



PLASTENE INDIA LIMITED

Our Company was originally incorporated in Gujarat as “Oswal Agroimpex Private Limited” on October 16, 1998 at Ahmedabad, Gujarat. The status of our Company was changed to a public limited company and our name was changed to “Oswal Agroimpex Limited” pursuant to a fresh certificate of incorporation issued by the RoC, Gujarat on May 24, 2006. Thereafter name of our Company was changed to “Plastene India Limited” vide a fresh certificate of incorporation issued by RoC, Gujarat on January 2, 2007. For details of incorporation and changes of name, please refer to the chapter titled “*History and Certain Corporate Matters*” beginning on page 102 of this Draft Red Herring Prospectus.

Registered and Corporate Office: H.B. Jirawala House, 13, Navbharat Society, Opp. Panchshil Bus Stop, Usmanpura, Ahmedabad – 380 013.

Tel.: +91 79 2756 1000; **Fax:** +91 79 2755 1764; **Website:** www.champalalgroup.com;

Contact person and Compliance officer: Ms. Nisha Jha, E-mail: nishacs@champalalgroup.com

PROMOTERS OF OUR COMPANY:

MR. CHAMPALAL G. PAREKH, MR. PRAKASH H. PAREKH, MRS. MADHU P. PAREKH AND PRAKASH H. PAREKH (HUF)

PUBLIC ISSUE OF 1,05,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (“EQUITY SHARE”) FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE OF PLASTENE INDIA LIMITED (“OUR COMPANY”, OR “THE ISSUER”) AGGREGATING TO ₹ [•] LACS (“THE ISSUE”). THE ISSUE COMPRISES OF RESERVATION OF UPTO 5,25,000 EQUITY SHARES FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) (THE “EMPLOYEE RESERVATION PORTION”) AND A NET ISSUE TO PUBLIC OF UP TO 99,75,000 EQUITY SHARES (THE “NET ISSUE”). THIS ISSUE WOULD CONSTITUTE 29.37% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY. THE NET ISSUE WOULD CONSTITUTE 27.90% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.

**Our Company is considering a Pre-IPO Placement of upto ₹ 1500 Lacs (“Pre-IPO Placement”). Our Company will complete the issuance of such Equity Shares, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post Issue paid-up equity capital being offered to the public.*

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED AT LEAST TWO (2) WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for three additional Working Days after such revision of the Price Band, subject to the Bidding/Issue Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”) and by issuing a press release and also by indicating the change on the website of the Book Running Lead Managers and at the terminals of the Syndicate Members.

This Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“SEBI ICDR Regulations”) and through a Book Building Process wherein upto 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (“QIBs”), out of which 5% (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remaining QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above Issue Price. If the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund portion will be added to the QIB Portion and be available for allocation proportionately to the QIB Bidders. The QIB Portion may include Anchor Investor Portion as defined in the Chapter titled “*Definitions and Abbreviations*” on page I of this Draft Red Herring Prospectus and our Company may consider participation by Anchor Investors in this Issue for upto 30% of the QIB Portion in accordance with the applicable SEBI ICDR Regulations. Further not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid Bids being received from them at or above this Issue Price.

IPO GRADING

The Issue has been graded by [•] and assigned the “IPO Grade [•]” indicating [•] fundamentals, through its letter dated [•]. The IPO grading is assigned on a scale of 1 to 5, with “IPO Grade 5” indicating strong fundamentals and “IPO Grade 1” indicating poor fundamentals. The Issue has not been graded by any other rating agency. For details regarding the grading of the Issue, please see the section “*General Information*” beginning on page 14 of this Draft Red Herring Prospectus.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10 each and the Issue Price 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. The Issue Price (as determined and justified by the BRLM and our Company as stated under the section titled “*Basis for Issue Price*” on Page 48 of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investment in equity and equity related securities involves 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 this Draft Red Herring Prospectus. Specific attention of the investors is invited to the chapter titled “*Risk Factors*” beginning on page XIII of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through this DRHP are proposed to be listed on BSE and the NSE. The in-principle approvals from BSE and NSE for listing the Equity Shares have been received pursuant to letter no. [•] dated [•] and letter no. [•] dated [•] respectively. For the purposes of this Issue, NSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER



Motilal Oswal Investment Advisors Private Limited

112/113, Bajaj Bhawan
11th Floor, Nariman Point
Mumbai 400 021, India
Tel: +91 22 3980 4380
Fax: +91 22 3980 4315

Email: plastene.ipo@motilaloswal.com

Website: www.motilaloswal.com

Investor Grievance Id: moiapredressal@motilaloswal.com

Contact Person: Mr. Paresh Raja

Registration No: INM000011005

REGISTRAR TO THE ISSUE



Karvy Computershare Private Limited

Plot No. 17 to 24,
Vithalrao Nagar, Madhapur,
Hyderabad 500 081, India
Toll Free No. 1-800-3454001
Tel: +91 40 4465 5000
Fax: +91 040 23420814

Email: plastene.ipo@karvy.com

Website: <http://karisma.karvy.com>

Contact Person: Mr. M Murali Krishna

Registration No: INR000000221

ISSUE PROGRAMME

BID/ISSUE OPENS ON*	[•], 2010	FOR ALL BIDDERS*
	[•], 2010	FOR QIBs
BID/ISSUE CLOSES ON:	[•], 2010	FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION)

* Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date.

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SECTION I:

DEFINITIONS AND ABBREVIATIONS

In this Draft Red Herring Prospectus, unless otherwise stated, all references to “Plastene” “Plastene India”, “Issuer”, “PIL”, “we”, “us”, “our” and “our Company” are to Plastene India Limited, a company incorporated under the Companies Act, 1956, with its registered office at H.B. Jirawala House, 13, Navbharat Society, Opp. Panchshil Bus Stop, Usmanpura, Ahmedabad – 380 013, India.

In this Draft Red Herring Prospectus, all references to, “Plastene India Group”, “PIL Group” and “Group” are to Plastene India Limited and its Subsidiary, as defined hereunder.

Unless the context otherwise indicates, the following terms in this Draft Red Herring Prospectus have the meaning described in this section:

Conventional and General Terms/ Abbreviations

Term	Description
A/c	Account
Act or Companies Act	The Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AoA/ Articles/ Articles of Association	Articles of Association
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Application Supported by Blocked Amounts
AY	Assessment Year
BIFR	Board for Industrial and Financial Reconstruction
BPLR	Bank Prime Lending Rate
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CAN	Confirmation of Allocation Note
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CENVAT	Central Value Added Tax
CESTAT	Central Excise and Services Tax Appellate Tribunal
CIN	Corporate Identification Number
Cr.	Crores
CST	Central Sales Tax
Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, being NSDL and CDSL
Depositories Act	The Depositories Act, 1996, read with rules and regulations thereunder and amendments thereto, as amended from time to time
DGFT	Directorate General of Foreign Trade
DIN	Director Identification Number
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
DP ID	Depository Participant’s Identity
DRI	Directorate of Revenue Intelligence
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation



Term	Description
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FDI	Foreign Direct Investment
FDBP	Foreign Documentary Bills for Purchase
FUDBP	Foreign Usance Discount Bill Purchase
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 and registered with SEBI under applicable laws in India
Financial Year/ FY/ Fiscal	Period of twelve months ended March 31 of that particular year
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
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
I.T. Act	The Income Tax Act, 1961, as amended from time to time
IPR	Intellectual Property Rights
IT	Information Technology
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
JPY/ Yen	Japanese Yen, the official currency of Japan
KMP	Key Managerial Personnel
Mn / mn	Million
MoA/ Memorandum/ Memorandum of Association	Memorandum of Association of our Company
MOU	Memorandum of Understanding
MODVAT	Modified Value Added Tax
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non-resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account



