as calculated therein and to calculate the correct demand payable in reference to details given in the in the rectification application.

*iii. Notice on Wanderland Real Estate Private Limited ("Wanderland Real") by Inspector, Department of Weights and Measures*

Notice dated September 12, 2010 has been issued by the Inspector, Department of Weights and Measures, Indore alleging the violation of section 11 of Standard of Weights and Measures (Enforcement) Act, 1985 in the advertisement published by *Wanderland Real* in Dainik Bhaskar newspaper on October 9, 2010, the landscaped area has been denoted in "sq.ft" instead of "sq.mts" which as per the Inspector, Department of Weights and Measures is non-standard unit. *Wanderland Real* has replied to the said notice vide its reply dated September 19, 2010 refuting the allegation made by the Inspector, Department of Weights and Measures on the ground *inter-alia* that the said area has been reflected as landscaped green area and play area for children and teenagers which is not meant to be sold and therefore, does not fall within the purview of section 11 of Standard of Weights and Measures (Enforcement) Act, 1985.

iv. *Intimation Notice on High Skey Properties Private Limited ("High Skey Properties")*

The Income Tax Department, Mumbai has sent an intimation dated July 17, 2009 under section 143(1) of the Income Tax Act, 1961 to High Skey Properties showing the amount payable of ₹ 5,260. High Skey Properties have filed rectification under section 154 of the Income Tax Act on December 2005, 2009 stating that the department has charged tax @ 30.90% on income on capital gain of ₹ 41,430 instead of applicable tax rate @ 20.60% and have stated that they have paid the tax within stipulated time and no demand remains. In the said rectification, High Skey Properties have requested to rectify the said order.

v. *Intimation Notice on Dreamworld Developers Private Limited ("Dreamworld Developers")*

The Income Tax Department, Mumbai has sent an intimation on September 10, 2010 under section 143(1) of the Income Tax Act, 1961 bearing communication reference no. CPC/0910/16/1004032090 to Dreamworld Developers, for the assessment year 2009-10, showing the demand of ₹ 4,780. Dreamworld Developers have filed rectification application under section 154 of the Income Tax Act, 1961 on 21 January 2011 stating that the department has not adjusted loss of previous years i.e. for the assessment year 2007-08 of ₹ 9,129 and for the assessment year 2008-2009 of ₹ 3,432 and has requested to rectify the same and cancel the demand of ₹ 4,782.

vi. *Notice under section 142 of the Income Tax Act, 1961 issued by the Income Tax Officer requiring certain details/ explanation upon Sunrise Properties Private Limited ("Sunrise Properties")*

In connection with the assessment for the assessment year 2009-2010, the income Tax Officer – 8(3)(2), Mumbai has issued a notice under section 142(1) of the Income Tax Act, 1961 upon Sunrise Properties on January 12, 2011 calling upon them to furnish (i) computation for income for assessment year 2009-10 along with return of income filed (ii) profit and loss account for the year ending March 31, 2009 (iii) balance sheet as on March 31, 2009 and (iv) tax audit reports in the prescribed form on January 13, 2011 at its office (which was received by Sunrise Properties on January 19, 2011). Sunrise Properties have sent the first three documents on January 27, 2011. Regarding the tax audit records, they have stated as "Not Applicable".

vii. *Notices under section 153A read with section 143(2) of the Income Tax Act, 1961 to produce documents, accounts and any other evidence in support of returns filed by Padma Homes Private Limited ("Padma Homes")*

Returns of income were filed by Padma Homes as required by the income tax authorities for the assessment years 2004-05 to 2009-10. Thereafter 6 (six) notices all dated January 4, 2011 for the said assessment years were issued by the Deputy Commissioner of Income Tax 1(1), Indore requiring the representatives of Padma Homes to attend his office on February 9, 2011 either in person or by an authorised representative and produce books of accounts, documents and explanations specified therein. Thereafter, there has been no written correspondence between the authorities and Padma Homes.

viii. *Notices under section 153A read with section 143(2) of the Income Tax Act, 1961 to produce documents, accounts and any other evidence in support of returns filed by Kalani Brothers (Indore) Private Limited ("Kalani Brothers")*

Returns of income were filed by Kalani Brothers as required by the income tax authorities for the assessment years 2004-05 to 2009-10. Thereafter 6 (six) notices all dated January 4, 2011 for the said assessment years were issued by the Deputy Commissioner of Income Tax (1)(1), Indore requiring the representatives of Kalani Brothers to attend his office on February 7, 2011 either in person or by an authorised representative and produce books of accounts, documents and explanations specified therein. Thereafter, there has been no written correspondence between the authorities and Kalani Brothers.

**E. Notices issued by our Group Entities: Nil**

**V. Proceedings involving our Subsidiaries**

**A. Litigations by our Subsidiaries**

i. *Appeal filed by Satguru Polyfab Private Limited*

Satguru Polyfab Private Limited ("Satguru Polyfab") filed a return of income on September 30, 2008 declaring total loss of ₹ 555,330. The return was processed under section 143 of Income Tax Act, 1961 and the case was selected for scrutiny and thereafter, the assessment officer vide its order dated December 28, 2010 assessed the income as ₹ 7,090,050, Thereafter, a notice of demand dated December 28, 2010 under section 156 was been issued for payment of tax amounting to ₹ 2,910,300. The Income Tax officer further issued a notice under Section 274 of the Income Tax Act calling upon Satguru Polyfab to show cause as to why penalty should not be imposed for concealment of income. Satguru Polyfab has thereafter filed an appeal before the Commissioner of Income Tax (Appeals). The matter is presently pending.

ii. *Appeal filed by Satguru Polyfab Private Limited against Murarka Exports Pvt. Ltd and other*

A suit was filed by Murarka Exports Pvt. Ltd (Plaintiff) (Suit No. 56/1999) for recovery of ₹ 352,000 with interest at the rate of 18% p.a. against Satguru Polyfab Private Limited ("Satguru Polyfab") and M/s Polyline Limited (Defendants) for the alleged breach of oral agreement for supply of plastic waste materials. It was alleged by the Plaintiff that the Defendants had supplied materials of a poor and defective quality. In the said suit, Satguru Polyfab had also prayed for recovery of ₹ 117,205 as counter claim for the loss caused. The suit was partly decreed by the Additional Senior Civil Judge, Gandhidham vide order dated February 1, 2006 in favour of the Plaintiff and the Defendants have been held liable for the damages to the tune of USD 5,000 or ₹ 209,500 alongwith the interest at the rate of 8% p.a from the date of filing of the suit till realisation and costs. Further, the counter claim of Satguru was rejected. Satguru Polyfab has now filed an appeal before the Additional District Court at Gandhidham – Kachchh (Civil Regular Appeal No. 56/2006) for setting aside the order of the Additional Senior Civil Judge, Gandhidham. Satguru Polyfab has also prayed for its counter claim to be decreed. The Judgment Decree passed by the Additional Senior Civil Judge has also been stayed vide order dated May 3, 2007 by the Additional District Judge, Gandhidham – Kachchh and as a condition for stay of Judgment Decree, Satguru Polyfab has furnished a bank guarantee of ₹ 209,500 which is valid upto May 20, 2011. Further, Murarka Exports Pvt. Ltd has filed a cross objection stating that the judgment and order of the trial court is required to be modified from USD 5000 or ₹ 209,500 to USD 8,400 besides interest and costs.

**B. Litigations against our Subsidiaries**

**Nil**

**C. Notices issued by our Subsidiaries**
**Nil**

**C. Notices issued against our Subsidiaries**

i. *Cease and desist notice for the alleged infringement of Patents issued against Flexiglobal (UK) Limited*

Codefine SA, claiming to be the registered proprietor of the European Patent designating the United Kingdom no. EP1023232B1 ("Patent") titled "Bag for Transporting and Intermediate Storing of Bulk Goods has issued a cease and desist notice dated February 1, 2011 against Flexiglobal (UK) Limited and our Company. Our Company has been called on to cease and desist from importing the alleged infringing FIBCs into the United Kingdom. Our Company has also been asked to deliver all documents relating to the alleged infringing FIBC; and to retrieve all stock of the alleged infringing FIBC from all the purchasers etc and to deliver those within 28 days.

Save as disclosed above, there are no pending proceedings initiated for economic offences against the promoters, companies and firms promoted by the promoters.

Other than those disclosed above, our Company is not involved in:

(i) Litigation involving criminal offences.

(ii) Litigation/Disputes involving securities related offences, including penalties imposed by SEBI or any other securities market regulator in India or abroad.

(iii) Litigation involving statutory and other offences, including penalties imposed by any regulatory authority in India or abroad (present or past).

(iv) Litigation involving civil and economic offences.

(v) Litigation in the nature of winding up petitions/ liquidation/ bankruptcy / closure filed by / against our Company.

**Prosecution under Schedule XIII to the Companies Act, 1956: Nil**

There have been no defaults and there are no over-dues in respect of bonds, debentures and fixed deposits (placed through public or private placement) and arrears in respect of cumulative preference shares or any other liabilities as on current date.

Further, there are no litigation/disputes/penalties or any proceedings known to be contemplated by government authorities.

There are no litigations against any other company whose outcome could have materially adverse effect on the position of our Company.

Other than those disclosed above, there are no pending litigations in which our Promoters are involved. No defaults have been made to the financial institutions/ banks and non-payment of statutory dues by our Promoters and the companies/ firms promoted by them.

Further, there are no cases of pending litigations, defaults etc. in respect of companies/ firms/ ventures with which our Promoters were associated in the past but are no longer associated.

Further, there are no litigations against our Promoters involving violation of statutory regulations or alleging criminal offence.

There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases). Further, no disciplinary action was taken by the SEBI/ stock exchanges against the promoters and their other business ventures (irrespective of the fact whether they are companies under the same management with our Company as per section 370 (1B) of the Companies Act, 1956).

**Outstanding dues to small scale undertaking(s) or any other creditors**

Our Company has 261 creditors in respect of whom a sum exceeding ₹ 100,000 is outstanding for more than 30 days. The aggregate amount of such outstanding as on September 30, 2011 is ₹ 561.86 million. No amounts exceeding ₹ 100,000, outstanding for more than 30 days are due to small scale undertakings.

**Material developments since the last balance sheet date**

Except as stated below, in the opinion of our Board, there have not arisen any material development since the period ended September 30, 2010.

(i) Conversion of Fully Convertible Debentures into Equity Shares: Our Company had on February 24, 2011 issued 4,486,492 Equity Shares in favour of the Selling Shareholder, pursuant to conversion of Fully Convertible Debentures into Equity Shares.

(ii) Grant of Stock Options: Our Company had at a shareholders meeting dated January 7, 2011 approved an employee stock option scheme. Our Company has granted 1,061,750 stock options to various employees our Company;

(iii) On December 31, 2010, Company has issued 195,000 Equity Shares to Kalani industries Private limited at the rate of ₹ 118 per Equity Share and adjusted in Share / Warrants Application money pending Allotment (₹12.53 million) and Share Warrants (₹1.15 million).

(iv) Increase of authorised share capital: the authorised share capital of our Company was increased from ₹200 million to ₹250 million, pursuant to a shareholders resolution dated December 8, 2010.

For further details, please refer to the section titled "Capital Structure" on page 57 of the DRHP.

# GOVERNMENT APPROVALS

*Our Company has obtained all necessary consents, licenses, permissions and approvals from the concerned Government authorities / other certifying bodies, which are required in order to carry on the business of our Company in compliance with the laws in force and except as mentioned below, no further major approvals are required for carrying on our present business activities or to undertake the Issue. We have also applied to the concerned governmental authorities for approvals as required to be obtained to continue our activities. Unless otherwise stated, these approvals are all valid as of the date of the DRHP.*

**Approvals for the Issue**

1. The Board has, pursuant to a resolution dated July 14, 2010 authorized the Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act;

2. The shareholders of our Company have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the EGM of our Company held on January 7, 2011;

3. The board of directors of Clearwater Capital Partners (Cyprus) Limited has, by way of a resolution dated February 24, 2011, authorised the sale of up to 2,250,000 Equity Shares in the Offer for Sale;

4. Our Company has submitted an application dated March 21, 2011 seeking the approval of the Reserve Bank of India for the sale of 2,250,000 Equity Shares by the Selling Shareholder by way of an offer for sale in the Issue. The same is pending approval;

5. In-principle approval from the National Stock Exchange of India Limited dated [●];

6. In-principle approval from the Bombay Stock Exchange Limited dated [●];

**Licenses and approvals obtained in relation to our business and operations**

***Licenses and approvals relating to the Company***

1. Certificate of Incorporation bearing No. 10-07621 of 1993 dated April 8, 1993 issued by the Registrar of Companies, Madhya Pradesh in respect of incorporation of our Company;

2. Certificate of Enrollment bearing No. ECC040553, dated December 23, 2010 issued by the Deputy Commissioner of Profession Tax, Kolkata - Central Range recognizing that the Company has been enrolled under the West Bengal State Tax on Professions, Trades, Callings and Employment Act, 1979;

3. Permanent Account Number (PAN): AAACN5986H issued by the Chief Commissioner of Income Tax, Madhya Pradesh;

4. Tax deduction Account Number (TAN) BPLF00116E issued in favour of our Company by the Income Tax Department;

5. Tax deduction Account Number (TAN) MRTF00270E issued by the Income Tax Department in respect our Kashipur division;

6. Import Export Code (IEC) Number 1194001645, dated August 11, 1994, issued by the Joint Director General of Foreign Trade;

7. Registration under the Gujarat Value Added Tax Act. VAT TIN 24011005510 and CST TIN 24511005510;

8. Registration certificate under the Delhi Value Added Tax Act. VAT TIN 07290378176;

9. Registration under the Uttar Pradesh Value Added Tax Act. VAT TIN 09237512697 ;

10. Registration certificate under the Uttarakhand Value Added Tax Act bearing registration no. 05007721225;

11. Registration certificate bearing No. 578 dated September 19, 2008 issued by the Directorate General of Quality Assurance, Controllerate of Quality Assurance (Textiles and Clothing, Kanpur), Ministry of Defense, Government of India in favour of our Company for the manufacture of HDPE Sand bags Khaki. The registration is valid until September 18, 2011;

***Licenses and approvals relating to SEZ unit***

12. Service Tax registration No.AAACN5986HST003 granted by the Asst. Development Commissioner Indore, SEZ for various services. Our Company enjoys exemption from payment of service tax pursuant to notification No.4/2004-ST dated March 31, 2004 where under taxable services of any description as defined in clause 90 of section 65(1) of the Finance Act, 1994 provided to the SEZ unit by any service provider for consumption of the services within the Indore SEZ has been exempted from service tax leviable thereon;

13. Employees Provident Fund Code: MP/17314 issued by the Regional Provident Fund Commissioner under the Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952;

14. Employees State Insurance Code: 18000150410000699 issued by the Employees State Insurance Commissioner under the Employees State Insurance Act, 1948;

15. The Office of Development Commissioner, Indore SEZ has granted an extension of validity of the letter of permission under Rule 19(6) of the SEZ Rules, 2006 for a period of five years commencing from August 24, 2009;

16. Factory license bearing registration No. 105/12178/DHR/2(m)(i) dated November 16, 2010. The license is renewed upto December 31, 2011;

17. Registration certificate under the Central Sales Tax (Registration and Turnover) Rules, 1957 bearing registration no. 23860901835;

18. Explosives License bearing reference No. P/HQ/MP/15/2605(P58984) dated January 5, 2010 issued by the Chief Controller of Explosives, Petroleum and Explosives Safety Organisation, Government of India. The license is valid upto December 31, 2011;

19. Renewed consent issued by the Madhya Pradesh State Pollution Control Board under the Water (Prevention & Control of Pollution) Act, 1974 granted vide letter December 16, 2010 bearing ref. 108/SEZ/P/2010 for a period of one year, being April 1, 2010 till March 31, 2011;

20. Renewed consent issued by the Madhya Pradesh State Pollution Control Board under the Air (Prevention & Control of Pollution) Act, 1981 granted vide letter dated December 16, 2010 bearing ref. 110/SEZ/P/2010 for a period of one year, being April 1, 2010 till March 31, 2011;

21. Consent issued by the Madhya Pradesh State Pollution Control Board under the Water (Prevention & Control of Pollution) Act, 1974 granted vide letter December 16, 2010 bearing ref. 24/SEZ-P/MPPCB 2010 Indore, to discharge its industrial and other effluent arising out of their premises into the local river/ stream/ river/ well. The consent is valid for a period of one year, being April 1, 2010 till March 31, 2011;

22. Registration certificate issued under the Contract Labour (Regulation & Abolition) Act, 1970 bearing reference No. 36/PTR/2003 dated September 30, 2004 issued by the Licensing Officer, Contract Labour (Regulation & Abolition) Act, 1970;

***Licenses and approvals relating to DTA unit***

23. Service Tax registration No. AAACN5986HST001 granted by the Central Excise Officer, Pithampur for the service of transport of goods by road and business auxiliary services;

24. Central Excise registration bearing reference AAACN5986HXM002 dated April 28, 2004 issued by the Asst. Commissioner of Central Excise;

25. License bearing No. P/HQ/MP/15/2628(P55801) dated March 21, 2005 issued by the Chief Controller of Explosives, Petroleum and Explosives Safety Organisation, Government of India to Import and Store Petroleum (20 KL of Class B Petroleum and 20 KL of Class C Petroleum). The license is valid upto December 31, 2013 vide letter dated December 10, 2010;

26. Renewed consent issued by the Madhya Pradesh State Pollution Control Board under the Water (Prevention & Control of Pollution) Act, 1974 granted vide letter dated April 5, 2010 bearing ref. 2994/TS/MPPCB/2010 for a period of two years, being April 1, 2009 till March 31, 2011;

27. Renewed consent issued by the Madhya Pradesh State Pollution Control Board under the Air (Prevention & Control of Pollution) Act, 1981 granted vide letter dated April 5, 2010 bearing ref. 2996/TS/MPPCB/2010 for a period of two years, being April 1, 2009 till March 31, 2011;

28. Employees Provident Fund Code :MP/6281 issued on May 30, 2008 by the Regional Provident Fund Commissioner under the Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952;

29. Employees State Insurance Code: 18000112870000999 issued by the Employees State Insurance Commissioner under the Employees State Insurance Act, 1948;

30. Registration certificate issued under the Contract Labour (Regulation & Abolition) Act, 1970 bearing reference No. 302/DR/93 dated September 25, 1993 issued by the Licensing Officer, Contract Labour (Regulation & Abolition) Act, 1970;

***Licenses and approvals relating to unit at Kashipur***

31. Factory license bearing registration No. USN 1336. The same is valid upto December 31, 2011;

32. License bearing No. P/HQ/UC/15/603(P222397) dated July 2, 2009 issued by the Chief Controller of Explosives, Petroleum and Explosives Safety Organisation, Government of India to Import and Store Petroleum (20 KL of Class B Petroleum and 140 KL of Class C Petroleum). The license is valid upto December 31, 2011;

33. Service Tax registration No.AAACN5986HST004 granted by the Central Excise Officer, Kashipur for the service of transport of goods by road;

34. Employees Provident Fund Code :LA/34826 issued by the Regional Provident Fund Commissioner under the Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952;

35. Employees State Insurance Code: 61-2060-19/KR issued by the Employees State Insurance Commissioner under the Employees State Insurance Act, 1948;

36. Registration certificate issued under the Contract Labour (Regulation & Abolition) Act, 1970 bearing reference No. KR.KL 270/08 dated July 29, 2008 issued by the Licensing Officer, Contract Labour (Regulation & Abolition) Act, 1970;

**Licenses and approvals applied for and yet to be renewed/ obtained**

***Approvals relating to the Company***

1. An application has been submitted with the Reserve Bank of India on March 4, 2011 seeking the condonation of delay in respect of Form FC GPR by our Company. The same is pending.