Term	Description
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 to earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit after tax
PBT	Profit before tax
RBI	The Reserve Bank of India
RoC / Registrar of Companies	Registrar of Companies, Gujarat, ROC Bhawan , Opposite Rupal Park Society,Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380 013
RONW	Return on Net Worth
₹/INR /Rs/Re	Indian Rupees
RTGS	Real Time Gross Settlement
SBAR	State Bank Advance Rate
SCRA	Securities Contracts (Regulation) Act, 1956, read with rules and regulations thereunder and amendments thereto, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Bank
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992, as amended from time to time
SEBI Act	Securities and Exchange Board of India Act 1992, read with rules and regulations thereunder and amendments thereto, as amended from time to time
SEBI ESOP Guidelines	SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time
SEBI ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
Sec.	Section
SICA	Sick Industrial Companies (Special Provisions) Act, 1995, as amended from time to time
SEZ	Special Economic Zone
Sq. Ft.	Square Feet
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
TIN	Taxpayers Identification Number
TTM	Trailing Twelve Months
UIN	Unique Identification Number
U.A.E.	United Arab Emirates
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/ US\$/U.S.\$	United States Dollars
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture



Term	Description
	Capital Fund) Regulations, 1996

Issue Related Terms

Term	Description
Allocation	Allocation of Equity Shares pursuant to the Issue
Allotment/Allot/Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to this Issue to successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	An Anchor Investor shall be a “Qualified Institutional Buyer”, whose application size is atleast ₹ 1,000 Lacs and making an application for this Issue in accordance with the SEBI ICDR Regulations. For further detail, please refer to the chapter titled “ <i>Issue Procedure</i> ” on page 232 of this Draft Red Herring Prospectus
Anchor Investor Bid/Issue Date	The day, one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Issue Price	The final price at which Allotment is made to the Anchor Investors in-terms of the Red Herring Prospectus and Prospectus, which will be a price equal to or higher than the Issue Price but not higher than the Cap Price
Anchor Investor Margin Amount	An amount equivalent to the Margin Amount, payable by Anchor Investors at the time of submission of their Bid
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
ASBA/ Application Supported by Blocked Amount	An application, whether physical or electronic, used by an Applicant/ a Bidder to make a Bid authorising a SCSB to block the Bid Amount in their specified bank account maintained with the SCSB
ASBA Investor/ ASBA Bidder	Prospective Investors in this Issue who intend to Bid/apply through ASBA and is not a QIB
ASBA Bid cum Application Form	The form, whether physical or electronic, used by an ASBA Bidder to submit a Bid through a Self Certified Syndicate Bank which would be considered as an application for Allotment to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus. Syndicate/ sub-syndicate members may also procure ASBA Bid cum Application Form directly from the investors and submit it to the SCSBs.
ASBA Process	The ASBA process, as detailed in the chapter titled “ <i>Issue Procedure</i> ” beginning on page 232 of this Draft Red Herring Prospectus.
ASBA Public Issue Account	A bank account of our Company under Section 73 of the Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Bidders.
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)
Bankers to the Company	State Bank of India, State Bank of Patiala, State Bank of Hyderabad, The Royal Bank of Scotland and Standard Chartered Bank.
Banker(s) to the Issue/ Escrow Collection Banks	[•] which are clearing members and registered with SEBI as Banker to this Issue with whom the Escrow Account will be opened
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under this Issue and which is described under “ <i>Issue Procedure – Basis of Allotment</i> ” on page 260 of this Draft Red Herring Prospectus
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band,



Term	Description
	including all revisions and modifications thereto. For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period by a Retail Resident Individual Bidder to subscribe to the Equity Shares at Cut-off Price
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid/Issue Closing Date	The date after which the Syndicate and the SCSBs will not accept any Bids for the Issue, which shall be notified in a English national newspaper, a Hindi national newspaper and a Gujarati newspaper, each with wide circulation
Bid/Issue Opening Date	The date on which the Syndicate and the SCSBs shall start accepting Bids for the Issue, which shall be notified in a English national newspaper, a Hindi national newspaper and a Gujarati newspaper, each with wide circulation
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application Form
Bidder	Any prospective investor who makes a Bid for Equity Shares pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders including ASBA Bidders (except Anchor Investors) can submit their Bids, including any revisions thereof
Book Building Process/Method	Book building route as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which this Issue is being made
BRLM/ Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being Motilal Oswal Investment Advisors Private Limited
CAN/Confirmation of Allocation Note	The note or advice or intimation including any revisions thereof, sent to each successful Anchor Investor indicating the Equity Shares allocated after discovery of the Anchor Investor Price
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Controlling Branch	Such branches of the SCSBs which coordinate Bids under this Issue by ASBA Investors with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebigov.in/pmd/scsb.pdf
Cut-off/ Cut-off Price	Any price within the Price band finalised by our Company in consultation with the Book Running Lead Manager. A Bid submitted at Cut-Off Price is a valid price at all levels within the Price Band. Only Retail Individual Bidders are entitled to bid at the Cut-off Price, for a Bid Amount not exceeding ₹ 1, 00,000. QIBs and Non-Institutional Bidders are not entitled to bid at the Cut-off Price.
Designated Branch	Branch offices of the SCSBs which the respective SCSB has identified as a designated branch at which the Physical ASBA Form can be submitted by an ASBA Investor.
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 ASBA Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange/ DSE	National Stock Exchange of India Limited
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus/ DRHP	This Draft Red Herring Prospectus dated [•] issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars of the price at which the Equity Shares are issued and the size (in terms of value) of this Issue
Electronic ASBA	The ASBA Form submitted electronically by the ASBA Investor through the internet banking facility provided by the SCSB



Term	Description
Eligible Employees	<p>(a) A permanent and full time employee of our Company or our Subsidiary as on the date of filing of this Draft Red Herring Prospectus with the RoC and based, working and present in India as on the date of submission of the Bid cum Application Form; or</p> <p>(b) A director of our Company, whether a whole time director, part time director or otherwise, except any Promoters or an immediate relative of a Promoter, as on the date of filing of this Draft Red Herring Prospectus with the RoC and based and present in India as on the date of submission of the Bid cum Application Form.</p>
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein.
Employee Reservation Portion	The portion of the Issue, being up to 5,25,000 Equity Shares, available for allocation to Eligible Employees on a proportionate basis, subject to such reservation not exceeding 5% of the Post Issue capital of our Company
Equity Shares	Equity shares of our Company of ₹ 10 each fully paid up
Escrow Account	Account opened with the Escrow Collection Bank(s) for this Issue and in whose favour the Bidder, excluding ASBA Bidders, will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders, excluding ASBA Bidders, on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or ASBA Bid-cum-Application Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted
Issue	The public issue of 10,500,000 Equity Shares of ₹10 each by our Company for cash at a price of [•] each aggregating to ₹ [•] Lacs. This Issue comprises a Net Issue of 99, 75,000 Equity Shares and an Employee Reservation Portion of up to 5,25,000 Equity Shares for subscription by Eligible Employees.
Issue Account	Account opened with the Bankers to the Issue by our Company to receive monies from the Escrow Account on the Designated Date
Issue Agreement	The agreement dated [•] entered into among our Company and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the Book Running Lead Manager on the Pricing Date
Listing Agreement	Means the Equity Listing Agreements to be entered into between our Company and the Stock Exchanges
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Mutual Fund Portion	5% of the QIB Portion or 2,49,375 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Net Issue	Issue less the Employee Reservation Portion, consisting of 99,75,000 Equity Shares to be Allotted pursuant to this Issue
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further information about use of the Issue Proceeds and the Issue expenses please refer to chapter titled “ <i>Objects of the Issue</i> ” on page 40 of this Draft Red Herring Prospectus
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 2,00,000 (but not including NRIs other than eligible NRIs)



Term	Description
Non-Institutional Portion	The portion of the Issue being not less than [•] Equity Shares available for allocation to Non-Institutional Bidders
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian
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
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Physical ASBA	The ASBA Form submitted physically by an ASBA Investor with the Designated Branches of the SCSBs.
Pre-IPO Placement	The private placement prior to filing of the Red Herring Prospectus with the RoC of upto ₹ 1500 Lacs.
Price Band	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 for the Issue will be decided by the Company in consultation with the BRLM and advertised at least two Working Days prior to the Bid/ Issue Opening Date, in an English national newspaper, a Hindi national newspaper and a Gujarati newspaper, each with wide circulation
Pricing Date	The date on which our Company in consultation with the Book Running Lead Manager 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 the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account and the SCSBs from the bank accounts of the ASBA Bidders on the Designated Date
QIB Portion	The portion of this Net Issue being upto 49,87,500 Equity Shares of ₹10 each required to be allocated to QIBs. In case of Allotment to Anchor Investors of Anchor Investor Portion, QIB Portion shall be net of Anchor Investor Portion.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account registered with SEBI, other than sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹2500 Lacs, pension fund with minimum corpus of ₹2500 Lacs, National Investment Fund set up by Government of India and insurance funds set up and managed by army, navy or air force of the Union of India and 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 of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount shall be made. This however excludes Bids received from ASBA Bidders
Refund Bank	[•]



Term	Description
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit, NEFT or RTGS as applicable
Registrar/ Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited
Retail Individual Bidder(s)	Individual Bidders who have bid for Equity Shares for an amount not more than ₹2,00,000 in any of the bidding options in this Issue (including HUFs applying through their Karta and eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Net Issue being up to 34,91,250 Equity Shares of ₹10 each 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 Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Self Certified Syndicate Bank/SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf .
Stock Exchanges	BSE and NSE
Syndicate/Syndicate Members / Members of the Syndicate	The Book Running Lead Manager and the Syndicate Members
Syndicate Agreement	The agreement to be entered into between the Syndicate and our Company in relation to the collection of Bids in this Issue (except Bids from ASBA Bidders)
Syndicate Members	[•]
TRS/Transaction Registration Slip	The slip or document issued by the Syndicate or the SCSB to the Bidder as proof of registration of the Bid
Underwriters	The Book Running Lead Manager and the Syndicate Members
Underwriting Agreement	The agreement among the members of the Syndicate and our Company to be entered into on or after the Pricing Date
Working Day	All days other than a Sunday or a public holiday (except in reference to the Anchor Investor Bidding Date, 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

Company Related Terms

Term	Description
Auditors	The statutory auditors of our Company, Bhanwar Jain and Co.
Audit Committee	Committee of Directors constituted in accordance with Clause 49 of the Equity Listing agreement to be entered into with the Stock Exchanges
Board/Board of Directors	The Board of Directors of our Company
Corporate Office	Refers to the corporate office of our Company situated at H.B. Jirawala House, 13, Navbharat Society, Opp. Panchshil Bus-Stop, Usmanpura, Ahmedabad – 380 013, India.
Directors	Directors of our Company, unless otherwise specified
Promoters	The promoters of our Company, namely, Mr. Champalal G. Parekh, Mr. Prakash H. Parekh, Mrs. Madhu P. Parekh and Prakash H. Parekh (HUF)
Promoter Directors	Mr. Champalal G. Parekh and Mr. Prakash H. Parekh
Promoter Entities	Prakash H. Parekh (HUF)
Promoter Group	Includes such persons and entities constituting our promoter group in terms of Regulation 2(zb) of the SEBI ICDR Regulations for details please refer to the chapter titled “ <i>Our Promoters and Group Companies</i> ” on page 121
Group Companies	Group Companies mean companies, firms, ventures, etc. promoted by our Promoters, irrespective of whether such entities are covered under section 370



Term	Description
	(1)(B) of the Companies Act, 1956 or not and includes entities mentioned as Group Companies on page 121 in the chapter titled “ <i>Our Promoters and Group Companies</i> ”
Registered Office	The registered office of our Company situated at H. B. Jirawala House, Opposite Panchshil Bus Stop, Usmanpura, Ahmedabad – 380 013, India.
Subsidiaries	The subsidiaries of our Company as detailed in the chapter titled “ <i>History and Certain Corporate Matters</i> ” on page 102 of this Draft Red Herring Prospectus and namely Oswal Extrusion Limited and Oswal Extrusion LDA
Teamwork 2010	Employee Stock Option Scheme approved by the shareholders of our Company by their resolution dated September 21, 2010

Technical/Industry Related Terms

Term	Description
ACB	Air Circuit Breaker
BIS	Bureau of Indian Standards
BG	Bank Guarantee
BOPP	Biaxially-Oriented Polypropylene
CENVAT	Central Value Added Tax
DTA	Domestic Tariff Area
DEPB	Duty Entitlement Pass Book
DFRC	Duty Free Replenishment Certificate
DG Set	Diesel Generator Set
ECGC	Export Credit Guarantee Corporation
EoU	Export Oriented Unit
FD	Fixed Deposit
FIBC	Flexible Bulk Intermediate Container
GSM	Grams per square meter
GWSSB	Gujarat Water Supply and Sewerage Board
HDPE	High Density Polyethylene
IOCL	Indian Oil Corporation Limited
JIT	Just-in-Time
KASEZ	Kandla Special Economic Zone
Kg	Kilo Gram
KL	Kilo Liter
KVA	Kilo Vatt Ampere
Kms	Kilo Meters
LIBOR	London Interbank Offered Rate
MTPA	Metric Tonne Per Annum
MFI	Melt Flow Index
PLR	Prime Lending Rate
PP	Poly Propylene
SME	Small and medium enterprises
HT	High Tension
LDPE	Low Density Polyethylene
LLDPE/LLDP	Linear Low Density Polyethylene
VAT	Value Added Tax
PWS	Plastic Woven Sacks



Term	Description
RIL	Reliance Industries Limited
SABIC	Saudi Basic Industries Corporation
VCB	Vacuum Circuit Breaker
UV	Ultraviolet

Notwithstanding the foregoing:

1. In the chapter titled “**Main Provisions of the Articles of Association**” beginning on page 274 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in that section.
2. In the chapter titled “**Financial Statements**” beginning on page 137 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in that section.
3. In the paragraphs titled “**Disclaimer Clause of the Bombay Stock Exchange Limited**” and “**Disclaimer Clause of the National Stock Exchange of India Limited**” both beginning on pages 215 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in those paragraphs.
4. In the chapter titled “**Statement of Tax Benefits**” beginning on page 52 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in that chapter.



PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements as at and for the Fiscals 2006, 2007, 2008, 2009, 2010 and for three months ended June 30, 2010, prepared in accordance with Indian GAAP and the SEBI ICDR Regulations, which are included in this Draft Red Herring Prospectus and set out in the chapter titled “*Financial Statements*” beginning on page 137 of this Draft Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31.

There are significant differences between Indian GAAP, US GAAP and IFRS. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

All references to “**India**” contained in this Draft Red Herring Prospectus are to the Republic of India.

Except where specified, in this Draft Red Herring Prospectus, all figures have been expressed in “Lacs”. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding off.

Currency of Presentation

All references to “INR”, “Rs.”, “Re.”, “Rupees” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$”, “USD” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America. All references to “Euro” are to the official currency of the European Union.

Industry and Market Data

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

The extent to which the industry and market data used in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

Exchange Rates

This Draft Red Herring Prospectus contains translations of certain Euro, US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of Item VIII, sub-item (G) of Part A of Schedule VIII of the of the SEBI ICDR Regulations. These translations should not be construed as a representation that the Euro and US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.



FORWARD LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, 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 statement.