2. Our Company had for the financial years ended 2008, 2009 and 2010, failed to comply with the requirements of Section 212 of the Companies Act. Accordingly, an application seeking the compounding of the offences committed was filed on February 5, 2011 and is pending.

***Approvals relating to SEZ unit***

3. The consents issued by the Madhya Pradesh State Pollution Control Board under the Water (Prevention & Control of Pollution Act, 1974 and the Water (Prevention & Control of Pollution Act, 1981 expire on March 31, 2011. Our Company has on February 24, 2011 submitted an application seeking renewal of the same. The renewal of the license is pending;

***Approvals relating to DTA unit***

4. Our Company has obtained factory license bearing registration No. 101/12286/DHR/2 (m)(i). The same expired on December 31, 2010. Our Company has, vide letter dated November 26, 2010 sought for renewal of the same. The renewal of the license is pending;

5. The consents issued by the Madhya Pradesh State Pollution Control Board under the Water (Prevention & Control of Pollution Act, 1974 and the Water (Prevention & Control of Pollution Act, 1981 expire on March 31, 2011. Our Company has, vide an application dated March 8, 2011 sought for renewal of the same. The renewal of the license is pending;

***Approvals relating to unit at Kashipur***

6. The consent issued by the Uttarakhand State Pollution Control Board under the Air (Prevention & Control of Pollution Act, 1981 and the Water (Prevention & Control of Pollution) Act, 1974 granted vide letter dated November 23, 2009 expired on March 31, 2010. Our Company thereafter, submitted an application dated April 5, 2010 seeking renewal of the same. The renewal of the license is pending.

**Intellectual Property Rights**

*Patents*

Our Company has submitted applications for registration of the following patents:

| No. | Particulars | Applicant | Application No./ date of filing | Remarks |
|---|---|---|---|---|
| 1. | Flexible Containers | Flexituff International Limited | 1629/MUM/2007 dated 24.08.2007 | Published in the journal on 19.06.2009 |
| 2. | An Improved conductive FIBC | Flexituff International Limited | 1222/MUM/2008 dated 09.06.2008 | Published in the journal on 18.12.2009 |
| 3. | Material and Composition for Making Jumbo Bag for Bulk Chemical Packaging | Flexituff International Limited | 1974/MUM/2007 dated 4.10.2007 | Published in the journal on 25.06.2010 |
| 4. | Flexible Containers | Flexituff International | 1628/MUM/2007 dated 24.08.2007 | Published in the journal on 19.06.2009 |

| No. | Particulars | Applicant | Application No./ date of filing | Remarks |
|---|---|---|---|---|
| | | Limited | | |
| 5. | Builder's Bag | Flexituff International Limited | 1627/MUM/2007 dated 24.08.2007 | Published in the journal on 19.06.2009 |
| 6. | Tunnel Lift Bag | Flexituff International Limited | 419/MUM/2011 dated 15.2.2011 | Provisional specification filed. |
| 7. | Flexible Containers | Flexituff International Limited | PCT/IN2008/000531 dated 25.8.2010 | Pending. |
| 8. | Builder's Bag | Flexituff International Limited | PCT/IN2007/000474 dated 10.10.2007 | Pending. |

**Trademarks**

Our Company presently uses the following trademarks:

| No. | Particulars of Mark | Word/ Logo Mark | Applicant | Application No./ date of filing | Class | Status |
|---|---|---|---|---|---|---|
| 1. | FLEXITUFF | Word | Flexituff International Limited | 1562080/ May 25, 2007 | 22 | Registered |
| 2. | Flexituff International | Logo | Flexituff International Limited | 1562081/ May 25, 2007 | 22 | Registered |
| 3. | Flexi-GOLD | Logo | Flexituff International Limited | 1729646/ September 9,2008 | 22 | Registered |

**Other Certifications and Recognitions:**

1. ISO 9001:2008 certificate issued by issued by Det Norske Veritas (DNV) certifying that our Company conforms to the said quality management system standards. The certificate is valid until March 12, 2012.
2. ISO 14001:2004 certificate issued by issued by Det Norske Veritas (DNV) certifying that our Company conforms to the said environmental management system standards. The certificate is valid until March 12, 2012.
3. ISO 22000:2005 certificate issued by issued by Det Norske Veritas (DNV) certifying that our Company conforms to the said food safety standards. The certificate is valid until March 9, 2012.
4. Complies with ISO-6 (class 1000) for Internal Bubble Cooling System.
5. Complies with ISO-7 (class 10000) for Liner Section.
6. Complies with ISO-8 (class 100000) for Liner Section (other than liner forming)
7. Certificate of Conformity dated January 20, 2010 issued by Moody International Certification India Limited for the manufacture of "Silt Fence Fabric (FIL 124SF) for various construction & soil erosion control applications". The certificate is valid until January 19, 2015;
8. Certificate of Conformity dated January 20, 2010 issued by Moody International Certification India Limited for the manufacture of "Silt Fence Fabric (FIL100SF) for various construction & soil erosion control applications". The certificate is valid until January 19, 2015;
9. Certificate of Conformity dated January 20, 2010 issued by Moody International Certification India Limited for the manufacture of "Geotextile Fabric (FIL200G) for various construction & soil erosion control applications". The certificate is valid until January 19, 2015;

10. Certificate of Conformity dated January 20, 2010 issued by Moody International Certification India Limited the manufacture of “Geotextile Fabric (FIL 315G) for various construction & soil erosion control applications”. The certificate is valid until January 19, 2015;
11. Quality certification issued by Det Norske Veritas (DNV) certifying that our Company meets the requirements of BRC/IOP Issue 3 – Global Standard- Food Packaging and other Packaging Materials, January 2008 in category 1 in respect of manufacture of poly woven bags and FIBCs. The certification is valid until October 27, 2011.
12. Recognition of Achievement issued by AIB International certifying that as on December 2009, the Company fulfilled the requirements of the AIB International Consolidated Standards for Food Contact Packaging Facilities Programmes.
13. Top Exporter of FIBC (Jumbo Woven Bags) and the highest recognition for exports from The Plastics Export Promotion Council, Govt. of India for the years 2008-09, 2007-08, 2006-07 and 2005-06.
14. Top Exporter of woven sacks/ fabrics and the highest recognition for exports from The Plastics Export Promotion Council, Govt. of India for the year 2002-03 and 2001-02
15. Second Best Exporter of Plastic Tarpaulin and the highest recognition for exports from The Plastics Export Promotion Council, Govt. of India for the year 2004-05.
16. Registration cum Membership certificate bearing registration no. PLEPC/N/202/2009-10 dated May 5, 2009 issued by the Plastics Export Promotion Council. The registration is valid uptil March 31, 2014.
17. ‘Niryat Shree’ Award, Certificate of Excellence from Federation of Indian Export Organisations for outstanding export performance in the category “Residual Products – Non SSI” during the year 2004 -05.

# OTHER REGULATORY AND STATUTORY DISCLOSURES

## Authority for the Issue

*Approvals for Fresh Issue*

The Issue has been authorised by a resolution of the Board dated July 14, 2010 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an EGM of the shareholders of our Company held on January 7, 2011

*Approvals for Offer for Sale*

The board of directors of Clearwater Capital Partners (Cyprus) Limited have, by way of a resolution dated February 24, 2011, authorised the sale of up to 2,250,000 Equity Shares in the Offer for Sale.

Pursuant to a letter dated March 21, 2011 our Company has applied to the RBI seeking approval for the Offer for Sale by the Selling Shareholder. The Company has received an approval on [•] from RBI for the same.

## Prohibition by SEBI, RBI or Government Authority

Our Company, Directors, Promoters, Promoter Group entities, Group Companies, the Selling Shareholder and natural persons behind the Promoters which are body corporates have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India.

The companies, with which Promoters, Directors or persons in control of our Company are associated as promoters, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

None of the Directors of our Company are associated with any entities which are engaged in securities market related business and are registered with SEBI. It is to be noted that Kalani Industries Private Limited, our Promoter, was previously registered as a category II merchant banker with the SEBI. The said registration expired on February 15, 1998 as the company had not filed an application for renewal of the same. Kalani Industries Private Limited has not undertaken merchant banking activities since the expiry of the merchant banking license. Further neither Kalani Industries Private Limited nor it's directors have at any time been subject of any enquiry or investigation conducted by SEBI nor has any penalty (including deficiency/warning letter, suspension/cancellation / prohibitory orders) been imposed on Kalani Industries Private Limited or any of its directors

Our Company, our Board of Directors, our Promoters and Group Companies have not been declared as wilful defaulter by RBI or any other government authority and there have been no violation of securities laws committed by them in the past or no such proceeding are pending against our Company or them.

## Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation (26)(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as explained under, with the eligibility criteria calculated in accordance with standalone restated financial statements under Indian GAAP:

1. The Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each) of which not more than 50% is held in monetary assets;

2. The Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three out of the immediately preceding five years;

3. The Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);

4. The company has not changed its name within the last one year.

5. Pre-issue net worth of the Company as on March 31, 2010 is ₹ 745.14 million and 5 times of pre-issue net worth is ₹ 3,725.71 million. The aggregate of the proposed Issue and all previous issues made in the same financial year in terms of Issue size is not expected to exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year

The net tangible assets, monetary assets, distributable profits as per Section 205 of the Companies Act, 1956 and net worth for the past five years of the Company are as follows:

**(₹ in Million)**

| **Particulars** | **As at March 31** | | | | |
|---|---|---|---|---|---|
| | **2006** | **2007** | **2008** | **2009** | **2010** |
| Net tangible assets | 480.01 | 793.96 | 1464.85 | 2538.89 | 2995.18 |
| Monetary Assets | 15.78 | 23.56 | 27.62 | 121.58 | 136.58 |
| Monetary assets as a percentage of Net tangible assets | 3.29% | 2.97% | 1.89% | 4.79% | 4.56% |
| Distributable profits | 45.71 | 83.12 | 43.21 | 69.30 | 88.13 |
| Net worth | 270.71 | 420.65 | 549.95 | 645.56 | 745.14 |

(i) Net tangible assets are defined as the sum of net fixed assets (including capital work in progress and capital advances and excluding intangible assets), investments, net current assets (excluding deferred tax assets) less working capital loans and short term liabilities.
(ii) Monetary assets include cash on hand, bank balances and investments in mutual funds.
(iii) The distributable profits of Company, as per section 205 of the Companies Act have been calculated from the standalone restated financial statements of the respective years.
(iv) Net Worth = Equity Share Capital + Reserves & Surplus (Excluding Foreign Currency Exchange Fluctuation Reserve) – Miscellaneous Expenditure.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000; otherwise the entire application money will be refunded forthwith. In case of delay, if any, in refund the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

**DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, COLLINS STEWART INGA PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 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 AND THE SELLING SHAREHOLDER (TO THE EXTENT OF INFORMATION RELATING TO ITSELF AND THE EQUITY SHARERS BEING OFFERRED FOR SALE) ARE PRIMARILY RESPONSIBLE FOR THE**

**CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER COLLINS STEWART INGA PRIVATE LIMITED, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 24, 2011 WHICH READS AS FOLLOWS:**

**WE, THE BOOK RUNNING LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:**

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

   **(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

   **(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   **(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - <u>NOTED FOR COMPLIANCE</u>**

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

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009,**

**WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE. - <u>NOT APPLICABLE.</u>**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. - <u>NOTED FOR COMPLIANCE</u>.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. - <u>NOT APPLICABLE</u>.**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    **(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND**

    **(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA**

**(ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

**The filing of the Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory and/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 Book Running Lead Manager, any irregularities or lapses in the Draft Red Herring Prospectus.**

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, West Bengal at Kolkata, in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, West Bengal at Kolkata in terms of Sections 56, 60 and 60B of the Companies Act.

**Caution - Disclaimer from our Company, the Directors, the Selling Shareholder and the BRLM**

Our Company, the Directors, the Selling Shareholder, the BRLM accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's web site www.flexituff.com, would be doing so at his or her own risk. The Selling Shareholder, its directors, affiliates, associates and their respective directors and officers accept no responsibility for any statements made other than those made in relation to the Equity Shares offered through the Offer for Sale.

The BRLM accepts no responsibility, save to the limited extent as provided in the Issue Agreement dated March 21, 2011 entered into among the BRLM, the Selling Shareholder and our Company and the Underwriting Agreement to be entered into between the Underwriter(s), the Selling Shareholder and our Company.

All information shall be made available by our Company, the Selling Shareholder (in relation to the Equity Shares offered by them under the Offer for Sale), and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither our Company, the Selling Shareholder nor the members of the Syndicate are liable for any failure in uploading the Bids due to faults in any software/ hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriter(s) and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Selling Shareholder, the Underwriter(s) and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire our Equity Shares.

**Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with competent courts/ authorities in Kolkata, West Bengal, India.

**Disclaimer in respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, 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, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to FIIs, eligible NRIs and other eligible foreign investors. The Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Kolkata only.

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

**The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

The restrictions as stated above will apply to the Issue, investors are advised to consult their own legal counsel prior to making any offer, resale, pledge or transfer of the Equity Shares.

**Disclaimer Clause of BSE**

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

i. Warrant, certify or endorse the correctness of completeness of any of the contents of the Draft Red Herring Prospectus; or
ii. Warrant that the Company's securities will be listed or will continue to be listed on the BSE; or
iii. Take any responsibility for the financial or other soundness of the Company, Promoters of the Company,

management of the Company or any scheme or project of the Company;

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

**Disclaimer Clause of the NSE**

As required, a copy of the Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. NSE has given, by its letter dated [●], permission to our Company to use NSE's name in the Draft Red Herring Prospectus as one of the stock exchanges on which our Company's securities are proposed to be listed. The NSE has scrutinised the Draft Red Herring 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 offer document has been cleared or approved by NSE.; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus.; nor does it warrant that the Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of the Company, Promoters of the Company, management of the Company 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 and shall not have any claim against NSE by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**Disclaimer of IPO Grading Agency**

[•]

**Filing**

A copy of the DRHP will be filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.

Pursuant to the filing of the DRHP with SEBI, our Company shall on the next day, make a Public Announcement in an English national newspaper, a Hindi national newspaper and in a Bengali newspaper, each with wide circulation. This Public Announcement, subject to the provisions of Section 60 of the Companies Act, shall invite public to give their comments to SEBI in respect of disclosures made in the DRHP.

A copy of the RHP, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, West Bengal, Nizam Palace II, MSO Building, 2$^{nd}$ Floor, 234/4, A. J. C. Bose Road, Kolkata - 700020.

**Listing**

The Equity Shares issued through the Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Initial listing applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised for the Issue.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the RHP. If such money is not repaid within 8 days after our Company becomes liable to repay it, i.e. from the date of refusal or within 7 days from the Bid/ Issue Closing Date, whichever is earlier, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be jointly and severally liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken prior to the twelfth Working Day from Bid/ Issue Closing Date.

**IMPERSONATION**

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

***"Any person who:***

***a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***

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

**Consents**

Consents in writing of the Directors, Selling Shareholder, Company Secretary and Compliance Officer, the Statutory Auditor, Chartered Engineer, the Legal Advisor, the Bankers to the Issue*, bankers to the Company, the Book Running Lead Manager, the Syndicate Members* and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the RHP with the ROC as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the RHP for registration with the ROC.

**The aforesaid will be appointed prior to filing of the RHP with RoC and their consents as above would be obtained prior to the filing of the RHP with RoC.*

M/s L.K. Maheshwari & Co, Chartered Accountants, our Company's Statutory Auditors have given their written consent to the inclusion of their report on Restated Financial Statements in the form and context in which it appears in the DRHP

M/s L.K. Maheshwari & Co, Chartered Accountants, our Company's Statutory Auditors have given their written consent to the inclusion of the statement of tax benefits accruing to our Company and its members in the form and context in which it appears in the DRHP

Mr. Salil Kumar Barjatya, Chartered Engineer have given their written consent for inclusion of their reports on the installed production capacity in the form and context in which they appear in the DRHP.

[●], the IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated [●] for inclusion of their report in the form and content in which it will appear in the RHP and such consent will not be withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

**Expert Opinion**

Except for the below stated reports and certificate included in the DRHP, our Company has not obtained any expert opinions:

1. Certificate issued by Mr. Salil Kumar Barjatya, Chartered Engineer on the installed production capacity of our Company; and

2. Reports of the Statutory Auditor of our Company on the restated financial statements and Statement of Tax Benefits.
3. Report of [•] in respect of the IPO Grading of this Issue (a copy of which will be annexed to the RHP as Annexure A), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange;

**Issue Related Expenses**

Issue related expenses includes underwriting and Issue management fees, selling commission, distribution expenses, legal fees, fees to advisors, printing and stationery costs, advertising expenses and listing fees payable to the Stock Exchanges etc. The total expenses for this Issue are estimated at ₹ [●] million, which is [●] % of the Issue size, which shall be met out of the proceeds of this Issue and the break-up of the same is as follows:

| Sr. No. | Particulars | Amount* (₹ in Million) | As % of total Issue Size* |
|---|---|---|---|
| 1. | Issue Management (Lead management fees, Underwriting, Selling commission including commission paid to Syndicate Members for procuring ASBA Bids and submitting the same with SCSBs) | **[●]** | **[●]** |
| 2. | Registrars fees | [●] | [●] |
| 3. | Printing of Stationery | [●] | [●] |
| 4. | Advertising and marketing expenses | [●] | [●] |
| 5. | Other expenses (including legal advisors fee, SCSB Commission, regulatory fees including fees paid to SEBI and Stock Exchanges, IPO Grading expenses etc.) | [●] | [●] |
| | **Total** | **[●]** | **[●]** |

* *will be incorporated after finalisation of the Issue Price*

**Fees Payable to the Book Running Lead Manager**

The total fees payable to the BRLM will be as per the Issue Agreement signed between the Company, the Selling Shareholder and the BRLM, a copy of which is available for inspection at the registered office of our Company.

**Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Agreement dated March 21, 2011 entered into between our Company, the Selling Shareholder and the Registrar to the Issue signed, a copy of which is available for inspection at our Registered Office as well as our Corporate Office.

Our Company will reimburse the Registrar to the Issue for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or allotment advice by registered post/ speed post.

**Particulars regarding Public or Rights Issues during the last five years**

Except as stated in the section "Capital Structure" beginning on page 57 of the DRHP, our Company has not made any rights issues during the last five years. Our Company has not made any public issues since inception.

**Previous issues of Equity Shares otherwise than for cash**

Except as stated in the section "Capital Structure" beginning on page 57 of the DRHP, our Company has not issued any Equity Shares for consideration otherwise than for cash.

**Commission and Brokerage paid on Previous Issues**

Since this is the initial public issue of Equity Shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our inception.

**Public or Rights Issue during the previous ten years by listed Group Entities, Subsidiaries and associates of our Company**

None of our Group Companies, associates or Subsidiaries has undertaken any public or rights issue in the last ten years.