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 statement. Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses 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 and 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 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, among others:

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

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to chapter titled “**Risk Factors**”, “**Business Overview**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages XIII, 68 and 180 of this 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. Forward looking statements speak only as of the date of this Draft Red Herring Prospectus. Neither our Company nor BRLM or any of the Members of the Syndicate nor any of their respective affiliates has any obligation to, and do not intend 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 and BRLM will ensure that investors in India are informed of material developments until the time of the grant of listing and trading approvals by the Stock Exchanges.

**SECTION II: RISK FACTORS**

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of our Company. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer materially, the trading price of our Equity Shares could decline, and all or part of your investment may be lost.

*The risks set out in this Draft Red Herring Prospectus may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. Further, some events may have a material impact from a qualitative perspective rather than a quantitative perspective and may be material collectively rather than individually. This DRHP also contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the considerations described below and in the section titled "**Forward Looking Statements**" beginning on page XII of this Draft Red Herring Prospectus.*

Unless otherwise stated, the financial information used in this section is derived from our consolidated audited financial statements under Indian GAAP, as restated and included in this DRHP. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein.

Risks Related to Our Business

- 1. We and one of our Promoter/Director are involved in certain legal proceedings which, if determined against us, could adversely affect our business and financial condition.***

We and our Promoter/ Director, Mr. Prakash H. Parekh, are a party to various legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. A summary of pending litigation involving us and our Promoters, Directors, Subsidiaries and Group Companies and the approximate amounts involved where quantifiable are set forth below:

Litigation against the Company

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount involved (₹)
1.	Civil	9	58,24,158

Litigation by the Company

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount involved (₹)
1.	Tax	2	8,14,321
2.	Criminal	8	73,28,159
	Total		81,42,480

Litigation against our Promoter/ Director

Sr. No.	Name of the Promoter/ Director	Nature of the litigation	Number of outstanding litigations	Aggregate amount involved (₹)
1.	Mr. Prakash H Parekh	Custom	1	7,00,000



Litigation by our Group Company

Sr. No.	Name of the Subsidiary	Nature of the litigation	Number of outstanding litigations	Aggregate amount involved (₹)
1.	YMP Machineries Private Limited	Criminal	1	20,000

Litigation against our Subsidiary

Sr. No.	Name of the Subsidiary	Nature of the litigation	Number of outstanding litigations	Aggregate amount involved (₹)
1.	Oswal Extrusion Limited	Civil	1	2,77,945

For further details of the legal proceedings, please see the chapter “**Outstanding Litigations and Material Developments**” on page 195 of this Draft Red Herring Prospectus.

Such litigation could divert management time and attention, and consume financial resources in their defense or prosecution. No assurance can be given that we will prevail in any such proceedings. In addition, should any new developments arise such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities.

2. Our Company does not have any long term sales contracts with any customer.

Our Company’s sales take place on the basis of purchase orders. We do not have any long term sales contracts with our customers and hence are unable to bind them in a long term relationship with us. Our ability to receive the initial order as well as repeat orders from a customer is dependent on our ability to manufacture products of acceptable quality, at a competitive price and to deliver such products on a timely basis. In case a customer is not satisfied with our product, price or delivery and decides not to place repeat orders with us, it could adversely affect our sales and financial results.

3. Non-availability and volatility in the prices of raw materials used for manufacturing our products may materially and adversely affect our business.

The major raw material used by our Company is granules which are used to manufacture various packaging products. In Fiscal 2010, our total raw material consumption constituted 73% of our total revenue. Our business is affected by the availability, cost and quality of the raw materials we need to manufacture our products. Prices of granules are linked to international prices and are subject to tremendous volatility. Our Company is dependent on third-party vendors for the supply of raw materials required for our products. Any fluctuations in the demand and/or supply or availability of any such raw materials may impact our production capacity and may have an adverse effect on our business and results of operations.

4. All our manufacturing facilities and operations are concentrated in Gujarat, which exposes us to risks of concentration.

All our manufacturing facilities and operations are concentrated in Gujarat. In the event of a regional slowdown in the business, economic activity in Gujarat, and especially in and around Ahmedabad, or any developments or natural disaster that make projects in Gujarat less economically beneficial, our business, financial condition and results of operations could be adversely affected.

5. Our Promoters have interest in certain companies, which engage in similar businesses, which may create a conflict of interest. Further, we do not enjoy contractual protection by way of a non – compete or other agreement or arrangement with our Group Companies.

Our Group Companies are involved in a similar line of business as that of our Company i.e. including but not limited to manufacturing, export, sale, trading and earning commission from trading of packaging products. As on date, our Company has not signed any non-compete or such other agreement with our Group Companies. Our



Group Companies may expand their business in the future and may compete with us. The interests of these entities may conflict with our Company's interests and / or with interests of each other.

For further details, please refer to the chapters titled, "**Business Overview**" and "**Promoter and Group Companies**", beginning on page 68 and 121, respectively and the section titled "**Financial Statements - Restated Standalone Related Party Transactions**" beginning on page 155 of this Draft Red Herring Prospectus.

6. We have an export obligation in terms of various import export licenses, issued by the Director General of Foreign Trade, and in the event we are unable to meet the obligations, we may have to pay export duty which may affect our profits.

As of October 31, 2010 our Company had an export obligation of ₹ 415.75 Lacs as against imported capital goods under the Export Promotion Capital Goods scheme ("**EPCG Scheme**"). Under the EPCG Scheme, the imports are allowed at a concessional rate of duty which is to be off-set through export of finished product to the extent of six times (in case of 0% concessional rate of duty), or eight times (in case of 3% concessional rate of duty), of the value of the duty saved within a period as specified in the license. If the export obligation is not complied with, within the time specified in the license, we have to pay back the amount we have saved on account of custom duty along with interest, which may affect our profits. For further information refer the chapter "**Business Overview – Export Obligation**" on page 86.

7. We may face conflicts of interest in transactions with related parties.

We have entered into certain transactions with related parties including in relation to income, expenditure, purchase and sale of fixed assets and loans and advances. Additionally, our wholly owned subsidiary, Oswal Extrusion Limited is one of our top customers.

Certain decisions concerning our operations or financial structure may present conflicts of interest among our Promoters, Directors, executive officers and our equity shareholders. Our Promoters, Directors and executive officers may have an interest in pursuing transactions that, in their judgment, enhance the value of their equity investment, even though such transaction may involve risks to other equity shareholders. Further Our Directors are also directors or promoters of other companies which may result in conflicts in negotiating definitive agreements or MOUs with such other companies. These or other conflicts of interest may not be addressed in an impartial manner and in the best interests of our equity shareholders.

For further details, please refer to the chapters titled "**Business Overview**", "**Our Management**" and "**Our Promoter Group and Group Entities**", beginning on page 68, 109 and 121 respectively and the section titled "**Financial Statements**" beginning on page 137 of this Draft Red Herring Prospectus.

8. Our success largely depends on our Managing Director, our senior management and our ability to attract and retain our key personnel.

Our success depends on the continued services and performance of our Managing Director, Mr. Prakash H. Parekh, the members of our management team and other key employees. If one or more members of our senior management team were unable or unwilling to continue in their present positions, those persons could be difficult to replace and our business could be adversely affected. Competition for senior management in the businesses in which we operate in India is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. Further, we do not maintain any "key man" insurance for our senior management or key employees, including our Managing Director. As such, any loss of either our Managing Director, our senior management personnel or key employees could adversely affect our business, results of operations and financial condition.

9. Many countries including India have have joined in the efforts to ban plastic products such as shopping bags, in case any plastic packaging products manufactured by us are banned in India or in any of the markets where we export our products, it could have a material and adverse effect on our business and results of operations.

Since plastic bags take a longer time to biodegrade, many countries including India have banned the use of plastic bags as an environmental measure. Additionally, countries around the world are finding alternatives to the use of plastic products. While none of the measures taken so far have directly impacted our business, we cannot assure that future measures will not have a negative impact on our business. If the Government of India



legislates against the use of plastic products or if regulations for the manufacture and use of our packaging products are made more stringent, it could have a material and adverse effect on our business and results of operations.

10. Our Industry is labour intensive and our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees.

As of October 31, 2010, our Company had 1135 permanent employees and 194 contract labour at various locations. The number of our workers is likely to increase with our proposed expansion plans. While we consider our current labour relations at all our facilities to be good, there can be no assurance that we will not experience interruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. In that case, there may also be restrictions on the flexibility of our labour policies.

11. Losses incurred by our group companies during the past three years.

Some of our group companies have incurred losses within the last three Fiscals, details of which are set forth below:

(₹ in Lacs)

	Particulars	Profit /(Loss) incurred		
		Fiscal 2010	Fiscal 2009	Fiscal 2008
1.	S.C. Chemicals	(487.61)	(40.14)	34.65
2.	YMP Machineries Private Limited	6.53	2.37	(10.33)
3.	Parekh Polymers	2.39	0.15	(4.20)
4.	Parekh Industries	5.55	(2.21)	12.06
5.	Oswal Commodities Limited	(14.71)	6.20	8.04
6.	Champalal Company	(2.89)	0.42	0.41

For more details, see the section titled “*Our Promoters and Group Companies*” beginning on page 121 of this Draft Red Herring Prospectus.

12. We have not entered into any definitive agreements to utilize the net proceeds of the Issue.

While we have plans to expand into newer products and to acquire new customers, we have not entered into any definitive agreements to utilize the net proceeds of the Issue. The net proceeds from this Issue will be used for our expansion plans and the deployment of funds as stated in the chapter “*Objects of the Issue*” beginning on page 40 of this Draft Red Herring Prospectus is based on management estimates and has not been appraised by any bank or any financial institutions or any independent organization.

Further, pending utilization of the proceeds of the Issue, we intend to invest the proceeds of the Issue in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks, for the necessary duration, or for reducing overdrafts. Such investments would be made in accordance with investment policies or investment limits approved by our Board of Directors from time to time.

13. Our fund requirements for our expansion plans have not been appraised by banks or financial institutions and are based on management estimates.

The fund requirement for our proposed expansion plans and the schedule of deployment of the net proceeds of the Issue (including in respect of purchase of plant and machinery) is based on management estimates and has not been appraised by any bank or any financial institutions or any independent organization. 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, our Company may not be able to arrange for finances to meet any such shortfall. The same may adversely affect our Company's ability to effectively implement its business plans.

14. Any failure to keep abreast with the latest trends in technology may adversely affect our cost competitiveness and ability to develop new products.

Technology by its very nature is dynamic and our Company may not be able to keep pace with the changing technological environment. The materials used for our business have changed over time consequent to technological changes. Government regulations from time to time may also impact the use of certain raw materials in preparation of polymer products. Any failure on our part to keep abreast with the latest trends in technology, could have a bearing on our ability to compete efficiently, our cost competitiveness, ability to develop new products and the consequential quality of our products, and could also impact our sales and profitability.

15. We may not be able to sustain effective implementation of our business and growth strategy.

The success of our business will depend mainly on our ability to effectively implement our business and growth strategy. Whilst we have successfully implemented our business strategy in the past, there can be no assurance that we will be able to implement our strategy on time and within the estimated budget in future, or that we will meet the expectations of targeted customers. Any potential and unusual factor affecting our business and growth strategy may have an adverse effect on our business, financial condition and results of operations.

16. Our future funds requirements, in the form of fresh issue of capital or securities and or loans taken by us, may be prejudicial to the interest of the equity shareholders depending upon the terms on which they are eventually raised.

We may require additional capital from time to time depending on our business needs. Any fresh issue of Equity Shares or securities convertible into Equity Shares would dilute the shareholding of the existing equity shareholder and such issuance may be done on terms and conditions, which may not be favorable to the existing equity shareholders. If such funds are raised in the form of loans or debt, then it may substantially increase our interest burden and decrease our cash flows, thus prejudicially affecting our profitability and our ability to pay dividends to our equity shareholders.

17. We have not placed order for 92.96 % of the plant and machinery as proposed in the objects of the issue.

Our Company requires certain plant and machinery for implementation of its business plans. Our Company has however not made any definite arrangements for procurement of any plant and machinery. No orders have been placed for 92.96 % of the machinery in value terms, required for our units pursuant to our Object of the Issue. Delay in placing the order for these machineries required for the objects could result in a cost and time over run, which would adversely affect the operations and profitability of our Company. Further, more than 9.06 % of the machinery in value terms of the total machinery yet to be ordered, required for our units pursuant to the Objects of this Issue will be imported. Delay in the delivery of the said machinery or damage or loss in transit will adversely affect our business, operations and profitability. Further we will also be exposed to the risk on account of fluctuation in the currency rate. For further details, please refer to the chapter titled "***Objects of this Issue***" beginning on page 40 of this Draft Red Herring Prospectus.

18. Upon completion of the Issue, our Promoters will exercise significant control over our Company, which will allow them to influence the outcome of matters submitted to the shareholders for approval.

Upon completion of this Issue, our Promoters will continue to own a majority of our Equity Shares. As a result, our Promoters will have the ability to exercise significant influence over all matters requiring shareholders' approval. Our Promoters will also be in a position to influence any shareholder action or approval requiring a majority vote, except where they may be required by applicable law to abstain from voting. This control could also delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from obtaining control of our Company even if it is in the best interests of our Company. The interests of our Promoters could conflict with the interests of our other equity shareholders, and the Promoters could make decisions that materially and adversely affect your investment in the Equity Shares.

**19. Our contingent liabilities could materially and adversely affect our financial condition and results of operations if they crystallize.**

As of June 30, 2010 contingent liabilities not provided for appearing in our financial statements aggregated to ₹ 9,905.93 Lacs. If any of these contingent liabilities were to materialize, it may have an adverse impact on our financial condition.

(₹ in Lacs)				
Particulars	For the quarter ended June 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008
Letter of Credit	9,584.13	8,568.85	4166.39	3,795.34
Bank Guarantee	279.18	293.94	61.87	96.21
Claim by supplier but not acknowledged as debt	42.62	39.60	32.09	5.39
Total	9,905.93	8,902.38	4,260.35	3,896.94

20. Our indebtedness could adversely affect our business and financial condition.

As of June 30, 2010, we had ₹ 8,988.81 Lacs of total debt on a consolidated basis. The agreements in respect of some of the debt contain certain covenants including maintenance of financial ratios, compliance with reporting requirements and other restrictions which may significantly limit our ability to borrow additional money, make capital expenditure and investments, merge or incur additional lines. Additionally, unsecured loans amounting to ₹ 135.03 Lacs on a consolidated basis are outstanding as on June 30, 2010. These unsecured loans could be recalled by our lenders at any time.

Any failure to service our indebtedness in a timely manner, maintain the required security interests, comply with any requirements to obtain consents or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, which may adversely affect our business, financial condition and results of operations.

21. We are subject to restrictive covenants under our credit facilities that could limit our flexibility in managing our business.

The agreements and instruments governing our existing indebtedness and the agreements we expect to enter into in order to govern our additional debt contain and will contain restrictions and limitations, such as obtaining prior consent of the lenders before alteration of capital structure, entering into any scheme of merger, amalgamation or reconstitution, enlarging scope of manufacturing or trading activities, to withdraw or allow to be withdrawn any monies brought in by the Promoters or Promoters' relatives, before making any corporate investments by way of share capital or place deposits with any other concern except in the normal course of business, to compound or release any of the book debts or do anything whereby the recovery of the same may be impeded, delayed, or prevented, before removing or dismantling any of the assets to be comprised in the said security, except where it is necessary, and before payment of any dividend whether equity of preference.