**Promise vis-à-vis objects – Public/ Rights Issue of our Company and/ or listed Group Entities, Subsidiaries and associates of our Company**

Our Company has not undertaken any previous public or rights issue.

Except for Olive Commercial Company Limited and Gagan Commercial Agencies Limited which are listed on the Madhya Pradesh Stock Exchange Limited and the Calcutta Stock Exchange Limited none of the Group Entities, associates and Subsidiaries of our Company is listed on any stock exchange. Neither Olive Commercial Company Limited nor Gagan Commercial Agencies Limited has undertaken any public or rights issue during the preceding ten years.

**Outstanding Debentures or Bonds**

Our Company does not have any outstanding debentures or bonds as of the date of the DRHP.

**Outstanding Preference Shares**

As on the date of the DRHP, our Company does not have any outstanding preference shares.

**Stock Market Data of the Equity Shares**

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

**Mechanism for Redressal of Investor Grievances**

The Agreement between the Registrar to the Issue, the Selling Shareholder and our Company will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidders.

**Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be ten Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible. Our Company has also constituted a Shareholders'/ Investors' Grievance Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares.

Our Company has appointed Mr. Dinesh Kumar Sharma, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

**Dinesh Kumar Sharma**
Flexituff International Limited
C 41-50, Sector-3,
SEZ,
Pithampur 454 775,
Dist. Dhar,
Madhya Pradesh
Tel: +91-7292 401681- 83
Fax: +91 7292 401684
Email: investors@flexituff.com

**Mechanism for Redressal of Investor Grievances by Group Entities**

Except for Olive Commercial Company Limited and Gagan Commercial Agencies Limited which are listed on the Madhya Pradesh Stock Exchange Limited and the Calcutta Stock Exchange Limited none of the Group Entities, associates and Subsidiaries of our Company is listed on any stock exchange.

Olive Commercial Company Limited and Gagan Commercial Agencies Limited have not received any complaints for the financial years 2007-08, 2008-09 and 2009-2010.

**Changes in Auditors**

There has been no change in the auditors during the last three years.

**Capitalisation of Reserves or Profits**

Except as disclosed in section "Capital Structure" beginning on page 57 of the DRHP our Company has not capitalised the reserves or profits at any time during the last five years.

**Revaluation of Assets**

Our Company has not revalued its assets in the last five years.

## SECTION VII – ISSUE INFORMATION

## TERMS OF THE ISSUE

*The Equity Shares being issued are subject to the provisions of the Companies Act, Securities Contract (Regulation) Act, 1957, the Memorandum and Articles, the terms of the DRHP, RHP and the Prospectus, Bid cum Application Form, the ASBA Bid cum Application Form, the Revision Form, ASBA Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.*

**Authority for the Issue**

*Approvals for Fresh Issue*

The Issue has been authorised by a resolution of the Board dated July 14, 2010 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an EGM of the shareholders of our Company held on January 7, 2011.

*Approvals for Offer for Sale*

The board of directors of the Selling Shareholder by way of a resolution dated February 24, 2011 has authorised the sale of up to 2,250,000 Equity Shares in the Offer for Sale.

Pursuant to a letter dated March 21, 2011 our Company has applied to the RBI seeking approval for the Offer for Sale by the Selling Shareholder. The Company has received an approval on [•] from RBI for the same.

Our Company has obtained in-principle listing approvals dated [●] and [●] from the BSE and the NSE, respectively

**Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to the section "Main Provisions of the Articles of Association of the Company" beginning on page 443 of the DRHP.

**Mode of Payment of Dividend**

Our Company shall pay dividends to the shareholders of our Company in accordance with the provisions of the Companies Act, the Articles of Association and the provisions of the listing agreement.

**Payment of dividend to the transferees pursuant to the Offer for Sale**

In case of the Offer for Sale portion, the dividend for the entire year on the Equity Shares forming part of the Offer for Sale portion shall be payable to the transferees.

Further our Company proposes to bear the entire issue expenses to be met out of Proceeds of the Fresh Issue

**Face Value and Issue Price**

The face value of the Equity Shares is ₹ 10 each and the Issue Price is ₹ [•] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share.

At any given point of time there shall be only one denomination for the Equity Shares.

**Compliance with SEBI Regulations**

Our Company and the Selling Shareholder shall comply as applicable with all disclosure and accounting norms as specified by SEBI from time to time.

**Rights of the Equity Shareholder**

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

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

For a detailed description of the main provisions of the Articles of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section "Main Provisions of the Articles of Association of the Company" beginning on page 443 of the DRHP.

**Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [●] Equity Shares to successful Bidder.

The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company and the Selling Shareholder in consultation with the BRLM and advertised in in an English national newspaper, a Hindi national newspaper and in one Bengali newspaper, each with wide circulation at least two Working Days prior to the Bid/ Issue Opening Date.

**Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Kolkata, West Bengal.

**Nomination Facility to Investor**

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

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

- To register himself or herself as the holder of the Equity Shares; or

- To make such transfer of the Equity Shares, as the deceased holder could have made.

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

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

**Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Fresh Issue, including devolvement of Underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further, our Company shall ensure that the number of prospective allotees to whom Equity Shares will be allotted shall not be less than 1,000 failing which we shall refund the entire subscription amount received.

The requirement for 90% minimum subscription is not applicable to the Offer for Sale. The proceeds from the Issue will be utilised in the first instance towards meeting minimum subscription requirements for the Fresh Issue and the balance proceeds will be proportionately distributed towards the Offer for Sale portion and the Fresh Issue portion in this Issue.

**The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Application by Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI**

It is to be distinctly understood that there is no reservation for NRIs and FIIs registered with SEBI or FVCIs registered with SEBI.

As per RBI regulations, OCBs cannot participate in the Issue.

**Restriction on transfer of shares**

Except for lock-in of pre-Issue Equity Shares, minimum Promoter's contribution and Anchor Investor's lock-in in the Issue as mentioned in the section "Capital structure" beginning on page 57 of the DRHP, there are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles and as mandated under the SEBI Regulations. For further details please refer to the sections "Main Provisions of the Articles of Association of the Company" and "Capital Structure" beginning on pages 443 and 57 of the DRHP, respectively. For details on restrictions on foreign ownership, please refer to the sections titled "Regulations and Policies" on page 137 and "Other Regulatory and Statutory Disclosures" beginning on page 389 of the DRHP.

**Arrangement for disposal of Odd Lots**

Since our Equity Shares will be traded in dematerialised form only, the market lot for our Equity Shares will be one and hence no arrangement for disposal of odd lots is required.

**Joint Holders**

Where two or more persons are registered as the holders of Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

**Option to Subscribe**

Equity Shares being offered in this Issue can be applied for in dematerialised form only.

## ISSUE STRUCTURE

Issue of 6,750,000 Equity Shares of face value ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [•] per Equity Share) aggregating to ₹ [•] million comprising of a Fresh Issue of 4,500,000 Equity Shares and an Offer for Sale of up to 2,250,000 Equity Shares by Clearwater Capital Partners (Cyprus) Limited. The Issue will constitute 31.09% of the post issue paid up capital of our Company. The Issue is being made through the 100% Book Building Process.

| | QIBs | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|
| Number of Equity Shares(1) | Not more than 3,375,000 Equity Shares or the Issue size less allocation to Non - Institutional Bidders and Retail Individual Bidders | Not less than 1,012,500 Equity Shares shall be available for allocation | Not less than 2,362,500 Equity Shares shall be available for allocation |
| Percentage of Issue size available for Allotment/allocation | Not more than 50% of the Issue shall be allocated to QIB Bidders.<br><br>Upto 30% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.<br><br>However, 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds. | Not less than 15% of the Issue shall be available for allocation | Not less than 35% of the Issue shall be available for allocation |
| Basis of Allotment/allocation if respective category is oversubscribed | Proportionate as follows:<br><br>(a) 118,125 Equity Shares constituting 5% of the Net QIB portion shall be available for allocation on a proportionate basis to Mutual Funds; and<br>(b) 2,244,375 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. | Proportionate. | Proportionate. |
| Minimum Bid | Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter | Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. | [●] Equity Shares and in multiples of [●] Equity Shares thereafter |
| Maximum Bid | Such number of Equity Shares so that the Bid | Such number of Equity Shares so that the Bid Amount does | Such number of Equity Shares so that the Bid |

| | QIBs | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|
| | Amount does not exceed the Issue size, subject to applicable limits | not exceed the Issue size, subject to applicable limits. | Amount does not exceed ₹ 200,000. |
| Mode of Allotment | Compulsorily in dematerialized form. | Compulsorily in dematerialized form. | Compulsorily in dematerialized form. |
| Bid Lot | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. |
| Allotment Lot | [●] Equity Shares and in multiples of one Equity Shares thereafter | [●] Equity Shares and in multiples of one Equity Shares thereafter | [●] Equity Shares and in multiples of one Equity Shares thereafter |
| Trading Lot | One Equity Share. | One Equity Share. | One Equity Share. |
| Who can Apply[(2)] | (i) Mutual fund, venture capital fund and foreign venture capital investor registered with SEBI;<br>(ii) FIIs and their sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual;<br>(iii) Public financial institutions as defined in Section 4A of the Companies Act;<br>(iv) Scheduled commercial banks;<br>(v) Multilateral and bilateral development financial institutions;<br>(vi) State industrial development corporations;<br>(vii) Insurance companies registered with the Insurance Regulatory and Development Authority;<br>(viii) Provident funds with minimum corpus of ₹ 25 crore;<br>(ix) Pension funds with minimum corpus of ₹ 25 crore;<br>(x) National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;<br>(xi) Insurance funds set up and managed by the army, | Eligible NRIs, Resident Indian individuals, HUFs (in the name of the *Karta*), companies, corporate bodies, scientific institutions, societies and trusts and FII sub-account registered with SEBI, which are a foreign corporates or foreign individuals | Individuals (including HUFs in the name of the *Karta* and Eligible NRIs) applying for Equity Shares such that the Bid Amount per individual Bidder does not exceed ₹ 200,000 in value. |

| | QIBs | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|
| | navy, or air force of the Union of India; and<br>(xii) Insurance funds set up and managed by the Department of Posts, India | | |
| Terms of Payment | The entire Bid Amount shall be payable at the time of submission of the Bid cum Application Form to the BRLM. | The entire Bid Amount shall be payable at the time of submission of the Bid cum Application Form to the members of the Syndicate. | The entire Bid Amount shall be payable at the time of submission of the Bid cum Application Form to the members of the Syndicate |

(1) *The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue will be allocated on a proportionate basis to QIBs. Our Company may allocate upto 30% of the QIB Portion to Anchor Investors on a discretionary basis. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIBs in proportion to their Bids Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.*

*Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of the category, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange.*

*Anchor Investors shall pay the Bid Amount at the time of submission of the Bid by the Anchor Investor. Provided that any difference between the Anchor Investor Allocation Price and Anchor Investor Issue Price, shall be payable by Anchor Investor Pay-in Date.*

(2) *In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.*

In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

**Withdrawal of the Issue and Conditions subsequent to Allotment**

Our Company and/or the Selling Shareholder, in consultation with the BRLM, reserve the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event, a public notice would be issued in the newspapers. The public notice shall be given in the same newspapers in which the pre-Issue advertisements were published, within two days, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws. If our Company withdraws the Issue after the Bid/Issue

Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

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

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, the Company undertakes that:

(a) Allotment shall be made only in dematerialised form prior to the twelfth Working Day from the Bid/Issue Closing Date;
(b) Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done prior to the twelfth Working Day from the Bid/Issue Closing Date;
(c) Instructions to the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBAs, prior to the twelfth Working Day from the Bid Closing Date; and
(d) The Company shall pay interest at 15% per annum, if Allotment letter/, refund orders are not dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic mode/manner through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to clearing members and/or demat credits are not made to investors within 8(eight) Days from the day the Company becomes liable to repay.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by through any of the modes as described in the DRHP. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

**Bid/Issue Programme**

| | |
|---|---|
| **BID/ISSUE OPENS ON*** | **[●]** |
| **BID/ISSUE CLOSES ON**** | **[●]** |

* *Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/Issue Date shall be one Working Day prior to the Bid/ Issue Opening Date.*
*****Our Company may decide to close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the ICDR Regulations.***

Bids and any revision in Bids (except in relation to Bids received from Anchor Investors) shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/ Issue Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or in case of bids submitted through ASBA, the designated branches of the SCSBs except that on the Bid/ Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). On the Bid/Issue Closing Date, Bids shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non- Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by BSE and NSE, in case of Bids by Retail Individual Bidders. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 pm on the Bid/Issue Closing Date. Bidders other than Anchor Investors are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the Selling Shareholder, BRLM and Syndicate Members will not be responsible.

It is clarified that Bids not uploaded in the book, would be rejected Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges.

In case of discrepancy of data between the Stock Exchanges and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the BRLM, our Company and the Designated Stock Exchange, based on the physical/ electronic records, as the case may be, of the ASBA Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from the SCSB.

The Registrar to the Issue shall only look at the data entered in the electronic records and will not conduct any verification of data in the electronic book *vis* a *vis* the data contained in any physical Bid Cum Application Form for a particular Bidder.

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids submitted by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of time period for acceptance of Bid cum Application Forms and ASBA Bid cum Application Forms as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure.

Our Company and the Selling Shareholder in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding/ Issue Period in accordance with the ICDR Regulations. Under ICDR Regulations, the Cap Price should not be more than 20% of the Floor Price, i.e. the Cap Price shall be less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price **In case of revision of the Price Band, the Issue Period will be extended for atleast three additional Working Days after revision of Price Band subject to the Bid / Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the changes on the web site of the BRLM and at the terminals of the Syndicate. Further, the SCSBs shall also be notified by the BRLM, through the Registrar to the Issue, of any such revision.**

## ISSUE PROCEDURE

*This section applies to all Bidders. Please note that all Bidders other than Anchor Investors can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the Bid cum Application Form.*

**Book Building Procedure**

This Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue will be allocated to QIBs on a proportionate basis, Our Company may allocate upto 30% of the QIB Portion to Anchor Investors on a discretionary basis. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIBs in proportion to their Bids. Subject to valid Bids received at or above the Issue Price, allocation to all categories, except Anchor Investor Portion, if any, shall be made on a proportionate basis. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

All Bidders other than Anchor Investors and the ABSA Bidders are required to submit their Bids through the members of the Syndicate. ASBA Bidders are required to submit their Bids either to the SCSBs or to the Syndicate Members (including their sub-syndicate members). Bids by QIBs (including Anchor Investors) can be submitted only through the BRLM. The QIBs who bid through the ASBA process shall submit their Bids to the Designated Branch of the SCSBs or to the Syndicate Members (including their sub-syndicate members) and should intimate the BRLM.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID Numbers, the beneficiary account number and the PAN (other than Bids made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts), shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the stock exchanges by the members of the Syndicate do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

**Bid cum Application Form**

Bidders shall use only the specified Bid cum Application Form bearing the stamp of a Member of the Syndicate or of the Designated Branch of the SCSB, as the case may be, for the purpose of making a Bid in terms of the RHP. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered. ASBA Bidders shall submit the ASBA Bid cum Application Form either in physical or electronic form (through the internet banking facility available with the SCSB or such other electronically enabled mechanism for Bidding) to the SCSB authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders. Further the ASBA Bidders can also submit the ASBA Bid cum Application Form to the Syndicate Member (including their sub-syndicate members) who will forward the ASBA Bid cum Application Form to the respective SCSB.

ASBA Bid cum Application Form can also be downloaded and printed from the websites of the Stock Exchanges. The ASBA Bid cum Application Form so downloaded shall have a unique application number and can be used for making Bids by ASBA Bidders.

The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

On completion and submission of the Bid cum Application Form to the Member of the Syndicate or to a SCSB, as the case may be, the Bidder is deemed to have authorised our Company and the Selling Shareholder to make the necessary changes in the RHP and the Bid cum Application Form as would be required under the ICDR Regulations and other applicable laws, for filing the Prospectus with the RoC and as would be required by SEBI and/ or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

| **Category** | **Colour of Bid cum Application Form** |
|---|---|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis [including ASBA Bidders] | [●] |
| Non-residents including Eligible NRIs, FVCIs and FIIs applying on a repatriation basis [including ASBA Bidders] | [●] |
| Anchor Investors* | [●] |

* *Bid cum Application forms for Anchor Investors shall be made available at the office of the BRLM.*

**Who can Bid?**

- Indian nationals resident in India who are majors, in single or joint names (not more than three) or in the names of the minors as natural/legal guardian;
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows:
- Name of Sole or First Bidder: "XYZ Hindu Undivided Family applying through XYZ", where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
- Venture Capital Funds (VCF's) registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with IRDA;
- Provident Funds with minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;

- Foreign Venture Capital Investors (FVCI's) registered with SEBI;
- Multilateral and bilateral development financial institutions;
- National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India and
- Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in this Issue.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue
Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

**Participation by Associates of the BRLM and the Syndicate Members**

The BRLM and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and the Syndicate Members may subscribe for Equity Shares in the Issue, either in the Net QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own or their clients account. However, the BRLM and Syndicate Members and persons related to the BRLM and the Syndicate Members shall not be allowed to subscribe to the Anchor Investor Portion.

**Bids by Mutual Funds**

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

At least one third of the Anchor Investor Portion will be available for allocation on a discretionary basis to domestic Mutual Funds and 5% of the Net QIB Portion is available to be allocated to Mutual Funds on a proportionate basis, subject to receipt of valid Bids.

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 118,125 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds subject to valid Bids being received at or above the price at which allocation is being done to Anchor Investors.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which application is being made.

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

**Bids by Eligible NRIs**

Bid cum Application Forms for Eligible NRIs applying on a repatriation basis ([•] in colour) will be available with select members of the Syndicate.

Eligible NRIs may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their Non Resident External (NRE)/ Foreign Currency Non Resident (FCNR) accounts shall be considered for Allotment under the Eligible NRI category on repatriable basis.

The NRIs who intend to make payment through Non-Resident Ordinary (NRO) i.e. on non-repatriation basis accounts shall use the Bid cum Application Form meant for Resident Indians ([•] in colour) and shall not use the forms meant for Eligible NRIs ([•] in colour).

Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

**Bids by FIIs**

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-issue paid-up capital of our Company. In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.

As of now, in accordance with the foreign investment limits applicable to us, the total foreign investment including FII investment in our Company cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of our company for adoption.

A sub account of a FII which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the ICDR Regulations, for this Issue.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "SEBI FII Regulations"), an FII, or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it or issued on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of claim or an interest in our Company.

**Bids by SEBI registered VCFs and FVCIs**

As per the current regulations, the following restrictions are applicable for SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, each, as amended, prescribe investment restrictions on VCFs and FVCIs registered with SEBI.

Accordingly, the holding in a company by any individual VCF registered with SEBI should not exceed 25% of its corpus. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

**Bids under Power of Attorney**

In case of Bids (including ASBA Bids) made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies, provident funds with minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million; a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Bid cum Application Form/ ASBA Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In addition to the above, certain additional documents are required to be submitted by the following entities:

With respect to Bids by FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.

With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority (IRDA) a certified copy of the certificate of registration issued by the IRDA must be lodged with the Bid cum Application Form.

With respect to Bids made by provident funds with minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

Our Company and the Selling Shareholder reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company, the Selling Shareholder and the BRLM may deem fit.