We cannot assure you that we will be able to comply with these covenants or that we will be able to obtain the consents necessary to take the actions we believe are necessary to operate and grow our business. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

22. Dependence on third party transport providers could materially and adversely affect our business and results of 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, thereby adversely impacting our business. Further, increase in oil prices, may lead to the increase in the transportation cost resulting in an adverse impact on our profitability.



23. *We may undertake projects, acquisitions, investments or strategic relationships in the future, which may pose management and integration challenges.*

We may make acquisitions, investments, strategic relationships and divestments in the future as part of our growth strategy in India. These acquisitions, investments, strategic relationships and divestments may not necessarily contribute to our profitability and may divert the attention of our management or require us to assume high levels of debt or contingent liabilities, as part of such transactions. In addition, we could experience difficulty in combining our existing businesses with our future operations and cultures and may not realize the anticipated synergies or efficiencies from such transactions. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

24. *Risk of competition from other domestic producers particularly in the unorganized sector*

We face competition from other existing domestic producers and potential entrants to the industry in which we operate that may adversely affect our competitive position and our profitability. Loss of market share and competition may adversely affect our profitability. We also face competition for customers from other players in the organized and unorganized markets. We expect 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. The end-users of our products are price conscious. Pricing plays an important role in selecting these products. 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.

25. *We may be exposed to product liability claims if we fail to meet stringent quality standards of our customers or if there are quality defects in the end products that contain our parts and components.*

The products we manufacture must meet our customers' stringent quality standards. Although we have put in place strict quality control procedures, we cannot assure you that our products will always be able to satisfy our customers' quality standards. For further details, see section titled "**Business Overview**" beginning on page 68 of this Draft Red Herring Prospectus. In addition, as a manufacturing service provider, we do not control the design and structure of the plastic parts and components we manufacture for our customers. Nor do we control the design or structure of the final products containing our parts and components that our customers market to end-users. If there are any quality defects in the products that contain our parts and components, we may face claims from our customers or end-users for the damages suffered by them arising from such defects. It may be difficult to determine who is responsible for such defects or how much responsibility each party should bear for such defects. In the event that we become subject to product liability claims, we will be liable for them and, as a result, our financial condition and results of operations may be adversely affected.

26. *We operate our businesses in a regulated environment, and the Government policies, laws and regulations affecting the sectors in which we operate and the related industries, could adversely affect our operations and our profitability.*

All of our businesses are regulated by the Central Government and various state governments in India. In addition, the industry in which we operate in India is heavily regulated by local governments. We must comply with a number of requirements mandated by Indian laws and regulations, including policies and procedures established by local authorities that are designed to implement such laws and regulations. For further details, please refer to the chapter titled "**Regulations and Policies**" beginning on page 96 of this Draft Red Herring Prospectus. Non-compliance with any regulation may lead to penalties and fines, revocation of our approvals, sanctions, licenses, registrations and permissions or litigation. For further details, please refer to the chapter titled "**Licences And Approvals**" on page 203. If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business and results of operations could be adversely affected.

The regulatory framework in India is evolving. Future Government policies and changes in laws and regulations in India and elsewhere may adversely affect our business and operations, and restrict our ability to do business in our existing and targeted markets. The timing and content of any new law or regulation is not in our control and such new law or regulation could have an adverse effect on our business, results of operations and financial condition.



27. *Failure to comply with environmental laws and regulations may materially operation may be adversely affected.*

The number of environmental laws and regulations in India has been increasing consistently and it is possible that they may become significantly more stringent in future, including with regard to the use of certain raw materials, manufacturing processes and the like. Consequently the cost of compliance with environmental laws may also increase. Further, if, as a result of implementation of compliance related measures or non-compliance with any environmental regulations, any of our units or the operations of such units are suspended, it could have an adverse impact on our operations and profits.

External Risks related to our Industry and India

1. *A slowdown in economic growth in India could cause our business to suffer.*

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. As a result, a slowdown in the Indian economy could adversely affect our business. India's economy could be adversely affected by a general rise in interest rates, inflation, natural calamities, such as earthquakes, tsunamis, floods and drought, increases in commodity and energy prices, and protectionist efforts in other countries or various other factors. In addition, the Indian economy is in a state of transition. It is difficult to gauge the impact of these fundamental economic changes on our business. Any slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business.

2. *Any downgrading of India's debt rating by an international rating agency could have an adverse impact on our business.*

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditure and the trading price of our Equity Shares.

3. *Instability in the Indian and world financial markets could materially and adversely affect the price of the Equity Shares and our results of operations and financial conditions.*

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in Asian emerging market countries. Since the middle of 2007, and particularly during the second half of 2008 and the first quarter of 2009, the global banking and financial services industry and the securities markets generally were materially and adversely affected by significant declines in the values of nearly all asset classes, including mortgages, real estate assets, leveraged bank loans and equities, and by a serious lack of liquidity. Business activity across a wide range of industries and regions was greatly reduced and local governments and many companies were in serious difficulty due to the lack of consumer spending and the lack of liquidity in the credit markets. Unemployment increased significantly in many countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have an adverse impact on the Indian economy. Financial disruptions may occur again and could decrease the trading price of our Equity Shares.

4. *Currency rate fluctuations could have an adverse effect on our financial results*

The volatility in global financial markets may have an adverse impact on our business, as we have to make payments in foreign exchange for our import of machinery for our projects and also for other items, including import of raw materials. In future, we expect an increase in our dealings in foreign exchange thus increasing our exposure to foreign exchange markets. In the event we are unable to hedge this foreign exchange exposure, it may result in an adverse impact on our financial condition.

While our Company may enter into forward contracts or other derivative instruments in order to appropriately mitigate risks on account of currency fluctuation, there can be no assurance that the risks arising out of fluctuations by the INR against the U.S. dollar and the Euro can be fully mitigated.



5. Any loss of or breakdown in operations at any of our manufacturing facilities may have an adverse effect on our business, financial condition and results of operations.

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of the relevant government authorities. The occurrence of any of these risks could significantly affect our operating results.

6. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect financial markets and our business.

Terrorist attacks and other acts of violence or war may adversely affect the Indian markets where our Equity Shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, making travel and other services more difficult and ultimately adversely affect our business. India has also witnessed civil disturbances in recent years and 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 our business.

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 the price of our Equity Shares. Other acts of violence or war outside India, including those involving the United States, the United Kingdom or other countries, may adversely affect worldwide financial markets and could adversely affect the world economic environment, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India. South Asia has, from time to time, experienced instances of civil unrest and hostilities among other neighboring countries.

7. Political instability or changes in government could adversely affect economic conditions in India and consequently our business.

Our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. The business of our Company, and the market price and liquidity of the Equity Shares may be affected by changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. The governments have usually been multi-party coalitions with differing agendas. Any political instability could affect the rate of economic liberalisation and the specific laws and policies affecting foreign investment and the packaging industry. A significant change in India's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular, if new restrictions on the private sector are introduced or if existing restrictions are increased.

8. Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our Company's financial condition. Our failure to successfully adopt IFRS, which is effective from 1 April 2011, could have a material adverse effect on our stock price.

Our financial statements, including the financial statements provided in this Draft Red Herring Prospectus, are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of IFRS or US GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of, and convergence with, the International Financial Reporting Standards, or IFRS, pursuant to which it is proposed that Indian GAAP would be IFRS compliant by April 1, 2011. Accordingly, our Company may be required to adopt IFRS by 2011. Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of



established practice on which to draw in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations, financial condition of cash flows and any failure to successfully adopt IFRS by 1 April 2011 could have a material adverse effect on the price of our Equity Shares.