Our Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs or refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the DRHP. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the investment limits under applicable laws or regulations. Our Company, the Selling Shareholder and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated above.

**Bids by Anchor Investors**

Our Company may consider participation by Anchor Investors in the QIB Portion for up to 30% of the QIB Portion, in accordance with the ICDR Regulations. Only QIBs as defined in Regulation 2(1) (z) (d) of the ICDR Regulations and not otherwise excluded pursuant to Schedule XI of the ICDR Regulations are eligible to invest in the Anchor Investor Portion. Anchor Investors are required to pay the entire Bid Amount at the time of submission of the Bid. The QIB Portion will be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares will be added to the Net QIB Portion. In accordance with the ICDR Regulations, the key terms for participation in the Anchor Investor Portion are provided below:

(a) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 millions and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion.

(b) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to other Anchor Investors.

Anchor Investors shall be allowed to Bid under the Anchor Investor only during the Anchor Investor Bidding Period (i.e., one day prior to the Bid/ Issue Opening Date).

(c) The Bidding for Anchor Investors will open one Working Day before the Bid Opening Date and will be completed on the same day.

(d) Our Company, in consultation with the BRLM, will finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:

- Two, where the allocation under the Anchor Investor Portion is up to ₹ 2,500 million; and
- Five, where the allocation under the Anchor Investor Portion is over ₹ 2,500 millions.

(e) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Issue Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLM before the Bid/Issue Opening Date.

(f) Anchor Investors cannot withdraw their bids after the Anchor Investor Bid/Issue Date.

(g) Anchor Investors shall pay entire Bid Amount at the time of submission of their Bid.
In case the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price will be paid by the Anchor Investors by the Pay-in-Date. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors will be at the higher price i.e. the Anchor Investor Issue Price.

(h) Neither the BRLM, nor any person related to the BRLM, our Promoters, members of our Promoter Group or Group Entities, shall participate in the Anchor Investor Portion.

(i) Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion will not be considered as multiple Bids.

(i) Bid cum Application Forms for the Anchor Investors will be made available at the office of the BRLM and/ or its affiliates.

(j) The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

(l) The instruments for payment into the Escrow Account should be drawn in favour of:

(a) In the case of Resident Anchor Investors: [●]

(b)In the case of Non-Resident Anchor Investors: [●]

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion will be disclosed in the advertisement for the Price Band which will be published by our Company in all editions of English national daily newspaper, a Hindi national daily newspaper and a Bengali newspaper, each with wide circulation at least two Working Days prior to the Bid/ Issue Opening Date.

**Maximum and Minimum Bid Size**

For Retail Individual Bidders: The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed ₹ 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000. In case the Bid Amount is over ₹ 200,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off Price option, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is an option given only to the Retail Individual Bidders where Bid amount does not exceeds ₹ 200000 indicating their agreement to Bid and to acquire the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

For Non-Institutional Bidders and QIBs Bidders: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB Bidder should not exceed the applicable investment limits prescribed for them by applicable laws. A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay entire Bid Amount upon submission of the Bid.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at Cut-off Price.

**For Bidders in the Anchor Investor Portion**: Anchor Investors must submit their Bids for such number of Equity Shares such that the Bid Amount is at least ₹ 100 millions and in multiples of [●] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and in the Net QIB Portion shall not be considered as multiple Bids. **Anchor Investors cannot submit a Bid for more than 30% of the QIB Portion. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Date and are required to pay the entire Bid amount at the time of submission of the Bid.** If the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors by the Pay-in-Date. If the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the Anchor Investor Issue Price.

**Information for all Bidders**

Our Company and the BRLM shall declare the Bid/ Issue Opening Date and the Bid/ Issue Closing Date in the RHP to be registered with the RoC and also publish the same in two national newspapers (one each in English national daily and Hindi national daily) and in one Bengali newspaper with wide circulation. Further, the Price Band and minimum bid lot size shall be disclosed atleast two Working Days prior to the Bid/ Issue Opening Date in two national newspapers (one each in English national daily and Hindi national daily) and one in Bengali newspaper with wide circulation. This advertisement shall be in the prescribed format.

The RHP will be filed by our Company and the Selling Shareholder with the RoC at least three days before the Bid/ Issue Opening Date.

**Information for Bidders other than ASBA Bidders**

Copies of the Bid cum Application Form and the RHP will be available with the members of the Syndicate. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the RHP and/or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.

The members of the Syndicate shall accept Bids from the Bidders during the Bid/ Issue Period in accordance with the terms of the RHP.

Eligible Bidders who are interested in subscribing for the Equity Shares should approach the members of the Syndicate to register their Bids.

The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms which do not bear the stamp of a Member of the Syndicate are liable to be rejected.

**Information specific to ASBA Bidders**

ASBA Bidders who would like to obtain the RHP and/or the ASBA Form can obtain the same from the Designated Branches of SCSB's or the Syndicate Members (including their sub-syndicate members). ASBA Bidders can also obtain a copy of the RHP and/or the ASBA Form in electronic form on the websites of the SCSBs. ASBA Bid cum Application Forms can also be downloaded from the websites of the Stock Exchanges. Furthermore, the SCSBs shall ensure that the abridged prospectus is made available on their websites.

The Bids by ASBA Bidders should be submitted to the SCSBs or to the Syndicate Members (including their sub-syndicate members) on the prescribed ASBA Bid cum Application Form. In case the ASBA Bid cum Application Form is submitted to a Syndicate Member (including their sub-syndicate members), such Syndicate Member or their sub-syndicate members, as the case may be, shall upload the bid and other relevant details of the ASBA Bid cum Application Forms in the bidding platform provided by the Stock Exchanges and forward the same to the respective SCSBs. SCSBs shall carry out further action for such ASBA Bid cum Application Form such as signature verification, blocking of funds, etc. and will forward the ASBA Bid cum Application Form to the Registrar to the Issue. SCSBs will get ₹ [•] to ₹ [•] amount per such application which has been uploaded by the Syndicate Members (including their sub-syndicate members). SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

The SCSBs shall accept Bids of ASBA Bidders, either from ASBA Bidders and/ or from the Syndicate Member (including their sub-syndicate member), during the Bid/ Issue Period.

The Book Running Lead Manager shall ensure that adequate arrangements are made to circulate copies of the RHP and ASBA Bid cum Application Form to the SCSBs. The SCSBs will then make available such copies to investors intending to apply in this Issue through the ASBA process.

The ASBA Form shall bear the stamp of the SCSBs and/or the Designated Branch and if not, the same shall be rejected.

ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and should ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch. In case the amount available in the bank account, specified in the ASBA Form, is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the application.

If the account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder and bidder as provided in the ASBA Bid cum Application Form.

ASBA Bidders shall correctly mention their PAN, DP ID and Client ID in the ASBA Bid cum Application Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID, Client ID and PAN mentioned in the ASBA Bid cum Application Form.

**Withdrawal of ASBA Bids**

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid/ Issue Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

**Method and Process of Bidding**

The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company and the Selling Shareholder in consultation with the BRLM and advertised in one English national daily newspaper, one Hindi national daily newspaper and one Bengali language newspaper, with wide circulation, at least two (2) Working Days prior to the Bid/ Issue Opening Date. The members of the Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.

The Bid/ Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days (including the days for which the Issue is open in case of revision in Price Band). The Bid/ Issue Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. If the Price Band is revised, the revised Price Band and the Bid/ Issue Period will be published in an English daily national newspaper, a Hindi daily national newspaper and a Bengali daily newspaper, each with wide circulation, together with an indication of such change on the websites of the BRLM and at the terminals of the Syndicate Members.

Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels and Revision of Bids" below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

A Bidder cannot bid on another Bid cum Application Form, after Bids on one Bid cum Application Form have been submitted to any Member of the Syndicate or the Designated Branch. Submission of a second Bid cum Application Form to either the same or to another Member of the Syndicate or the Designated Branch will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Build up of the Book and Revision of Bids".

Except in relation to Bids received from the Anchor Investors, the members of the Syndicate or SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for a Bid cum Application Form.

The BRLM shall accept Bids from the Anchor Investors during the Anchor Investor Bid/Issue Date i.e. one Working Day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and in the Net QIB Portion shall not be considered as multiple Bids.

During the Bid/Issue Period, Bidders, other than QIBs including Anchor Investors, who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or SCSBs, as the case may be, to register their Bid. The members of theSyndicate or SCSBs shall accept Bids from Bidders and/ or ASBA Bidder and have the right to vet the Bids during the Bid/Issue Period in accordance with the terms of the RHP.

Along with the Bid cum Application Form, all Bidders, except ASBA Bidders, will make payment in the manner described under the section "Issue Procedure - Payment Instructions" beginning on page 427 of the DRHP.

Upon receipt of the ASBA Bid cum Application Form directly from the ASBA Bidder, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form.

If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids.

If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

**Bids at Different Price Levels and Revision of Bids**

The Bidders can bid at any price within the Price Band, in multiples of ₹1 (One). The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company and the Selling Shareholder in consultation with the BRLM and advertised in one English daily newspaper, one Hindi daily newspaper and one Bengali language newspaper, with wide circulation, at least two (2) Working Days prior to the Bid/ Issue Opening Date.

Our Company and the Selling Shareholder, in consultation with the BRLM reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two (2) Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi), one Bengali language newspaper, with wide circulation and also by indicating the change on the websites of the BRLM, SCSBs and at the terminals of the Syndicate Members (including their sub-syndicate members).

Our Company and the Selling Shareholder, in consultation with the BRLM can finalise the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.

Our Company and the Selling Shareholder, in consultation with the BRLM, can finalise the Anchor Investor Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Anchor Investors.

The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

Retail Individual Bidders who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Refund Account or excess funds will be unblocked by the respective SCSB. In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block Bid Amount based on the Cap Price.

In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment or instruct respective SCSB to block more fund, based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP. If, however, the Bidder does not either revise the Bid or make additional payment or instruct respective SCSB to block more fund and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or unblocked by the SCSBs, as applicable.

Our Company and the Selling Shareholder, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000.

**Electronic Registration of Bids**

The members of the Syndicate and the SCSBs will register the Bids (except Bids from Anchor Investors) using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted. The BRLM, our Company, the Selling Shareholder and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Member (including their sub-syndicate members) or by the SCSBs, (ii) the Bids uploaded by the Syndicate Members (including their sub-syndicate members) or by the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members (including their sub-syndicate members) and the SCSBs, or (iv) with respect to ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the respective Member of the Syndicate and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them.

The Stock Exchanges will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate, their authorised agents and the SCSBs during the Bid/Issue Period. The members of the Syndicate and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/ Issue Closing Date, the members of the Syndicate/ the Designated Branch of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time and such bids that could not uploaded will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres and the websites of the Stock Exchanges during the Bid/Issue Period along with the category wise details.

At the time of registering a Bid (other than Bid by ASBA Bidder), the members of the Syndicate shall enter the following details of the investor in the on-line system:

Name of the Bidder(s): Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;

- Investor Category such as Individual, Corporate, NRI, FII or Mutual Fund, etc.;

- Numbers of Equity Shares Bid for;
- Bid Amount;
- Price option;
- Cheque amount;
- Cheque number;
- Bid cum Application Form number;
- Depository Participant Identification (DP ID) Number and Client Identification (Client ID) Number of the Demat Account of the Bidder; and
- PAN, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts.

With respect to ASBA Bidders, at the time of registering a Bid, the Designated Branches of the SCSBs or the Syndicate Members (including their sub-syndicate member shall enter the following information pertaining to the Bidder into the electronic bidding system:

- Name of the Bidder(s) Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;;
- ASBA Bid cum Application Form Number;
- PAN (of First Bidder if more than one Bidder), except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Investor Category and Sub-Category:

| **Retail** | **Non-institutional** | **QIBs** |
|---|---|---|
| (No sub category) | -Individual<br>- Corporate<br>- Other | - Mutual Funds<br>- Financial Institutions<br>- Insurance companies<br>- Foreign Institutional Investors other than corporate and individual<br>- Sub- accounts<br>- Others |

- DP ID and Client ID Number
- No of equity Shares
- Bid Amount
- Bank account number

Every Designated Branch of the SCSBs shall accept Bids (other than Bids from Anchor Investors bidding in the Anchor Investor Portion) from all such investors who hold accounts with them and wish to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the ICDR Regulations and the Draft Red Herring Prospectus.

Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and a system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the Member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated.

Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

In case of QIB Bidders, the BRLM have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds as listed under the paragraph titled "Grounds for Technical Rejections" in this section of the DRHP. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids except on technical grounds. The identity of QIBs (other than Anchor Investors who have been allocated Equity Shares) Bidding in the Issue shall not be made public.

The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholder and/or the BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, the Selling Shareholder, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the DRHP; nor does it warrant that the Equity Shares will be listed or will continue to be listed on BSE and NSE.

Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate will be given up to one day after the Bid/ Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Bid/ Issue Period, after which the data will be sent to the Registrar to the Issue for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of our Company, the Selling Shareholder and the Registrar to the Issue in consultation with the BRLM, based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Details of Bids in the Anchor Investor Portion will not be registered on the online facilities of the Stock Exchanges

**Build up of the book and revision of bids**

Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.

The book gets built up at various price levels. This information will be available with the BRLM at the end of the Bid/ Issue Period.

During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate or the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same Member of the Syndicate or the SCSB through whom the Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the RHP. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate or SCSB, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

**Price Discovery and Allocation**

After the Bid/ Issue Closing Date, based on the demand generated at various price levels, our Company, the Selling Shareholder in consultation with the BRLM shall finalize the Issue Price and the Anchor Investor Issue Price.

Not more than 50% of the Issue (including 5% of Net QIB Portion specifically reserved for Mutual Funds) would be available for allocation on a proportionate basis to QIBs after consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds.Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

Not less than 15% and not less than 35% of the Issue, would be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category may be met with spill over from any other category at the discretion of our Company in consultation with the BRLM. . In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. If the aggregate demand by Mutual Funds is less than 118,125 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the Net QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the Net QIB Portion has not been met, under-subscription, if any, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.

Allocation to Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

Our Company reserves the right to cancel the Issue at any time after the Bid/Issue Opening Date, but before the Allotment without assigning any reasons whatsoever.

Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLM, subject to compliance with the SEBI ICDR Regulations. In the event of undersubscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.

If the Issue Price is higher than the Anchor Investor Allocation Price, the additional amount shall be paid by the Anchor Investors. However, if the Issue Price is lower than the Anchor Investor Allocation Price, the difference shall not be payable to the Anchor Investors.

In terms of the ICDR Regulations, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Date

Allotment status details shall be available on the website of the Registrar to the Issue.

**Signing of Underwriting Agreement and RoC Filing**

Our Company, the Selling Shareholder, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price.

After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

**Filing with the RoC**

Our Company will file a copy of the RHP and Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

**Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, after registering the RHP with the ROC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one Bengali newspaper with wide circulation.

**Advertisement regarding Issue Price and Prospectus**

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC; in one English language national daily newspaper, one Hindi language national daily newspaper and one Bengali newspaper with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the date of the RHP and the date of Prospectus will be included in such statutory advertisement.

**Issuance of Confirmation of Allocation Note ("CAN")**

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the BRLM and Syndicate Members a list of the Bidders who have been Allotted Equity Shares in the Issue.

The Registrar to the Issue will then dispatch a CAN to the Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Bidder.

In case of Anchor Investors, the issuance of a CAN is subject to "Notice to Anchor Investors: Allotment Reconciliation", as set forth below.

**Notice to Anchor Investors: Allotment Reconciliation**

A physical book will be prepared by the Registrar on the basis of Bids received from Anchor Investors. Based on the physical book and at the discretion of our Company, in consultation with the BRLM, select Anchor Investors will be sent an Anchor Investor Allocation Notice indicating the number of Equity Shares allocated to such Anchor Investors, and, if the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised Anchor Investor Allocation Notice indicating the Pay-in Date for the balance amount.

Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price by the Pay-in-Date. The revised Anchor Investor Allocation Notice, if any, will constitute a valid, binding and irrevocable contract (subject to the issue of a CAN) to pay the difference between the Issue Price and the Anchor Investor Issue Price. Once such balance amount is paid by the Anchor Investors, CANs will be issued to such Anchor Investors. In the event that the Issue Price is lower than or equal to the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will receive CANs without receiving any revised Anchor Investor Allocation Notice.

The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

**Designated Date and Allotment of Equity Shares**

Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depositary account will be completed prior to the twelfth Working Day from the Bid/Issue Closing Date.

In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ allotted to them pursuant to this Issue.

**GENERAL INSTRUCTIONS**

**Do's**:

- Check if you are eligible to apply;
- Ensure that you have Bid within the Price Band;
- Read all the instructions carefully and complete the Bid cum Application Form ([●] in colour), the Non-Resident Bid cum Application Form ([●] in colour), the Anchor Investor Bid cum Application Form ([●] in colour), as the case may be;
- Ensure that the details about Depository Participant, Beneficiary Account and PAN are correct as Allotment of Equity Shares will be in the dematerialised form only;
- Ensure that the Bids are submitted at the bidding centres only on Bid cum Application Forms bearing the stamp of a Member of the Syndicate or of a SCSBs, with respect to ASBA Bidders ensure that the Bid is submitted at a Designated Branch of the SCSB where the ASBA Bid of the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account;
- Ensure that you have been given a TRS for all your Bid options;
- Submit revised Bids to the same Member of the Syndicate or to the Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS;
- Bidders other than ASBA Bidders shall ensure that the full Bid Amount is paid for the Bids submitted to the Member of the Syndicate. ASBA Bidder shall ensure that instruction for blocking the full Bid Amount has been given to the SCSB;
- Except for Bids submitted on behalf of the Central Government or the State Government, residents of the state of the Sikkim and officials appointed by a court, all Bidders should mention their Permanent Account Number (PAN) allotted under the IT Act;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- With respect to ASBA Bids ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
- ASBA Bidders should instruct their respective banks to not release the funds blocked in the bank account under the ASBA process;

- Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB or Syndicate Member (including their sub-syndicate member);

- Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

**Don'ts:**

- Do not bid for lower than the minimum Bid size;

- Do not Bid/ revise Bid to less than the Floor Price or higher than the Cap Price;

- Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Member of the Syndicate or the SCSB, as applicable;

- Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;

- Do not send Bid cum Application Forms by post; instead submit the same to a Member of the Syndicate or the SCSB, as applicable;

- Do not bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);

- Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);

- Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

- Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

- Do not submit the Bids without (i) paying the full Bid Amount or (ii) instruct SCSBs to block amount based on full Bid Amount.

**INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM**

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate. ASBA Bid cum Application Forms can be obtained from the Designated Branches of the SCSBs. ASBA Bid cum Application Forms shall also be available at the website of the respective stock exchanges at www.bseindia.com and www.nseindia.com.

**Bids must be:**

Made only in the prescribed Bid cum Application Form, as applicable.

Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form. Incomplete Bid cum Application Forms are liable to be rejected. Bidders should note that the members of the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms.

Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and the SCSBs, as the case may be and the electronic data will be used to make allocation/ Allotment. Please ensure that the details are correct and legible.

For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 200,000.

For Non-Institutional Bidders and QIB Bidders bidding under the Net QIB Portion,, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to ₹ 100 million and in multiples of [●] Equity Shares thereafter.

In single name or in joint names (not more than three and in the same order as their Depository Participant details).

Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

**Bidder's Depository Account and Bank Account Details**

Bidders should note that on the basis of PAN of the Sole/First Bidders, Depository Participant's name, DP ID number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including category, age, address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants/ direct credit/ NECS/ NEFT/ RTGS) to the Bidders or unblocking the ASBA account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Registrar to the Issue or the Escrow Collection Banks or the SCSBs nor our Company or the Selling Shareholder shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID NUMBER, BENEFICIARY ACCOUNT NUMBER AND PAN IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders (where refunds are not being made electronically)/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company nor the Selling Shareholder, the Escrow Collection Banks or the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, names of the Bidders (including the order of names of joint holders), DP ID and the beneficiary's identity, then such Bids are liable to be rejected.

Bids by Non Residents including NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made in the following manner:

On the Bid cum Application Form or the Revision Form, as applicable ([•] in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

In a single name or joint names (not more than three and in the same order as their Depositary Participant Details).

Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company and the Selling Shareholder will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.

**PAYMENT INSTRUCTIONS**

**Escrow Mechanism for Bidders other than ASBA Bidders**

Our Company, the Selling Shareholder and the BRLM shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of their Bid and/ or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the RHP and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the RHP.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the BRLM, the Syndicate Members, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Each Bidder shall draw a cheque or demand draft or remit the funds electronically for the amount payable on the Bid as per the following terms:

**Payment mechanism for ASBA Bidders**

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

In the event of withdrawal or rejection of ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account.

**Payment into Escrow Account for Bidders other than ASBA Bidders**

Each Bidder shall draw a cheque or demand draft or remit the funds electronically for the amount payable on the Bid as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Member of the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be liable to be rejected.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   In case of Resident QIB Bidders: "–[●]"

   In case of Non Resident QIB Bidders: "–[●]"

   In case of Resident Retail and Non-Institutional Bidders: "–[●]"

   In case of Non-Resident Retail and Non-Institutional Bidders: "–[●]"

4. Anchor Investors would be required to pay the Bid Amount at the time of submission of the Bid cum Application Form. In the event of the Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price by the Pay-in Date. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

   For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

   In the case of Resident Anchor Investors: "[●]"

In the case of Non-Resident Anchor Investors: “[●]”

5. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

6. In case of Bids by NRIs applying on non-repatriation basis, the payments may be made out of an NRO Account or a Non-Resident Bidder bidding on a non-repatriation basis.

7. In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

8. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.

9. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

10. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

11. Prior to the twelfth Working Day from the Bid/ Issue Closing Date, the Refund Bank shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders payments should be made by cheque, or a demand draft drawn on any bank (including a Co-operative bank), which is situated at and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/ money orders/ postal orders will not be accepted.

12. Bidders are advised to mention the number of application form on the reverse of the cheque/ demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

13. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

**Payment by cash/ stockinvest/ money order**

Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/money orders/postal orders will not be accepted.

**Submission of Bid cum Application Form**

All Bid cum Application Forms or Revision Forms duly completed and accompanied by cheques or bank drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application form or the ASBA Revision Form at the Designated Branch of the SCSB or to the Syndicate Member (including their sub-syndicate member). In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB and accordingly registering such Bids.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

**OTHER INSTRUCTIONS**

**Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

**Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and in Net QIB Portion will not be considered as multiple Bids.

Our Company and the Selling Shareholder reserve the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. It is clarified, however, that Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

All Bids will be checked for common PAN and Bids with common PAN will be accumulated and taken to a separate process file which would serve as a multiple master.

In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

The Bids will be scrutinised for DP ID and Beneficiary Account Numbers. In case Bids bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

ASBA Bids made by duplicate copies of the same ASBA Bid cum Application Form (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number) shall be treated as multiple Bids and shall be rejected.

**Permanent Account Number ("PAN")**

The Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the I.T. Act. In accordance with the ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction.  Any Bid cum Application

Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

This requirement is not applicable to Bids received on behalf of the Central and State Governments, from residents of the state of Sikkim and from officials appointed by the courts.

**Rejection of Bids**

In case of QIB Bidders, our Company and the Selling Shareholder, in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, our Company and the Selling Shareholder have a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NECS/direct credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company and the Selling Shareholder would have a right to reject the ASBA Bids only on technical grounds.

**Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the value of Equity Shares bid for. With respect to Bids by ASBA Bidder, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;

- Age of First Bidder not given;

- PAN not mentioned in the Bid cum Application Form except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;

- GIR number furnished instead of PAN;

- Bids for lower number of Equity Shares than specified for that category of investors;

- Bids at a price less than the Floor Price;

- Bids at a price more than the Cap Price;

- Submission of more than five ASBA Bid cum Application forms per bank account;

- Submission of Bids by Anchor Investors through the ASBA process;

- Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders.

- Bids for number of Equity Shares which are not in multiples of [●];

- Category not ticked;

- Multiple Bids as defined in the RHP;

- In case of Bids under power of attorney or by limited companies, corporate, trust, etc. relevant documents are not submitted;

- Bids accompanied by Stockinvest/money order/postal order/cash;

- Signature of sole and / or joint Bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;

- Bid cum Application Forms does not have the stamp of the BRLM or Syndicate Member;

- Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;

- ASBA Bid cum Application Form does not have the stamp of the SCSB, except for ASBA Bid cum Application Forms downloaded from the websites of the Stock Exchanges, in which case the ASBA Bid Cum Application Forms shall bear an unique application number;

- Bids by QIBs not submitted through the BRLM or in case of ASBA Bids for QIBs, not intimated to the BRLM/ Syndicate Members;

- Bid cum Application Forms does not have Bidder's depository account details;

- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

- In case no corresponding record is available with the Depositories that matches three parameters: PAN of the sole name of the Bidder, DP ID and beneficiary's account number;

- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;

- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

- Bids by persons in the United States;

- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;

- Bids not uploaded on the terminals of the Stock Exchanges;

- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

- Bids by OCBs;

- In case the DP ID, client ID and PAN mentioned in the Bid Cum Application Form and entered into the electronic bidding system of the Stock Exchanges do not match with the DP ID, client ID and PAN available in the records with the depositaries.

- ASBA Applications made by using duplicate copy of ASBA Bid cum Application Form downloaded from the website of the Stock Exchanges (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number);

- Bids by NRIs not disclosing their residential status;

**Basis of Allotment**

**For Retail Individual Bidders**

Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

The Issue size less Allotment to QIB Bidders and to Non-Institutional Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to 2,362,500 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

If the aggregate demand in this category is greater than 2,362,500 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. For the method of proportionate basis of Allotment, refer below.

**For Non-Institutional Bidders**

Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

The Issue size less Allotment to QIBs Bidders and Retail Individual Bidders Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to 1,012,500 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than 1,012,500 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. For the method of proportionate basis of Allotment refer below.

**For QIBs in the Net QIB Portion**

Bids received from the QIB Bidders in the Net QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

The Net QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the Net QIB Portion shall be determined as follows:

  (i) Allocation to Anchor Investors shall be made in accordance with the ICDR Regulations.

(ii) After allocation to Anchor Investors, in the event that Mutual Fund Bids exceeds 5% of the Net QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the Net QIB Portion.

(ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

(iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance Allotment to all QIBs bidding in the Net QIB Portion shall be determined as follows:

In the event that the oversubscription in the Net QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the Net QIB Portion.

Mutual Funds, who have received allocation as per (a)(i) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

Under-subscription below 5% of the Net QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

**For Anchor Investors**

Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the BRLM, subject to compliance with the following requirements:

(i) not more than 30% of the QIB Portion will be allocated to Anchor Investors;

(ii) one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price; and

(iii) allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation up to ₹ 2,500 million and a minimum number of five Anchor Investors for allocation more than ₹ 2,500 million.

(iv) The number of Equity Shares Allotted to Anchor Investors at the Anchor Investor Issue Price, shall be made available in the public domain by the BRLM on or before the Bid/ Issue Opening Date by intimating the Stock Exchanges

**Method of Proportionate Basis of Allotment in the Issue**

In the event of the Issue being over-subscribed, our Company and the Selling Shareholder shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and

Each successful Bidder shall be Allotted a minimum of [●] Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the number in excess of the multiple of one would be rounded off to the higher multiple of one if that number is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

**Illustration of Allotment to QIBs and Mutual Funds ("MF") in the Net QIB Portion**

A. Issue Details

| Sr. No. | Particulars | Issue details |
|---|---|---|
| 1. | Issue size | 2,000 million Equity Shares |
| 2. | Allocation to QIB (50%) | 1,000 million Equity Shares |
| 3. | Anchor Investor Portion | 300 million Equity Shares |
| 4. | Portion available to QIBs other than Anchor Investors [(2) minus (3)] | 700 million Equity Shares |
| | Of which: | |
| | a. Allocation to MF (5%) | 35 million Equity Shares |
| | b. Balance for all QIBs including MFs | 665 million Equity Shares |
| 3 | No. of QIB applicants | 10 |
| 4 | No. of shares applied for | 5,000 million Equity Shares |

B. Details of QIB Bids in the Net QIB Portion

| Sr. No. | Type of QIB bidders# | No. of Equity Shares bid for (in millions) |
|---|---|---|
| 1 | A1 | 500 |
| 2 | A2 | 200 |
| 3 | A3 | 1,300 |
| 4 | A4 | 500 |
| 5 | A5 | 500 |
| 6 | MF1 | 400 |
| 7 | MF2 | 400 |
| 8 | MF3 | 800 |
| 9 | MF4 | 200 |
| 10 | MF5 | 200 |
| | **Total** | **5,000** |

# A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

| Type of QIB bidders | Equity Shares bid for (in million) | Allocation of 35 million Equity Shares to MF proportionately (please see note 2 below) | Allocation of balance 665 million Equity Shares to QIBs proportionately (please see note 4 below) | Aggregate allocation to MFs |
|---|---|---|---|---|
| **(I)** | **(II)** | **(III)** | **(IV)** | **(V)** |
| A1 | 500 | 0 | 67.0 | 0 |
| A2 | 200 | 0 | 26.8 | 0 |
| A3 | 1,300 | 0 | 174.1 | 0 |
| A4 | 500 | 0 | 67.0 | 0 |
| A5 | 500 | 0 | 67.0 | 0 |
| MF1 | 400 | 7 | 52.6 | 59.6 |
| MF2 | 400 | 7 | 52.6 | 59.6 |
| MF3 | 800 | 14 | 105.3 | 119.3 |
| MF4 | 200 | 3.5 | 26.3 | 29.8 |
| MF5 | 200 | 3.5 | 26.3 | 29.8 |
| | **5,000** | **35** | **665.0** | **298.2** |

Please note:

1. The illustration presumes compliance with the requirements specified in the DRHP in "Terms of the Issue" beginning on page 400 of the DRHP.

2. Out of 700 million Equity Shares allocated to QIBs, 35 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 2,000 million Equity Shares in QIB category.

3. The balance 665 million Equity Shares (i.e. 700-35 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who have applied for 5,000 million Equity Shares (including five MF applicants who applied for 2,000 million Equity Shares).

4. The figures in the fourth column entitled "Allocation of balance 665 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

   - For QIBs other than Mutual Funds (A1 to A5) = No. of shares bid for (i.e. in column II) X 665 / 4965.

   - For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted ( i.e., column III of the table above)] X 665 / 4965.

5. The numerator and denominator for arriving at allocation of 700 million Equity Shares to the 10 QIBs are reduced by 35 million Equity Shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

**Equity Shares in Dematerialised Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

1. Agreement dated March 19, 2008, between NSDL, our Company and the Registrar to the Issue;

2. Agreement dated January 15, 2008 between CDSL, our Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number, DP ID number and PAN) appearing in the Bid cum Application Form or Revision Form.

(c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

(d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

(f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

(g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors.

**Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the Member of the Syndicate or the Designated Branch of the SCSB where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked and a copy of the acknowledgement slip.

Further, with respect to ASBA Bidders, the Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. Our Company, the Selling Shareholder, the BRLM, the Syndicate Members and the Registrar to the Issue accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations.

Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders, etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

## PAYMENT OF REFUND

Bidders, other than ASBA Bidders, must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable and any such delay shall be at the Bidders' sole risk and neither our Company, the Selling Shareholder, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

### Mode of making refunds

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

i. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

ii. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where such facility is made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

iii. RTGS – Applicants having a bank account at any of the centres, where such facility is available and whose refund amount exceeds ₹ 0.2 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

iv. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**Mode of making refunds for ASBA Bidders**

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids prior to the twelfth Working Day from the Bid/ Issue Closing Date.

**Disposal of Applications and Application Moneys and interest in case of delay**

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges prior to the twelfth Working Day from the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system prior to the twelfth Working Day from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode prior to the twelfth Working Day from the Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken prior to the twelfth Working Day from the Bid/Issue Closing Date.

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

1. Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, prior to the twelfth Working Day from the Bid/Issue Closing Date;

2. With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system prior to the twelfth Working Day from the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder‘s Bank Account shall be made prior to the twelfth Working Day from the Bid/ Issue Closing Date.

3. Our Company shall pay interest at 15% per annum for any delay beyond the twelfth Working Day from the Bid/ Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors prior to the twelfth Working Day from the Bid/ Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier. If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every officer of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act.

**Letters of Allotment or Refund Orders or instructions to the SCSBs**

In case of Bidders (other than ASBA Bidders) we shall give credit to the beneficiary account with Depository Participants prior to the twelfth Working Day from the Bid/ Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through ECS / NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and / or RTGS. Our Company shall ensure dispatch of refund orders, shall be by registered post or speed post at the sole or First Bidder’s sole risk prior to the twelfth Working Day from the Bid/ Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund prior to the twelfth Working Day from the Bid/ Issue Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within eight Working Days of the Bid/ Issue Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to SCSBs by the Registrar to the Issue

Our Company agrees that the Allotment of Equity Shares in the Issue shall be made prior to the twelfth Working Day from the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner prior to the twelfth Working Day from the Bid/ Issue Closing Date or instructions to SCSBs to unblock funds in the ASBA Accounts shall be given prior to the twelfth Working Day from the Bid/Issue Closing Date, as the case may be.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay-orders or demand drafts at other centres will be payable by the Bidders.

**IMPERSONATION**

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

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

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

**Undertakings by our Company**

Our Company undertakes the following:

(i) That the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;

(ii) That all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the securities are proposed to be listed will be taken prior to the twelfth Working Day from the Bid/Issue Closing Date;

(iii) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Company;

(iv) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant prior to the twelfth Working Day from the Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(v) Instructions to SCSBs to unblock funds in the ASBA Accounts shall be given prior to the twelfth Working Day from the Bid/Issue Closing Date;

(vi) That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time;

(vii) That no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.;

(viii) That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment; and

(ix) Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

**The Selling Shareholder undertakes the following:**

(i) The Selling Shareholder consents to the inclusion of 2,250,000 Equity Shares held by it in the Company as part of the Offer for Sale in the Issue, for cash at such premium per share as may be fixed and determined through the book building method, by the Company in consultation with BRLM, to such category of persons, in accordance with the ICDR Regulations or other provisions of law as may be prevailing at that time and in such manner as may be determined by the Board (including by means of the book building process as prescribed by SEBI).

(ii) The Selling Shareholder confirms that they are the legal and beneficial holder(s) and have full title to the Equity Shares which are proposed to be included as a part of the Offer for Sale in the Issue and that the said Equity Shares are fully paid, free from liens, charges and encumbrances of any kind whatsoever. The Selling Shareholder further confirms that the Equity Shares being offered by it in the Issue are fully paid and are in dematerialized form, free from any charge, lien, encumbrance or any transfer restriction, of any kind whatsoever.

(iii) The Selling Shareholder confirms that the Equity Shares being included in the Issue have been held for a period of at least one year from the date hereof in accordance with Regulation 26(6) of the ICDR Regulations.

(iv) The Selling Shareholder hereby undertakes not to sell, transfer, dispose of in any manner other than as part of the Issue or create any lien, charge or encumbrance on the Equity Shares being offered for sale and hereby also undertakes to take such steps as may be legally required to ensure that the said Equity Shares are available for the Offer for Sale, including without limitation converting the Equity Shares into dematerialised form, notifying the depositary participant of the contents of this letter and not sell, transfer, dispose of in any manner or create any lien, charge or encumbrance on the above shares.

(v) The Selling Shareholder undertakes that they shall not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals, from all the Stock Exchanges where listing is proposed, have been obtained.

**Withdrawal of the Issue**

Our Company and/or the Selling Shareholder, in consultation with the BRLM, reserve the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date but before the Allotment of Equity Shares. In such an event, a public notice would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two Workings Days of the Bid/Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

If our Company withdraws the Issue after the closure of bidding, our Company shall be required to file a fresh draft red herring prospectus with SEBI.

**Utilisation of proceeds of the Fresh Issue**

Our Board of Directors certify that:

(i) All monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;

(ii) Details of all monies utilised out of Fresh Issue shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in our balance sheet of our Company indicating the purpose for which such monies have been utilised; and

(iii) Details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

## SECTION VIII

## MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

*We have submitted the Articles of Association to the Stock Exchanges and we may be required to amend the Articles of Association, if so required by the Stock Exchanges. The main provisions of our Articles of Association, as submitted to the Stock Exchanges for their approval are as follows:*

### CAPITAL

**3. Authorized Capital**

a) The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.

b) The minimum paid up Share capital of the Company shall be ₹ 5,00,000/- or such other higher sum as may be prescribed in the Act from time to time.

**4. Increase of capital by the company and how carried Into effect**

The Company in General Meeting may, from time to time, by an ordinary resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting, resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of the assets of the Company and with a right of voting at General Meetings of the Company in conformity with Section 87 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of the Act.

**5. New Capital same as existing capital**

Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

**6. Power to issue Shares/Securities Preference shares**

Subject to the provisions of the Act and these Articles, the shares/securities (whether Equity or Preference) shall be under the control of the Directors who may allot, forfeit or otherwise dispose of the same to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par or at discount, and with full power to give any person the option to call for or be allotted shares of any class of the company either at premium or at par or at discount, such option being exercisable at such times and for such consideration as the Board thinks fit.

Further, subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.

**7. Provisions to apply on issue of Redeemable Preference Shares**

On the issue of Redeemable Preference Shares under the provision of Article 7 hereof the following provisions shall take effect:-

a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption.

b) No such shares shall be redeemed unless they are fully paid.

c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed.

d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account'' a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid up share capital of the Company.

Subject to the provisions of Section 80 of the Act, the redemption of Preference Shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

**8. Issue of sweat equity shares**

1) The Company may exercise the powers of issuing sweat equity shares conferred by Section 79A of the Act of a class of shares already issued subject to the following conditions:

a) the issue of sweat equity shares is authorised by a special resolution passed by the Company in general meeting;

b) the resolution specifies the number of shares, their value and the class or classes of directors or employees to whom such equity shares are to be issued; and

c) not less than one year has at the date of issue elapsed since the date on which the Company was entitled to commence business.

2) Subject to the provisions of Section 79A and other applicable provisions of the Act and the Rules made thereunder, the Company may issue Sweat Equity Shares if such issue is authorised by a Special Resolution passed by the Company in the general meeting. The Company may also issue shares to employees including its Directors, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorised by a Special Resolution of the Company in general meeting subject to the provisions of the Act and the Rules and applicable guidelines made thereunder, by whatever name called.