Risks related to an investment in our Equity Shares

1. 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 price of our Equity Shares on the Stock Exchanges may fluctuate after this Issue as a result of several factors, including, volatility in the Indian and global securities market, our operations and performance, performance of our competitors, the perception of the market with respect to investments in the packaging industry, adverse media reports about us 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 fiscal regulations. There has been no public market for our Equity Shares and the prices of our Equity Shares may fluctuate after this Issue. 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.

2. Following the Issue, there will be restrictions on daily movements in the price of our Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell our Equity Shares at a particular point in time.

Following the Issue, we will be subject to a daily "circuit breaker" imposed by the Stock Exchanges, which does not allow transactions beyond specified increases or decreases in the price of our Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the Stock Exchanges based on the historical volatility in the price and trading volume of our Equity Shares.

The Stock Exchanges will 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 will limit the upward and downward movements in the price of our Equity Shares. As a result of this circuit breaker, 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.

3. There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or at all.

In accordance with Indian law and practice, approval for listing of our Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorising the issuing of our Equity Shares to be submitted to the stock exchanges. There could be a failure or delay in listing our Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to own or dispose of your Equity Shares.

4. Conditions in the Indian securities market may affect the price and liquidity of our Equity Shares.

Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the



market price and liquidity of our Equity Shares could be adversely affected. Further, a closure of, or trading stoppage on, either of the BSE or the NSE could adversely affect the trading price of our Equity Shares.

Prominent Notes:

1. Investors may contact the Registrar to the Issue, the Compliance Officer or BRLM, who have submitted the due diligence certificate to the SEBI, for any complaints /clarifications and information pertaining to the Issue. For contact details please refer to the chapter titled “**General Information**” beginning on page 14 of this Draft Red Herring Prospectus.
2. The Net Worth of our Company, before this Issue as per our Restated Consolidated Financial Statements as at March 31, 2010, March 31, 2009 and March 31, 2008 was ₹ 9,271.35 Lacs, ₹ 5,715.71 Lacs and ₹ 4,019.28 Lacs respectively, and the Book Value per Equity Share was ₹ 40.05, ₹ 25.60 and ₹ 18.00 respectively. The net worth of our Company as of June 30, 2010 was ₹ 9,641.78 Lacs and the Book Value per Equity Share as on June 30, 2010 was ₹ 41.65 Lacs, based on the restated consolidated financial statements under Indian GAAP included in this Draft Red Herring Prospectus.
3. Public Issue of 1,05,00,000 equity shares, for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) for cash aggregating to ₹ [●]. This Issue will constitute 29.37 % of the fully diluted post issue paid-up capital of our Company.
4. This Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI ICDR Regulations and through a Book Building Process wherein upto 50% of the Net Issue shall be allocated on a proportionate basis to QIBs out of which 5% (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only subject to valid bids being received at or above the Issue Price, and the remaining QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above Issue Price. If the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund portion will be added to the QIB Portion and be available for allocation proportionately to the QIB Bidders. The QIB Portion may include Anchor Investor portion as defined in the Chapter titled “**Definitions and Abbreviations**” on page I of this Draft Red Herring Prospectus and our company may consider participation by Anchor Investors in the Issue upto 30% of the QIB Portion in accordance with the applicable SEBI ICDR Regulations. Further not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid Bids being received from them at or above the Issue Price.
5. Under subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM. Any under-subscription in the Employee Reservation Portion shall be added to the Net Issue.
6. Investors may note that incase of over subscription, if any, in this Issue, allotment shall be made on proportionate basis to QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees applying under the Employee Reservation Portion and will be finalised by our Company and the BRLM in consultation with the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price.
7. The following table represents average cost of acquisition of Equity Shares by our Promoters as on date of this Draft Red Herring Prospectus:

Name of the Promoter	No. of Equity Shares held	Average price per Equity Share (in ₹) [#]
Champalal G. Parekh	10,22,100	34.93
Prakash H. Parekh	30,66,450	37.37
Madhu P. Parekh	14,46,250*	1.10 (Madhu P. Parekh) 8.46(Madhu P. Parekh jointly with Prakash H. Parekh)
Prakash H. Parekh (HUF)	19,87,700	1.41

* including 1,436,500 held by Madhu P. Parekh jointly with Prakash H. Parekh



Name of the Promoter	No. of Equity Shares held	Average price per Equity Share (in ₹) [#]
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[#] The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the weighted average cost of the total number of Equity Shares held by them.

For further details please refer to the table titled **“Promoters Contribution and Lock-In”** beginning on page 30 under the chapter titled **“Capital Structure”** beginning on page 22 of this Draft Red Herring Prospectus.

8. Our Company was originally incorporated in Gujarat as “Oswal Agloimpex Private Limited” on October 16, 1998 at Ahmedabad, Gujarat. The status of our Company was changed to a public limited company and our name was changed to “Oswal Agloimpex Limited” pursuant to a fresh certificate of incorporation issued by the RoC, Gujarat on May 24, 2006. Thereafter name of our Company was changed to “Plastene India Limited” vide a fresh certificate of incorporation issued by RoC, Gujarat on January 2, 2007. For details of incorporation and changes of name, please refer to the chapter titled **“History and Certain Corporate Matters”** beginning on page 102 of this Draft Red Herring Prospectus.
9. Except, as disclosed in the chapter titled **“Capital Structure”** beginning on page 22 of this Draft Red Herring Prospectus, neither our Promoters nor our Directors have purchased or sold any Equity Shares, during a period of six (6) months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.
10. Except as disclosed in the chapter titled **“Capital Structure”** beginning on page 22 of this Draft Red Herring Prospectus, we have not issued any equity shares for consideration other than cash.
11. The Group Companies are interested parties to the extent of the related party transactions. For the summarised details of transactions by our Company with our Group Companies during the last five Fiscal years ending March 31, 2006, 2007, 2008, 2009 and 2010, and for the period ending June 30, 2010, please refer to chapter titled **“Risk Factors”** beginning on page XIII of this Draft Red Herring Prospectus and as disclosed in the chapter titled **“Financial Statements – Restated Standalone Related Party Transactions”** beginning on page 155 of this Draft Red Herring Prospectus.
12. For interests of our Promoters, Directors and Key Managerial Personnel, please refer to chapters titled **“Our Promoters and Group Companies”** and **“Our Management”** beginning on pages 121 and 109 respectively of this Draft Red Herring Prospectus.
13. Investors are advised to refer to the chapter titled **“Basis for Issue Price”** beginning on page 48 of this Draft Red Herring Prospectus before making an investment in this Issue.
14. The notes on Significant Accounting Policies have been included in the report of our Auditors in the chapter titled **“Financial Statements”** beginning on page 137 of this Draft Red Herring Prospectus.
15. Trading in Equity Shares of our Company for all the Investors shall be in dematerialized form only.
16. Pursuant to the filing of this DRHP with SEBI, our Company shall on the next day, make a public announcement in one English and one Hindi national newspaper and in one Gujarati newspaper 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.
17. Any clarification or information relating to this Issue shall be made available by the BRLM and our Company to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner.
18. The Promoters, Promoter Group, directors of the Promoters, Directors and their respective relatives have not financed the purchase by any other person of any securities of our Company other than in the ordinary course of their business during the six months preceding the date of this Draft Red Herring Prospectus.



SECTION III: INTRODUCTION

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information contained in the chapters titled “*Risk Factors*” and “*Financial Statements*” and related notes beginning on pages XIII and 137 of this Draft Red Herring Prospectus before deciding to invest in our Equity Shares.

SUMMARY OF INDUSTRY

Indian Packaging Industry

All major industries create wealth but if there is one industry that plays a unique role by way of both creation of wealth through a wide range of manufacturing activities and also by way of preserving the wealth or value created by many, many other industries, it is packaging. Apart from the huge value addition and employment involved in these activities, packaging has served the Indian economy by helping preservation of the quality and lengthening the shelf life of innumerable products - ranging from milk and biscuits, to drugs and medicines, processed and semi-processed foods, fruits and vegetables, edible oils, electronic goods etc., besides domestic appliances and industrial machinery and other hardware needing transportation.