**9. Assignment of Debenture**

Debentures, Debentures-stock, bonds or other security may be assignable by the holder of such instrument free from any equities between the Company and the person to whom the same may be issued

**10. Buy-back**

a) Pursuant to Section 77A of the Act, the Company may purchase its own shares or other specified securities out of its free reserves or out of its securities premium account or out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy-back purposes by passing a special resolution in the general meeting of the Company.

b) Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities, subject to such limits, upon such terms and conditions and subject to such approvals, as may be permitted under Section 77A of the Companies Act, 1956 and the applicable guidelines and regulations that may be issued in this regard.

**11. Reduction of share capital**

The Company may from time to time by Special Resolution reduce its share capital in the manner Authorised by law and in particular may pay off any paid-up share capital upon the footing that it may be called up again or otherwise and may if and so far as is necessary alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.

**12. Shares with different voting right**

The Company may from time to time by Special Resolution issue such shares which may have different voting rights depending upon the class of shares issued by the Company.

**13. Conversion of loan to shares**

Subject to the approval of the Shareholders, the Company may convert loans to issue shares of the Company.

**14. Acceptance of shares**

Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share shall be an acceptance of shares within the meaning of these Articles and every person who, does or otherwise accepts shares and whose name is on the Register shall for the purpose of these Articles, be a member.

**15. Restriction on allotment**

The Board shall observe the restrictions as regards allotment of shares to the public contained in section 69 and 70 of the Act and as regards return on allotments, the Directors shall comply with section 75 of the Act.

**16. Issue of share warrants**

The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115, and accordingly, the Board may in its discretion, with respect to any share which is fully paid up on an application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the persons signing the application, and on receiving the certificate (if any) of the share and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

**CONSOLIDATION, DIVISION AND SUB-DIVISION**

**17. Consolidation, division and Subdivision of Shares**

Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (l) of Section 94; and the resolution whereby any share is sub-divided, may determine that, as between the holders of the share resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

## MODIFICATION OF CLASS RIGHTS

### 18. Modification of Rights

If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 106 and 107 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.

### 19. New issue of Shares not to affect rights attached to existing shares of that class

The rights conferred upon the holders of the Shares (including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith.

### 20. Shares at the Disposal of the Directors

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

### 21. Further Issue of Shares

1) Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:

    a) such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date;

    b) such offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer if not accepted, will be deemed to have been declined;

    c) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favor of any other person and the notice referred to in sub clause (b) shall contain a statement of this right;

    d) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner as they think most beneficial to the company.

2) Notwithstanding anything contained in sub-clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever:

   a) if a special resolution to that effect is passed by the company in General Meeting, or

   b) where no such resolution is passed, if the votes cast (whether on a show of hands or on a pool as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.

3) Nothing in sub-clause (c) of (1) hereof shall be deemed:

   a) to extend the time within which the offer should be accepted; or

   b) to authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued by the company:

   (i) to convert such debentures or loans into shares in the company; or

   (ii) to subscribe for shares in the company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing fro such option and such term:

   a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

   b) in the case of debentures or loans other than debentures issued to, or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debenture or raising of the loans.

5) In addition to and without derogating from the powers for that purpose conferred on the Board under Article 19 the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the company) shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount as the meeting shall determine and with full power to give any person (whether a member or not) the option of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount such option being exercisable at such time sand for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

**22. Shares should be numbered progressively and no share to be subdivided**

The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

**23. Acceptance of Shares**

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

**24. Directors may allot Shares as full paid-up**

Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered tot eh Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid –up shares as aforesaid.

**25. Deposit and call etc. to be a debt payable Immediately**

The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.

**26. Liability of Members**

Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Baord shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.

**27. Registration of Shares**

Shares may be registered in the name of any limited company or other corporate body but not in the name of firm, an insolvent person or a person of unsound mind.

**CERTIFICATES**

**28. Limitation of Time for Issue of Certificates**

a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person 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 or a whole-time Director. 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.

b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.

c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

**29. Issue of new certificates in place of one defaced, lost or destroyed**

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ` 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable thereof in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company. This Article shall be in accordance with the procedures set out under the Act and rules prescribed thereunder.

**30. The first named Joint holder deemed sole holder**

If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.

**31. Maximum number or Joint holders**

The Company shall not be bound to register more than three persons as the joint holders of any share.

Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.

Particulars of all duplicate share certificates issued by the Company shall be recorded in the Renewed and Duplicate Certificate registered in accordance with the provisions of the Act.

**UNDERWRITING AND BROKERAGE**

**32.** Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

**33.** The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.

**INTEREST OUT OF CAPITAL**

**34.** Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building the provision of any plant, or onshore or offshore rigs, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital at a rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

**CALLS**

**35. Directors may make calls**

1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.

2) A call may be provoked or postponed at the discretion of the Board.

3) A call may be made payable by installments.

**36. Notice of Calls**

Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

**37. Calls to date from resolution**

A call be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.

**38. Calls on uniform basis**

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

**39. Directors may extend time**

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

**40. Calls to carry Interest**

If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

**41. Sums deemed to be calls**

If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.

**42. Proof on trial of Suit for money due on shares**

On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

**43. Judgement, decree, partial payment not to proceed for forfeiture**

Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

**44. Payments in anticipation of call may carry interest**

a) The Directors may, if they thinks fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums, actually called for, and upon the amount so paid or satisfied in advance, or so much thereof, as from time to time exceeds the amount of the calls then made upon the shares in respect of such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

b) The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

**LIEN**

**45. Company's lien on Shares/ Debentures**

The Company shall have a first and paramount lien upon all the shares/ debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

**46. As to enforcing lien by sale**

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 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 of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall 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 lieu thereof to the purchaser or purchasers concerned.

**47. Application of proceeds of sale**

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

**FORFEITURE AND SURRENDER OF SHARES**

**48. If call or instalment Not paid, notice may be given**

If any Member fails to pay the whole or any part of any call or installment or any moneys due to in respect of 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 call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgement 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 shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.

**49. Terms of notice**

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

**50. On default of payment, shares to be forfeited**

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

**51. Notice of forfeiture to a Member**

When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members.

**52. Forfeited shares to be property of the Company and may be sold etc**

Any shares 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 in their absolute discretion shall think fit.

**53. Members still liable to pay money owing at time of forfeiture and interest**

Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board 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.

**54. Effect of forfeiture**

The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

**55. Evidence of Forfeiture**

A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

**56. Title of purchaser and allottee of forfeited shares**

The Company may receive the consideration, if any, given 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 irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.

**57. Cancellation of share Certificate in respect of forfeited shares**

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 relative 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 duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.

**58. Forfeiture may be remitted**

In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.

**59. Surrender of shares**

The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.

**TRANSFER AND TRANSMISSION OF SHARES**

**60. Execution of the instrument of shares**

a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.

b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.

**61. Common form of Transfer**

The instrument of transfer shall be in writing, duly stamped and all the provisions of Section 108 of the Companies Act, 1956 and statutory modifications thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof.

**62. Transfer not to be registered except on production of instrument of transfer**

The Company shall not register a transfer in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on 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 by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think 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. Upon being satisfied with the transfer instruments submitted to the Company, the Company shall record such transfer in the Register of Transfer maintained by the Company and make appropriate noting in the Register of Members.

**63. Directors may refuse to register transfer**

Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reason, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstance that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company or any account whatsoever except when the company has a lien on the shares However, no transfer of shares/debentures shall be refused on the ground of them not being held in marketable lots.

**64. Endorsement of Transfer**

In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at their discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or Officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

**65. Notice of refusal to be give to transferor and transferee**

If the Company refuses to register the transfer of any share or transmission of any rights therein, the Company shall within one month 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 and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force shall apply.

**66. No fee on transfer or transmission**

No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

**67. Closure of Register of Members**

Subject to the provisions of Section 154 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may, from time to time, determine.

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year or any statutory modification thereof.

**68. Custody of transfer Deeds**

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 the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.

**69. Application for transfer of partly paid shares**

Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

**70. Notice to transferee**

For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

**71. Recognition of legal representative**

a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.

b) Before recognizing any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India.

   Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnify or otherwise, as the Board in its absolute discretion, may consider adequate.

c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

**72. Registration of persons entitled to share otherwise than by transfer (transmission clause)**

Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee as instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.

**73. Refusal to register nominee**

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration.

**74. Board may require evidence of transmission**

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 be so verified or until or unless an indemnify be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

**75. Company not liable for disregard of a notice prohibiting registration of transfer**

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them 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 but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

**76. Form of transfer outside India**

In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Article 60 hereof as circumstances permit.

**77. No transfer to insolvent etc**

No transfer shall be made to any infant, insolvent or person of unsound mind except fully paid shares through a legal guardian.

**NOMINATION**

**78. Nomination**

i) Notwithstanding anything contained in the articles, every holder of shares or debentures of the Company may, at any time, nominate a person in whom his/her shares or debentures shall vest in the event of his/her death and the provisions of Section 109A and 109B of the Companies Act, 1956 shall apply in respect of such nomination.

ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the shares or debentures of the Company in the manner specified under Section 109A of the Companies Act, 1956.

iii) The Company shall not be in any way responsible for transferring the shares and/or debentures consequent upon such nomination.

iv) If the holder(s) of the shares or debentures survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.

**79. Transmission of Securities by nominee**

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:-

i) to be registered himself as holder of the share or debenture, as the case may be; or

ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, could have made:

iii) If the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;

iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

**DEMATERIALIZATION OF SECURITIES**

**80. Dematerialization of Securities**

For the purpose of this Article, unless the context otherwise requires:

A. Definitions:

In the following Article, Depositories Act, Beneficial Owner, Depository, SEBI, Security, Shareholder or member shall mean and include Depositories Act, Beneficial Owner, Depository, SEBI, Security, Shareholder or member as defined in the definition portion.

B. Dematerialization/ Rematerialisation of Securities:

Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize or rematerialize its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialized form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;

C. Option for Investors:

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security;

D. Securities in Depositories to be in fungible form:

All securities held by a Depository shall be dematerialized and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners;

E. Rights of Depositories and Beneficial Owners:

i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;

ii) Save as otherwise provided in (i) above, the Depository as a registered owner of the Securities shall not have any voting rights or any other right in respect of the securities held by it;

iii) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

F. Service of information:

Notwithstanding anything to the contrary contained in these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies and discs.

G. Transfer of Security:

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

H. Section 83 and 108 of the Act not apply:

i) Section 83 of the Act shall not apply to the shares with a Depository;

ii) Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

I. Register and Index of beneficial owners:

The Register and Index of Beneficial Owner, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of these Articles.

J. Intimation to Depository:

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

K. Stamp duty on securities held in dematerialization form:

No stamp duty would be payable on shares and securities held in dematerialized form in any medium as may be permitted by law including any form of electronic medium.

L. Applicability of the Depositories Act:

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

M. Company to recognize the rights of registered Holders as also the beneficial Owners in the records of the Depository:

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards to receipt of dividend or bonus or service of notices and all or any other matters connected with the Company and accordingly, the Company shall not except as ordered by a Court of competent jurisdiction or as by law required be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such share on the par t of any other person whether or not it shall have express or implied notice thereof.

**JOINT HOLDER**

**81. Joint holders**

Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles:

a) **Joint and several Liabilities for all Payments in Respect of shares**

the Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.

b) **Title of survivors**

on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person.

c) **Receipts of one sufficient**

only the person whose name stands first in the Register of Members may give effectual receipts of any dividends or other moneys payable in respect of share; and

d) **Delivery of certificate and giving of notices to first named Holders**

only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders.

**CONVERSION OF SHARES INTO STOCK**

**82. Conversion of Shares into stock or reconversion**

The Company may, by ordinary resolution in General Meeting.

a) convert any fully paid-up shares into stock; and

b) re-convert any stock into fully paid-up shares of any denomination.

**83. Transfer of stock**

The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

**84. Rights of stock holders**

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose.

**85. Regulations**

Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words “share” and “shareholders” in those regulations shall include “stock” and “stockholders” respectively.

**BORROWING POWERS**

**86. Power to borrow**

Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board receive deposits or loans from members either as an advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money received, raised or borrowed; provided that the total amount 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 specified purpose.

**87. Term of Issue of Debenture**

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

**88. Securing payment or repayment of moneys borrowed**

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 manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the 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 undertaken by the Company or any person or Company as the case may be.

**89. Bonds, Debentures etc. to be under the control of the Directors**

Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board 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.

**90. Mortgage of uncalled capital**

If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favor such mortgage or security is executed.

**91. Indemnity may be given**

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 surely for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

**MEETING OF MEMBERS**

**92. Annual General Meeting**

(a) The Company shall, in each year, hold, in addition to any other meetings, a General Meeting as its Annual General meeting, and shall specify the meeting as such in the notice calling it, and not more than 15 months shall elapse between the date of one Annual General Meeting of the Company and that the next and the Annual General Meeting shall be held within six months of the expiry of its financial year.

Provided that if the Registrar shall have, for any special reason, extended the time within which any Annual General Meeting shall be held, by a period not exceeding three month, then such Annual General Meeting may be held within such extended period.

(b) Every Annual General Meeting shall be called at a time during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the City, town or village in which the Registered office is situated.

(c) The Statutory Meeting of the Company shall be held at such place and at such time (not less than one month nor more than six months from the date at which the Company is entitled to commence business) as the Directors may determine and in connection therewith, the Directors shall comply with the provisions of Section 165 of the Act.

**93. Distinction between AGM & EGM**

All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.

**94. Directors may call EGM**

The Directors may call an Extra-ordinary General Meeting whenever they think fit.

**95. Length of notice of General Meeting**

(a) A General Meeting of the Company, Annual or Extraordinary and by whomsoever called, may be called by giving not less than 21 days clear notice in writing.

(b) A General Meeting may be called by giving shorter notice than that specified in clause (1) hereof if consent is accorded thereto (a) in the case of an Annual General Meeting by all the members entitled to vote thereto and (b) in case of any other general meeting, by members of the Company holding not less than ninety-five per cent of such part of the paid up share capital of the Company as gives a right to vote at the meeting.

PROVIDED THAT where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this clause in respect of the former resolution and not in respect of the latter.

**96. Meeting not to transact business not mentioned in notice**

No General Meeting, Annual or Extraordinary shall be competent to enter upon discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.

**97. Quorum for General Meeting**

For all purposes the quorum at a general meeting shall be give members personally present. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

**98. Business confined to election of Chairman whilst chair is vacant**

a) The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no

Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting.

b) No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.

**99. Chairman with consent may adjourn meeting**

The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

When a Meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or any business to be transacted at an adjourned meeting.

**100. Chairman's casting vote**

In the case of an equality of votes the Chairman shall both on a show of hands and on a poll (if any) have casting vote in addition to the vote or votes to which he may be entitled as a Member.

**101. In what case poll taken without adjournment**

Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.

**102. Questions at general meetings, how decided**

At any general meeting a resolution including a special resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of a show of hands) demanded:

a) by the Chairman or

b) 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

c) by any member or members present in person or by proxy and holding shares in the company on which an aggregate sum of not less than Rupees fifty thousand has been paid up.

**103.** A declaration by the Chairman that in pursuance of voting on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and any entry to that effect in the books containing the minutes of the proceedings of the meeting shall be conclusive evidence of the fact, without proof of the number of proportion of votes in favor or against such resolution.

**104. Demand for poll not to prevent transaction of other business**

The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

**105. Members in arrears not to vote**

No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.

**106.Number of votes each member entitled**

Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

**107.Casting of votes by a member entitled to more than one vote**

On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

**108.Vote of member of unsound mind**

If any Member is lunatic or, idiot, the vote in respect of his shares shall be cast by his legal guardian(s), provided that such evidence of the authority of the person claiming to vote as shall be accepted by the Directors shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting.

**109.Postal Ballot**

Notwithstanding anything contained in the provisions of the Companies Act, 1956, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.

**110.Votes of joint members**

If there are joint holders of any shares, any one of such persons may vote at any meeting or appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of the said persons remain present than the person whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.

**111.Votes may be given by proxy or by representative**

Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorized as mentioned in these Articles.

**112.Representation of a body corporate**

A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorize such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 187 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorized by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.

**113. Members paying money in advance**

a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, becoming presently payable.

b) **Members not prohibited if share not held for any specified period**

A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.

**114. Votes in respect of shares of deceased of Insolvent members**

Any person entitled under Article 72 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote provided he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.

**115. No votes by proxy on show of hands**

No Member personally present shall be entitled to vote on a show of hands unless such member is present by attorney or is a corporation present by proxy or a company present by a representative duly Authorized under the provisions of the Act in which case such attorney, proxy or representative may vote on a show of hands as if he were a Member of the Company. In the case of a company the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such company and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.

**116. Appointment of a proxy**

Any member of the Company 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 on a poll, instead of himself PROVIDED ALWAYS THAT a proxy so appointed shall not have any right whatsoever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a member entitled to attend and vote is entitled one or more proxies.

**117. Form of proxy**

Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any one of the forms set out in Schedule IX of the Act, or if the appointer is a body corporate be under its seal or be signed by any Officer or attorney duly Authorized by it.

**118. Validity of votes given by proxy notwithstanding death of a member**

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.

**119. Inspection of proxies**

Every member entitled to vote at a Meeting of the Company according to the provisions of these Articles on any resolution to be moved thereof shall be entitled during the period beginning twenty-four hours being the time fixed for the commencement of the Meeting, to inspect proxies lodged, at any time during the business hours of the Company provided not less than three days notice in writing of the intention to inspect is given to the Company.

**120. Time for objections to votes**

No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

**121. Chairman of the Meeting to be the judge of validity of any vote**

The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the time of taking a poll shall be the sole judge of the validity of every vote tendered at such poll.

**122. Resolutions requiring special notice**

1) Whereby any provision contained in the Act or in these Articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting.

2) The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.

3) The following resolution shall require special notice:

    a) resolution under Section 225 of the Act at an Annual General Meeting for appointing a person as Auditor other than a retiring Auditor or providing expressly that a retiring Auditor shall not be re-appointed.

    b) resolution under Section 284 of the Act removing a Director before the expiry of his period of office.

    c) resolution under Section 284 of the Act appointing a Director in place of the Directors so removed.

**DIRECTORS**

**123. Number of Directors**

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than twelve.

The First Directors of the Company are:

1. Mr. S.K. Talati
2. Ms. Padma Kalani
3. Ms. Radhabai Kalani

**124. Qualification shares**

A Director of the Company shall not be bound to hold any Qualification Shares in the Company.

**125. Nominee Directors**

a) Subject to the provisions of the Companies Act, 1956 and notwithstanding anything to the contrary contained in these Articles, any Financing Company or Body Corporate or Bank or Insurance Corporation (hereinafter referred to as “the Financial Institution”) shall have a right to appoint, remove, reappoint, substitute from time to time, its nominee as a Director (hereinafter referred to as the “Nominee Director”) on the Board of the Company, so long as any moneys remain owing to them or any of them, by the Company, out of any Financial assistance granted by them or any of them to the Company by way of loan and/or by holding debentures and/or share in the Company and/or a result of underwriting or direct subscription and/or any liability of the Company arising out of the guarantee furnished by the Financial Institution on behalf of the Company remains outstanding.

b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. Subject to the aforesaid Article 125(a) the said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.

c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observe to attend the meetings of the Board or any other Committee constituted by the Board.

d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.

**125A. Investor right to appoint Director**

The Investor shall, so long as it holds at least 5% of the issued and paid up share capital of the Company computed on a fully diluted basis, have a right to appoint from time to time, subject to applicable laws, any one person, as Director on the Board (which Director is/are hereinafter referred to as the “**Investor Nominee Director**”) and to remove from such office any person so appointed and to appoint any person in his/her place.

**126.Debenture Directors, or mortgage, Directors**

Any trust deed for securing the debentures or debenture-stock (or a deed or mortgage of any assets of the Company) may if so arranged, provide for the appointment from time to time by the trustees thereof or by the holders of the debentures or debenture-stock (or in the case of a deed of mortgage by the person or persons having such power) of some person to be a Director of the Company and may empower such trustees or holders of debentures or debenture-stocks (or such person or persons) from time to time, remove any Director so appointed. The Director appointed under the article is herein referred to as the “Debenture Director” (or a “Mortgage Director”) and the term “Debenture Director” (or “Mortgage Director”) means the Director for the time being in office under this article. This Debenture Director (or the Mortgage Director) shall not be liable to retire by rotation, or be removed by the Company. The trust deed (or the mortgage deed) may contain such ancillary provisions as may be arranged between the Company and the trustees (or mortgage) and all such provisions shall (subject to the provisions of the Act) have effect notwithstanding any of the other provisions herein contained.

**127.Professional Directors**

Any Advocate or Chartered Accountant or any professional who may for the time being be a Director of the Company:

a) shall be entitled to charge the Company, professional remuneration for all work done by him for or on behalf of the Company at the rate agreed upon and on such terms and conditions as may be agreed upon:

b) shall be entitled to vote on all resolutions on all matters in any way he thinks fit irrespective of the fact that he has advised upon or been concerned with any matters relating to the said resolution prior to the passing thereof or is likely to advice upon or may have to deal with matters relating to any resolution after the same has been passed.

c) shall not be liable or responsible for the day to day or routine management and running of the Company and its affairs including setting aside, appropriations or payment of any statutory dues by or on behalf of the Company; and

d) shall be indemnified by the Company in respect of and fines or penalties that may be imposed upon him as a Director of the Company as a result of any act or omission of the Company and/or any of its Officers in failing to comply with any requirements of the law whether with regard to any payments to be made or otherwise howsoever, and also against all costs, charges and expenses that may be incurred by him in any proceeding against or relating to the said Professional Director in his capacity as a Director.

**128. Appointment of alternate Director**

The Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of Office of the Original Director is determined before he so returns to that State, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

**129. Additional Director**

Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting.

**130. Directors power to fill casual vacancies**

Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director who shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

**131. Sitting Fees**

a) Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act for attending meetings of the Board or committees thereof.

b) **Remuneration of Directors**

The remuneration of a Director for his service shall be such sum as may be determined by the Board of Directors but not exceeding such sum as may be prescribed by the Act or Central Government and/or the listing agreement with Stock Exchange. The Directors subject to the sanction of the Central Government (if any required) may be paid such further remuneration as the Company in General Meeting shall, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine, and in default of such determination shall be divided amongst the Directors equally.

c) Subject to the provisions of the Act, a **Director** who is neither in the whole-time employment of the Company nor a Managing Director, may be paid remuneration either:

(i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or

(ii) by way of commission if the Company by a special resolution authorizes such payment

**132. Traveling expenses incurred by Directors on Company's business**

The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for traveling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.

**133.Special remuneration to Directors**

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing out of the city of his normal residence or otherwise for any of the purposes of the Company, the Company shall subject as aforesaid, remunerate such Director either by a fixed sum or by a percentage of profits or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his remuneration above provided.

**134.Directors may act notwithstanding any vacancy**

The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number fails below the minimum number fixed by Article 123 hereof the continuing Directors may act for the purpose of increasing the number of Directors to that minimum number, or for summoning a General Meeting of the Company or in emergencies but not other purpose.

**135.Directors may contract with the Company**

Subject to the provisions of the Act and observance and fulfillment thereof and subject to restrictions imposed by Articles, no Director shall be disqualified by his office of a Director in the Company from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relationship thereby established, but it is declared that the nature of his interest must be disclosed by him as provided by the Act.

**136.Directors may be Directors of Companies promoted by the Company**

A Director of the Company may become a Director of any Company promoted by the Company, or in which he may be interested as a vendor or Member and subject to the provisions of the Act and these Articles no such Director shall be accountable for any benefits received as a Director or Member of such Company.

**137.Loans to Directors**

The Company shall observe the restriction imposed on the Company in regard to grant of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any, of the Act.

**138.The Company may increase or reduce the number of Directors**

Subject to the provisions of the Act and these Articles, the Company may by an ordinary rsolution in General Meeting from time to time increase or reduce within the maximum limit permissible the number of Directors provided that any increase in the number of Directors exceeding the limit in that behalf provided in the Act shall not have any effect unless approved by the Central Government and shall become void if and so far it is disapproved by the Government.

**PROCEEDING OF THE BOARD OF DIRECTORS**

**139.Meetings of Directors**

a) The Board of Directors may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit.

b) The Chairman of the Board of Directors or the Managing Director or any two Directors may at any time convene a meeting of the Board of Directors.

**140. Chairman**

The Directors may from time to time elect from among their members a Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.

**141. Questions at Board meeting how decided**

Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote.

**141A. Affirmative Voting Rights**

Notwithstanding the provisions of Article 141, the consent/affirmative vote of the Investor Nominee Director will be required for following matters to be decided:

a) Any merger, de-mergers, spin-offs, consolidations, re-organization or any scheme of arrangement under section 391-394 of the Companies Act, 1956 in relation to the Company.

b) amendments to the Memorandum and Articles of Association of the Company.

c) change in the capital structure of the Company including the terms and conditions for the listing or de-listing of the Equity Shares of the Company, issuance of any equity, preference, convertible securities (warrants/debenture), or any buy-back or reduction of the share capital of the Company, and including changes in class rights for shares (directly or indirectly).

d) Any major project undertaken by the Company which (a) envisages an investment of more than ` 250.00 crores.; and (b) has an IRR of less than 20%.

Provided further that the affirmative voting rights granted to the Investor under this Article 141A shall cease to be in force effective two days prior to the filing of updated draft red herring prospectus with SEBI upon incorporation of the observations of SEBI on the DRHP.

**142. Directors may appoint committee**

Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

**143. Committee Meetings how to be governed**

The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

**144.Resolution by Circular**

a) A resolution passed by circular without a meeting of the Board or a committee of the Board appointed under Article 142 shall, subject to the provisions of sub-clause (b) hereof and the Act be as valid and effectual as a Resolution duly passed at a meeting of the Board or of a committee duly called and held.

b) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by a circular, if the Resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee then in India (not being less in number than the quorum requisite for a Meeting of the Board or the committee as the case may be) and to all other Directors or other members of the Committee at their usual addresses in India and has been approved by such of the Directors or members of the committee as are then in India or by a majority of such of them as are entitled to vote on the Resolution.

c) Subject to the provisions of the Act, a statement signed by the Managing Director, Secretary or other person authorized in that behalf by the directors certifying the absence from India of any Directors shall for the purposes of this Article be prima facie conclusive.

**145.Acts of Board or Committee shall be valid notwithstanding defect in appointment**

Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.

**146.Quorum for Meeting of the Board**

Subject to the provisions of Section 287 of the Act, the quorum for a Meeting of the Directors shall be one-third of the total strength of the Board of Directors, or two Directors whichever is higher, provided that presence of Investor Nominee Director shall be necessary for the constitution of quorum. The quorum rights of the Investor as mentioned above shall cease to be in force effective two days prior to the filing of Updated DRHP with SEBI.

**RETIREMENT AND ROTATION OF DIRECTORS**

**147.Retirement by Rotation**

a) Not less than two-third of the total number of directors of the Company shall be person whose period of office is liable to determination by retirement of Directors by rotation and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company, in General Meeting.

b) The remaining Directors shall be appointed in accordance with the provisions of the Articles.

**148.Directors to retire annually how determined**

At the Annual General Meeting in each year one-third of the Directors for the time being as are liable to retire by rotation or, if their number is not three or multiple of three then the number nearest to one-third shall retire from office.

**149.Ascertained of Directors retiring by rotation**

Subject to the provisions of the Act and these Articles the Directors to retire by rotation under the foregoing Article at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall in default of and subject to any agreement among themselves, be determined by lot. Subject to the provisions of the Act, a retiring Director shall retain office until the dissolution of the meeting at which the re-appointment is decided or his successor is appointed.

**150.Eligibility for reappointment**

Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re-appointment.

**151.Company to fill up vacancy**

Subject to the applicable provisions of the Act and these Articles, the Company, at the Annual General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by selecting the retiring Director or some other person thereto.

**152.Provisions in default in appointment**

(1) If the place of the retiring Director is not so filled up and the meeting had not expressly resolved not fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is public holiday, till the next succeeding day which is not a public holiday, at the same time and place.

(2) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:

a) At the meeting or at the previous meeting a resolution for the re- appointment of such Director has been put to the meeting and lost;

b) The retiring Director has by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;

c) He is not qualified or is disqualified for appointment;

d) A resolution whether special or ordinary is required for the appointment or re-appointment by virtue of any provisions of the Act;

e) Sub-clause (2) of Section 263 of the Act is applicable to the case.

**153.Notice of candidature for office of Director**

1) Subject to the provisions of the Act and these Articles, any person who is not a retiring Director shall be eligible for appointment to the Office of Director at any General Meeting if he or any member intending to propose him, has at least 14 clear days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for that office or the intention of such member to propose him as a candidate for that office as the case may be. The Company shall duly comply with the provisions of Section 257 of the Act for informing its members of the candidature of the Director concerned.

2) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257, signifying his candidature for the office of a Director) proposed as candidate for the office of a Director shall sign and file with the company, his consent in writing to act as a Director, if appointed.

3) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an additional or alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or re-appointed as an additional.

Or alternate Director immediately on the expiry of his term of office, shall not act as a Director of the company, unless he has within 30 days of his appointment signed and filed with the Registrar his concerned in writing to act as such Director.

**154. Individual resolutions for Directors appointments**

At a General Meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. A resolution moved in contravention of this Article shall be void whether or not objection was taken at the time to its being so moved: Provided that where a resolution so moved is passed and no provision for the automatic re-appointment of retiring Directors by virtue of these Articles or the Act in default of another appointment shall apply.

**REMOVAL OF DIRECTORS**

**155. Removal of Directors**

1) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any Director before the expiry of his period of office.

2) Special notice as provided by Section 190 of the Act shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.

3) On receipt of notice of a resolution to remove a director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the company) shall be entitled to be heard on the resolution at the meeting.

4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representation in writing to the Company (not exceeding a reasonable length) and requests its notification to members of the Company, the company shall unless the representation is received by it too late, for it to do so:

   a) in the notice of the resolution given to members of the company state the fact of the representation having been made, and

   b) send a copy of the representation to every member of the company, and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting.

Provided that copy of the representation need not be sent or read out at the meeting on the application of the Company or of any other person who claims to be aggrieved if the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.

5) A vacancy created by the removal of a director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 130 or Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed.

   Provided special notice of the intended appointment has been given under sub-clause (2) hereof. A director so appointed shall hold office until the date up to which his predecessor would have held office if he had and not been removed as aforesaid.

6) If the vacancy is not filled under sub-clause (5), it may be filled as a casual vacancy in accordance with the provisions in so far as they are applicable, of Article 130 or Section 262 of the Act, and all the provisions of that

section shall apply accordingly.

7) A Director who was removed from the office under this Article shall not be reappointed as a Director by the Board of Directors.

**156. Consent of Company necessary for the exercise of certain powers**

The Board of Directors shall not except with the consent of the Company in General Meeting:

a) sell, lease, or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking of the Company the whole or substantially the whole of any such undertaking.

b) remit or give time for the repayment of any debt due by a Director;

c) invest otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred in sub-clause (a) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on with difficulty or only after a considerable time;

d) borrow moneys in excess of the limits prescribed in the Act.

e) contribute, to charitable and other funds not directly relating to the business of the Company or the Welfare of its employees, any amounts the aggregate of which will in any financial year exceed Fifty Thousand Rupees or five percent of its average net profits as determined in accordance with the Act during the three financial years, immediately preceding, whichever is greater.

**157.**

1) The Board shall exercise the following powers on behalf of the Company and it shall do so only by means of resolution passed at the meetings of the Board of Directors:

a) the power to make calls on members in respect of money unpaid on their share;

b) the power to issue debentures;

c) the power to borrow moneys otherwise than on debentures;

d) the power to invest the funds of the Company;

e) the power to make loans.

Provided that the Board may, by resolution passed at a meeting, delegate to any Committee of Directors or the Managing Director, or the Secretary, or any principal officer of the Company or of any of its branch offices the powers specified to in (c), (d) and (e) of this sub-clause to the extend specified below on such conditions as the Board may prescribe.

2) Every resolution delegating the power referred to in sub-clause (1) (c) shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the delegate. Provided, however, that where the Company has an arrangement with its bankers for the borrowing of money by way of overdraft, cash credit or otherwise, the actual day-to-day operation of the overdraft, cash credit or the accounts by means of which the arrangement made availed of shall not require sanction of Board.

3) Every resolution delegating the power referred to in sub-clause (1) (d) shall specify the total amounts up to which the funds may be invested and the nature of the investments which may be made by the delegates.

4) Every resolution delegating the power referred to in sub-clause (1) (e) shall specify the total amount up to which

loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

5) Nothing contained in this Article shall be deemed to affect the right of the Company in General Meeting to impose restrictions and conditions on the exercise by the Board and any of the powers referred to in (a), (b), (c) and (d) of clause (1) above.

**POWERS OF THE BOARD**

**158.Powers of the Board**

The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

**Certain powers of the Board**

Without prejudice to the general powers conferred by the Article 158 and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding two Articles, it is hereby, declared that the Directors shall have the following powers, that is to say:

**1) To acquire any property, rights, etc.**

Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorized to carry on, in any part of India.

**2) To take on Lease**

Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.

**3) To erect & construct**

To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.

**4) To pay for property**

At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

**5) To insure properties of the Company**

To insure and keep insured against loss or damage by fire or otherwise for such period and to such extend as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

**6) To open Bank accounts**

To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.

**7) To secure contracts by way of mortgage**

To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.

**8) To accept surrender of shares**

To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.

**9) To appoint trustees for the Company**

To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.

**10) To conduct legal proceedings**

To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either accordingly to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.

**11) Bankruptcy & Insolvency**

To act on behalf of the Company in all matters relating to bankruptcy insolvency.

**12) To issue receipts & give discharge**

To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.

**13) To invest and deal with money of the Company**

Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realize such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

**14) To give Security by way of indemnity**

To execute in the name and on behalf of the Company in favor of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;

**15) To determine signing powers**

To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.

**16) Commission or share in profits**

To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.

**17) Bonus etc. to employees**

To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.

**18) Transfer to Reserve Funds**

Before recommending any dividend subject to provisions of Section 205 of the Act, to set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended or divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.

**19) To appoint and remove officers and other employees**

To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, laborers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.

**20) To comply with the provisions of local law**

To comply with the requirement of any local law which in their opinion it would be in the interest of the Company be necessary or expedient to comply with.

**21) To appoint local Boards**

From time to time and at any time to establish any local board for managing the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local Boards, and to fix their remunerations;

**22) To delegate powers to Local Boards**

Subject to Section 292 of the Act, from time to time, and at any time to delegate to any person so appointed any of the powers, authorities, and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys; and to authorize the members for the time being of any local Board, or any of them to fill up any vacancies, and such appointment or delegation may be made on such terms and conditions to the Board may think fit, and the Board may at any time remove any person so appointed and may revoke or vary such delegation.

**23) To appoint Attorneys**

At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorized by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favor of the members or any of the members of any local Board established as aforesaid or in favor of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favor of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

**24) To enter into contracts**

Subject to Sections 294 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

**25) To make rules**

From time to time to make, vary and repeal rules for the regulations of the business of the Company in Officers and employees.

**26) To effect contracts etc.**

To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.

**27) To apply and obtain concessions licenses etc.**

To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.

**28) To pay commissions or interest**

To pay and charge to the capital account of the Company any commission or interest lawfully payable thereat under the provisions of Sections 76 and 208 of the Act and of the provisions contained in these presents.

**29) To redeem preference shares**

To redeem preference shares.

**30) To assist charitable or benevolent institutions**

To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.

**159.Powers to appoint Managing/Whole time Directors**

Subject to the provisions of the Act and of these Articles, the Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

**160.What provisions Managing or Whole time Director shall be subject to**

Subject to the provisions of the Act and to these Articles, a Managing Director or a Whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation in accordance with the provisions of the Act but shall subject to the provisions of any contract between him and company be subject to the same provisions as to resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing Director or Whole-time if he ceased to hold the office of Director from any cause. Provided that if at any time the number of Directors (including the Managing Director or Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being then such Managing Director of Managing Directors' or Whole-time Director or Whole-time Directors as the Directors shall from time to time determine as to who shall be made liable to retirement by rotation in accordance with the provisions of the Act to the intent that the number of directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.

**161.Remuneration of Managing or Whole time Director**

The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.

**162.Powers and duties of Managing Director or Whole-time Director**

Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board. The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.

**THE SECRETARY/MANAGER**

**163.Board to appoint Secretary / Manager**

The Directors may from time to time appoint a duly qualified person to be the Secretary/Manager of the Company and on such terms and conditions as they shall deem fit and may from time to time suspend, remove or dismiss him from office and appoint another in his place.

**THE SEAL**

**164.The seal, its custody and use**

a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

b) The Company shall also be at liberty to have an Official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

**165.Deeds how executed**

Every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constitute attorney, be signed by any two Director and Secretary or some other person appointed by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be affixed in accordance with Article 27(a).

**166.GENERAL AUTHORITY**

Wherever in the Act it has been provided that any company shall shall have any right, privilege or authority or that any company cannot carry out any transaction unless it is so authorised by the Articles, then and in that case this Article hereby authorises and empower this Company to have such rights, privilege or authority and to carry out such transactions as have been permitted by the Act without there being any other specific Aticle in that behalf herein provided.

**DIVIDEND WARRANTS**

**167.Division of profits**

1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is

issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

**168. The company in General Meeting may declare Dividends**

The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.

**169. Dividend out of profits only**

1) No Dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-clause (2) or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or State Government for the payment of dividend in pursuance of a Guarantee given by the Government and except after the transfer to the reserves of the Company of such percentage out of the profits for that year not exceeding ten per cent as may be prescribed or voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf. PROVIDED HOWEVER whether owing to inadequacy or absence of profits in any year, the Company proposes to declare out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and whether any such declaration is not in accordance with such rules, such declaration shall not be made except with the previous approval of the Central Government.

2) The depreciation shall be provided either :-

   a) to the extent specified in Section 350 of the Act; or

   b) in respect of each item of a depreciable asset, for such an amount as is arrived at by dividing 95 per cent of the original cost thereof to the Company by the specified period in respect of such asset; or

   c) on any other basis approved by the Central Government which has the effect of writing off by way of depreciation 95 per cent of the original cost of the Company of its such depreciable asset on the expiry of the specified period; or

   d) as regards any other depreciation assets for which no rate of depreciation has been laid down by the Indian Income-tax Act, 1961 or the rules made there-under on such basis as may be approved by the Central Government by any general order published in the Official Gazette or by any special order in the case of the Company;

   Provided that where depreciation is provided for in the manner laid down in Clause (b) or Clause (c), then in the event of the depreciated assets being sold, discarded, demolished or destroyed, the written down value thereof at the end of the financial year in which the asset is sold, discarded, demolished or destroyed shall be written off in accordance with the proviso to Section 350 of the Act.

3) No dividend shall be payable except, in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

4) Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

5) For the purposes of this Article ‘Specified period’ in respect of any depreciable asset shall mean the number of years at the end of which at least 95 per cent of the original cost of that asset to the Company will have been provided for by way of depreciation, if depreciation were to be calculated in accordance with the provisions of

Section 350 of the Act.

**170. Interim Dividend**

The Board of Directors may from time to time, pay to the members such interim dividends as in their judgment the position of the Company profiles.

**171. Debts may be deducted**

The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

**172. Capital paid up in advance of interest not to earn dividend**

Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

**173. Dividend in proportion to amount paid-up**

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

**174. Retention of dividends until completion of transfer under Article 72**

The Board of Directors may retain the dividend payable upon shares in respect of which any person under Article 72 has become entitled to be a member, or any person under the Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.

**175. No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof**

No member shall be entitled to receive payment of any interest or dividend or bonus 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 however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

**176. Effect of transfer of shares**

A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

**177. Dividend to joint holders**

Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.

**178. Dividends how remitted**

The dividend payable in cash may be paid by cheque or warrant sent through post direct to the registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holder or the joint holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission or for any dividend lost, to the member or person entitled thereto by forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.

**179.Notes of dividend**

Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

**180.Dividend to be paid within thirty days**

1) The Company shall pay the dividend or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within "thirty" or such days as may be prescribed from the date of the declaration of the dividend unless:-

   a) where the dividend could not be paid by reason of the operation of any law;

   b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;

   c) where there is a dispute regarding the right to receive the dividend;

   d) where the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder; or

   e) where for any other reasons, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

2) a) The amount of dividend, including interim dividend, declared shall be deposited in a separate bank account within five days from the date of declaration of such dividend or such time as may be prescribed in the Act from time to time.

b) Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called "**Unpaid/Unclaimed Dividend Account FLEXITUFF INTERNATIONAL LIMITED**".

(c) The Company shall transfer any money transferred to the unpaid dividend account of the company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.

The Board shall not forfeit any unclaimed or unpaid dividend.

**181.Unclaimed amounts as per Section 205C**

All amounts due as provided in Section 205C of the Companies Act, 1956, which remains unpaid or unclaimed for a period of seven years from the date of transfer to the prescribed accounts provided in the Act shall be transferred by the Company to Investor Education and Protection Fund established under Section 205C of the Act.

**182.No interest on Dividends**

No unclaimed dividend shall be forfeited and no unpaid dividend shall bear interest as against the Company.

**183.Dividend and call together**

Any General Meeting declaring a dividend may on the recommendations of the Directors make a call of the Members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and members be set of against the calls.

**184.CAPITALISATION**

1) The Company in General Meeting may, upon the recommendation of the Board, resolve:

   a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and

   b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled hereto, if distributed by way of dividend and in the same proportions.

2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:

   (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;

   (ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

   (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).

3) A Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.

4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

**185.Fractional Certificate**

1) Whenever such a resolution as aforesaid shall have been passed, the Board shall:-

   a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and;

   b) generally to do all acts and things required to give effect thereto.

2) The Board shall have full power:-

   a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also

   b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.

3) Any agreement made under such authority shall be effective and binding on all such members.

4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

**MINUTES**

**186.Minutes to be considered evidence**

1) The Company shall cause minutes of all proceeding of General Meetings and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed;

    a) in the case of minutes of proceedings of a meeting of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting; and

    b) in case of minutes of proceedings of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.

3) in no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

4) the minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

5) all appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.

6) in the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall contain:-

    a) the name of the Directors present at the meeting; and

    b) in the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.

7) nothing contained in Clauses (1) to (6) hereof shall be deemed to require the inclusion in any such minutes of any manner which in the opinion of the Chairman of the meeting;

    a) is or could reasonably be regarded as defamatory of any person;
    b) is irrelevant or immaterial to the proceedings; or
    c) is detrimental to the interest of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion of non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

**187.Minutes to be evidence of the proceedings**

The minutes of meeting kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

**188.Presumptions to be drawn where minutes duly drawn and signed**

Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings, there at to have been duly taken place and in particular all appointments of Directors or liquidators made at the meeting shall be deemed to be valid.

**189.Inspection of Minutes Books of General Meetings**

1) The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 196 of the Act be determined by the Company in General Meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.

2) Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of thirty-seven paise for every hundred words or fractional part thereof required to be copied.

**190.Publication of Report of proceedings of General Meeting**

No document purporting to be a report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by Section 193 of the Act, to be contained in the Minutes of the proceedings of such meeting.

**ACCOUNTS**

**191.Books to be kept by the Company**

1) The company shall keep at its head office proper Books of Account with respect to:

    a) all sums of money received or expended by the Company and the matters in respect of which the receipt and expenditure take place

    b) all sales and purchases of goods by the Company.

    c) the assets and liabilities of the Company.

    d) such particulars relating to utilization of material or labor or other items of cost as may be prescribed by Section 209(1)(d) of the Act.

All or any of the books of account aforesaid may be kept at such other place in India as the Board of Director may decide and when the Board of Directors so decides the Company shall, within 7 days of the decision, file with the Registrar a notice in writing giving the full address of that other place.

2) Where the Company has a branch office, whether in or outside India, the company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transactions effected at the branch office are kept at that office and proper summarized returns are made up to dates at intervals of not more than three months are sent by the branch office to the Company at its Head Office or other place referred to in clause (1).

3) The books of account and other books and papers shall be open to inspection by any Director during business hours.

4) The books of account relating to a period of not less than eight years immediately preceding the current year together with the vouchers relating to any entry in such books of account shall be preserved in good order.

5) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection by Members not being Directors, and no Member (not being a Director) shall have the right of inspecting any account or books or documents of the Company except as conferred by law or authorized by the Board.

6) The Directors shall from time to time, in accordance with the provisions of the Act cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheet, Profit and Loss Accounts and Reports as are required by the Act and within the periods therein mentioned.

**AUDIT**

**192.As to inspection of accounts and books by members**

The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from the conclusion of that Meeting until the conclusion of the next Annual General Meeting and shall, within 7 days of the appointment, give intimation thereto to every Auditor so appointed. Provided that before any appointment or re-appointment of Auditor of Auditors is made by the Company at any Annual General Meeting a written certificate shall be obtained by the Company from the Auditor or Auditors proposed to be so appointed to the effect that the appointment or re-appointment if made will be in accordance with the limits specified in sub-section (IB) of Section 224 of the Act.

**193.Powers and duties of Auditors**

Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company whether kept at the head office of the Company or elsewhere and shall be entitled to require from the officers of the Company such information and explanations as he may think necessary for the performance of his duties as Auditor.

**194.Auditors Report**

The Auditor shall make a report to the members of the Company on the accounts examined by him and on every Balance Sheet and Profit and Loss Account and on every other document declared by the Act to be part of or annexed to the Balance Sheet and Profit and Loss Account which are to be laid before the Company in General Meeting in terms of the Act.

**195.Inspection of Auditors' Report**

The Auditor's Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.

**196.Foreign Register**

The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.

**DOCUMENTS AND SERVICES OF NOTICES**

**197.Signing of documents and notices to be served or given**

Any document or notice to be served or given by the Company be signed by a Director or such person duly authorized by the Board for such purpose and the signature may be written or printed or lithographed.

**198.To whom the notices or documents must be served**

Documents or notices of every General Meeting shall be served or given in the same manner hereinbefore authorized on or to every member, every person entitled to a share in consequence of the death or insolvency of a member and the Auditor or Auditors for the time being of the Company.

**199.Service of documents on company**

a) A document may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office or by leaving it at its Registered Office.

b) Subject to provisions of the Act, any notice or document delivered or sent by post to or left at the Registered address of any member in pursuance of these presents shall notwithstanding such member be then deceased and whether or not the Company have notice of his decease be deemed to have been duly served in respect of any registered share whether held solely or jointly with other person by such Member until some other person be registered in his place as the holder or jointholders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all person, if any, jointly interested with him or her in any such shares.

**200. Authentication of documents and proceedings**

Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorized Officer of the Company and need not be under the Common Seal of the Company.

**REGISTERS AND DOCUMENTS**

**201. Registers Books and Documents to be kept by the Company**

The Company shall keep and maintain Registers, Books and Documents as required by the Act or these Articles, including the following:-

1) Register of Investment made by the Company but not held in its own name, as required by Section 49(7) of the Act and shall keep it open for inspection by any member or debenture holder of the Company without charge.

2) Register of Mortgages and Charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 134 of the Act and shall keep open for inspection of any creditor or member of the Company without fee and for inspection by any person on payment of a fee of such sum as may be prescribed by Central Government.

3) Register and Index of Members as required by Sections 150 and 151 of the Act and shall keep the same open for inspection of any member or debenture holder without fee and of any other person on payment of such sum as may be prescribed by Central Government.

4) Register and Index of Debenture Holders under Section 152 of the Act and keep it open for inspection by any member or debenture holder without fee and by any other person on payment of such sum as may be prescribed by Central Government.

5) Foreign Register if thought fit as required by Section 157 of the Act and it shall be open for inspection and may be closed and extracts may be taken therefrom and copies thereof as may be required, in the manner mutatis mutandis, as is applicable to the Principal Register.

6) Register of Contracts, and Companies and firms in which Directors are interested, as required, by Section 301 of the Act and shall keep it open for inspection of any member free of charge.

7) Register of Directors, and Secretary etc, as required by Section 303 of the Act and shall keep it open for inspection by any member of the Company without charge and of any other person on payment of a fee of Rupees one for each inspection.

8) Register as to Holdings by Directors of shares and/or debentures in the Company as required by Section 307 of the Act and shall keep it open for inspection by any member or debenture holder of the Company on any working day during the period beginning fourteen days before the date of the Company’s Annual General Meeting and ending three days after the date of its conclusion.

9) Register of Investments made by the Company in shares and debentures of the bodies corporate as required by Section 372 of the Act.

10) Books recording minutes of all proceedings of General Meeting, and of all proceedings at meetings of its Board of Directors or of Committee of the Board in accordance with the provisions of Section 193 of the Act.

11) Copies of Annual Returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.

12) Register of loans as required by Section 370 of the Act.

13) Register of Transfer shall be maintained by the Company as per the provisions of the Act. The company shall keep fairly and distinctly enter particulars of every transfer or transmission of any share.

**202.Inspection of Registers**

The Registers mentioned in Clauses 9 and 12 of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company, as provided for in clause 3 of the said Article. Copies of entries in the Registers mentioned in the foregoing Article shall be furnished to the persons entitled to the same on payment of such sum as may be prescribed by Central Government. The Company shall give inspection of the above Registers to the persons entitled to the same on such days and during such business hours as may consistently with the provisions of the Act in that behalf be determined by the Company in General Meeting.

**WINDING UP**

**203.Distribution of Assets**

If the Company is to be wound up and the assets available for distribution among the Members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid-up, or which ought to have been paid-up, at the commencement of the winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the Members are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up paid-up or which ought to have been paid on the shares held by them respectively.

But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

**204.Distribution in specie or kind**

a) If the Company is to be wound up, whether voluntarily or otherwise, the liquidators may with the sanction of a Special Resolution, divide amongst the contributories, in specie or kind any part of the assets of the company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators, shall think fit.

b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on, any contributory who would be prejudiced thereby shall have a right to dissent and have ancillary rights as if such determination where a Special Resolution passed pursuant to Section 494 of the Act.

c) In case any share to be divided as aforesaid involve a liability to call or otherwise any person entitled under such division to any of the said shares may within ten days after passing of the Special Resolution by notice in writing direct the liquidators to sell his portion and pay him the net proceeds and the liquidators shall if practicable act accordingly.

**205.Rights of Shareholders in case of sale**

A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said section.

**INDEMNITY**

**206.Directors' and others right to indemnity**

Subject to provisions of Section 201 of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 633 of the Act on which relief is granted to him by the Court.

**207.Director Officer not responsible for acts of others**

Subject to the provisions of Section 201 of the Act, no Director, Auditor or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director of Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the 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 insolvency or tortuous act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

**208.Not responsible for acts of others**

Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or 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 damage arising from the bankruptcy, insolvency or tortuous 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 judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

**209.Secrecy**

**a) Secrecy**

Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

**b) Access to property information etc.**

No member or other person (other than a Directors) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.

## SECTION X – OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the DRHP) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the RHP will be delivered to the ROC, Kolkata, West Bengal, for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 11:00 am to 5:00 pm on all Working Days from the date of filing of the DRHP with SEBI until the Bid/Issue Closing date.

### MATERIAL CONTRACTS

1. Issue Agreement dated March 21, 2011 entered into between our Company, the Selling Shareholder and the Book Running Lead Manager.

2. Agreement dated March 21, 2011 entered into between our Company, the Selling Shareholder and Link Intime India Private Limited to act as the Registrar to the Issue.

3. Escrow Agreement dated [●] entered into between our Company, the Selling Shareholder, the BRLM, Syndicate Members, Registrar to the Issue and Escrow Bankers.

4. Syndicate Agreement dated [●] entered into between our Company, the Selling Shareholder, the BRLM and the Syndicate Members.

5. Underwriting Agreement dated [●] entered into between our Company, the Selling Shareholder, BRLM and the Syndicate Members.

### MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended.

2. Certificate of Incorporation and the subsequent changes to the name of our Company and the certificates received pursuant to the same.

3. Certified true copy of the resolution passed at the meeting of the Board of Directors held on July 14, 2010 approving this Issue.

4. Certified true copy of the resolution passed under section 81(1A) of the Companies Act, 1956 at the Extraordinary General Meeting dated January 7, 2011 approving this Issue.

5. RBI application dated March 21, 2011 by the Company for seeking approval for the Offer for Sale by the Selling Shareholder.

6. Board resolution dated February 24, 2011 passed by the board of directors of the Selling Shareholder approving the Offer for Sale.

7. Consents of all the Directors of our Company, the Selling Shareholder, Company Secretary and Compliance Officer, Statutory Auditors, BRLM, Legal Advisor to the Issue, bankers to our Company, Registrars to the Issue, Chartered Engineer to include their names in the DRHP to act in their respective capacities.

8. Consent of the Statutory Auditors, M/s. L.K. Maheshwari & Co., Chartered Accountants, for inclusion of their reports on the restated consolidated and standalone financial statements and statement of tax benefits in the form and context in which they appear in the DRHP.

9. Consent of the Mr. Salil Kumar Barjatya, Chartered Engineer for inclusion of their reports on the installed production capacity in the form and context in which they appear in the DRHP.

10. Reports of the Statutory Auditors, M/s. L.K. Maheshwari & Co., Chartered Accountants, on the restated consolidated and standalone statements dated February 18, 2011.

11. Annual Reports of our Company for the Financial Years ended March 31, 2006; March 31, 2007; March 31, 2008; March 31, 2009 and March 31, 2010.

12. Report of the Auditors M/s L.K. Maheshwari & Co., Chartered Accountants, dated February 7, 2011 on the Tax Benefits available to our Company and its shareholders.

13. Copy of certificate dated February 7, 2011 received from the Statutory Auditors, M/s. L.K. Maheshwari & Co., Chartered Accountants, regarding sources and deployment of funds

14. Termination Agreement dated February 24, 2011 between Clearwater Capital Partners (Cyprus) Limited (the "Investor"), Flexituff International Limited (the "Company") and Manish Kalani, Manisha Kalani, Kartikeya Kalani, Kalani Industries Pvt. Ltd., Sanovi Trading Private Ltd., Anshuman Properties Pvt. Ltd., High Skey Properties Pvt. Ltd., Saurabh Properties Pvt. Ltd., Miscellani Global Pvt. Ltd., Fantasy Real Estate Pvt. Ltd., Seven Star Properties Pvt. Ltd., Sunrise Properties Pvt. Ltd. (the "Sponsors")

15. Replacement Shareholders Agreement dated February 24, 2011 between Clearwater Capital Partners (Cyprus) Limited (the "Investor"), Flexituff International Limited (the "Company") and Manish Kalani, Manisha Kalani, Kartikeya Kalani, Kalani Industries Pvt. Ltd., Sanovi Trading Private Ltd., Anshuman Properties Pvt. Ltd., High Skey Properties Pvt. Ltd., Saurabh Properties Pvt. Ltd., Miscellani Global Pvt. Ltd., Fantasy Real Estate Pvt. Ltd., Seven Star Properties Pvt. Ltd., Sunrise Properties Pvt. Ltd. (the "Sponsors")

16. Tripartite agreement dated March 19, 2008 amongst our Company, Link Intime India Private Limited and NSDL, for offering depository services.

17. Tripartite agreement dated January 15, 2008 amongst our Company, Link Intime India Private Limited and CDSL, for offering depository services.

18. Certified true copy of Due Diligence Certificate dated March 24, 2011 to SEBI from BRLM.

19. In-principle listing approvals from BSE and NSE dated [●] and [●] respectively.

20. SEBI Observation Letter No. [●] dated [●] issued by Securities and Exchange Board of India.

21. Report of the IPO grading agency, [●] dated [●] furnishing the rationale for its grading, disclosed in this offer document.

22. Consent from [●] for inclusion of their name in the RHP as IPO Grading Agency and for inclusion of their report in the form and context in which they appear in the RHP and the Prospectus.

Any of the contracts or documents mentioned in the DRHP may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines and regulations issued by the Government of India or the regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules, regulations or guidelines issued thereunder, as the case may be. We herby certify that all statements in the Draft Red Herring Prospectus are true and correct.

| No. | Name of Director | Signature |
|---|---|---|
| 1. | **Mr. Anirudh Sonpal**<br>*Chairman, Independent Director* | Sd/- |
| 2. | **Mr. Manish Kalani**<br>*Managing Director* | Sd/- |
| 3. | **Mr. Pawan Kumar Jain**<br>*Non - Executive Director* | Sd/- |
| 4. | **Mr. Ravindra Chourasiya**<br>*Non-Executive Director* | Sd/ |
| 5. | **Mr. Aswini Sahoo**<br>*Non- Executive Director* | Sd/ |
| 6. | **Mr. Kevan John Upperdine**<br>*Independent Director* | Sd/ |
| 7. | **Mr. Sharat Anand**<br>*Independent Director* | Sd/ |

Sd/-

**Mr. Ajay Mundra**
*Chief Financial Officer*

Sd/-

**Mr. Dinesh Kumar Sharma**
*Company Secretary and Compliance Officer*

Date: March 24, 2011

Place: Pithampur

## DECLARATION

The Selling Shareholder hereby certifies that the statements in the Draft Red Herring Prospectus about or in relation to the Selling Shareholder and the Equity Shares being offered pursuant to the Offer for Sale are true and correct.

Sd/-
**Clearwater Capital Partners (Cyprus) Limited**
*Authorised Signatory*

Date: March 24, 2011

Place: Mumbai

**ANNEXURE A**

IPO GRADING REPORT

**[●]**