Packaging, as distinct from mere “packing”, plays its most visible and catalytic role in a modern economy with widespread adoption of branding of products and development of consumer preferences. To the extent that any consumer product is packaged in a manner that meets the criteria of safety, convenience and attractiveness, it gains market share. In the aggregate, packaging as a sectoral activity boosts consumption and economic growth.

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.

Key features of Indian Packaging Industry:

- The market volume of the Indian packaging industry amounts to about ₹ 77,570 crore and has constantly grown by approximately 15 percent year on year.
- The pace of growth will accelerate to between 20-25 percent over the next five years.
- The highest demand for packaging and the associated equipment come from the food processing industry at 50 percent and from the pharmaceutical industry at 25 percent.
- The large growing middle class, liberalization and organized retail sector are the catalysts to growth in packaging. Also food and Pharma packaging are the key driving segments.
- The Indian food market is estimated to total about ₹ 8,82,350 crore according to the ‘India Food Report 2008’ published by Research and Markets.
- Food retail turnover is expected to grow from the current ₹ 3,39,365 crore mark to 7,27,212 crore by 2025.
- The pharmaceutical industry is expected to average an annual growth of 16 percent till 2012.
- There are about 600-700 packaging machinery manufacturers, 95 percent of which are in the small and medium sector located all over India.
- Indian packaging machinery imports are around ₹ 606 crore (20-25 percent) while the Indian packaging machinery exports are rapidly growing.
- Germany and Italy are the largest suppliers of packaging machinery to India but focus is now shifting on Taiwan and China.

Indian companies are now placing increasing emphasis on attractive and hygienic packaging. This promises enormous potential for the future.

<http://packaging.indiabizclub.com/>

**SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY**

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in the section titled “Risk Factors” on page XIII of this Draft Red Herring Prospectus. In this chapter, unless the context requires otherwise, any reference to the terms “We”, “Us” and “Our” refers to Plastene India Limited. 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 this Draft Red Herring Prospectus.

Overview

We are the flagship company of the Champalal Group of Gandhidham. We made our beginning in the year 1998 wherein we imported plastic scrap and started reprocessing it to manufacture agglomerates which inturn were sold to various plastic manufacturers to manufacture pipes, tarpaulin, granules etc. However, we discontinued this business in the year 2007.

We currently manufacture Jumbo bags, also known as FIBC (Flexible Intermediate Bulk Containers), woven sacks, (comprising of laminated woven sacks and BoPP laminated woven sacks), flexible packaging (comprising of printed laminates, preformed pouches, surface printed 3 layer films and liners), woven fabric, tarpaulins and other products mostly used in self consumption which comprises of UV masterbatch, Antifab masterbatch, multifilament yarn and webbings. We also sell granules, our main raw material which is imported from countries like Saudi Arabia, Thailand, UAE etc.

Currently, we have two manufacturing units, both of which are situated in Gujarat, in the Nani Chirai Village of the Kutch district and in Rajpur Village of Mehsana district. Both our manufacturing units are equipped with requisite technologies to manufacture products as per customers’ requirement.

In April, 2005, we started manufacturing woven sacks and woven fabric at Nani Chirai for servicing domestic salt units, cement and fertilizer industry in Gujarat and gradually expanded our product portfolio and started manufacturing Jumbo bags, tarpaulin, laminates, multifilament yarns, masterbatches, fillers and flexible packaging for food grains, pharmaceuticals, chemical, fertilizers, cement etc.

Our unit at Rajpur village commenced operations in November 2007. In this unit we primarily manufacture Jumbo bags and woven bags.

The table below sets out various products manufactured at our units and the consolidated revenue generated, net of duties and taxes:

(In ₹Lacs)

Sr. No.	Product	Fiscal 2010	Fiscal 2009	Fiscal 2008
1	Jumbo bags	8,032.17	7,297.08	4,521.92
2	Woven sacks, woven fabrics and Tarpaulin	11,734.75	8,698.76	9,202.70
3	Multi layer Films and bags	4,133.56	2,684.60	985.00
4	Fillers, masterbatches, webbings , multi filament yarn	961.82	336.05	202.11
5	Trading of granules	5,897.54	247.18	10.70
	Total	30,759.84	19,263.67	14,922.43

We believe, we are one of the leading manufacturers of woven bags when compared with packaging companies which are currently listed on the Stock Exchanges. Lower manufacturing costs as compared to countries like China and Turkey and the proximity of our units to the Kandla port and the Mundra port have helped us in maintaining our strong market position.

In Fiscal 2009, we started manufacturing master batches, multifilament yarn and fillers as part of our backward integration strategy. Further, to achieve economies of scale, we expanded our manufacturing capacity from 28,000 MTPA in Fiscal 2008 to 55,000 MTPA in Fiscal 2009. Further, we are in the process of enhancing our manufacturing capacity from 55,000 MTPA to 69,000 MTPA to capitalize upon our experience in the packaging industry and to serve the growing demands of Jumbo bags, woven sacks and flexible packaging.



The packaging products manufactured by our Company are used in different industrial segments such as food grains, pharmaceuticals, edible oil, cement, fertilizers, chemicals, salt, sugar etc.

All our products are customized and manufactured as per customer requirements. We have manufacturing facilities to produce woven sacks from 50 GSM to 120 GSM and Jumbo bags with the help of 90 to 250 GSM fabrics. We have the facilities to manufacture one loop, two loops, and four loops as well as cross corner Jumbo bags. We can manufacture these products in any color and specifications based on customer requirements.

For flexible packaging, we can manufacture printed films with surface printing as well as reverse printing, between 20 micron to 150 microns and laminates in two, three and four layer structure. We also manufacture three side seal pouches and zipper pouches as per customers' requirement.

Our machines are capable of manufacturing multiple products. During monsoons when the demand for woven sacks used in cement industry is reduced we use our capacities for manufacturing additional tarpaulin.

We have been awarded ISO 9001:2008 certification for quality management systems for manufacture and supply of Jumbo bags, woven sacks, flexible packaging products, woven fabric and tarpaulin. Our Company has installed various testing equipments by virtue of which it will develop new packaging solutions at cheaper cost without affecting quality of the products. We regularly conduct batch wise tests on all our products for examining their strength, quality aspects etc. We regularly do tensile strength test and drop test with the help of tensile testing machines and other machines before the batch is approved for sale.

As on October 31, 2010 our Company had 1135 permanent employees and 194 employees on contract at various locations.

Further, our new venture of block bottom valve bags which did not have any capacity till date is expected to have 5,000 MTPA by Fiscal 2012. This manufacturing facility will be set up at our existing Nani Chirai village of Kutch district. Block bottom valve bags is a new packaging product used in cement / food grain / cereals etc packing which enhances the brand value of the company. We have already received an expression of interest from Shree Cements for 60 million pieces of block bottom valve bags to be supplied in one year.

Client Concentration

Our customers include some of India's leading players and are spread across various industry segments. Following table provides a break-up of our client concentration:

(₹ in Lacs except %)

Particulars	Fiscal 2010		Fiscal 2009		Fiscal 2008	
Top client contribution to revenues	1,870.21	5.53%	1,904.45	8.93 %	3,089.93	17.66 %
Top 5 client's contribution to revenues	6,960.03	20.58%	6,995.07	32.80 %	8,253.22	47.17 %
Top 10 client's contribution to revenues	11,762.38	34.78%	10,445.68	48.98 %	10,909.22	62.35 %
Total Revenue	33,819.39		21,326.42		17,496.75	

As can be seen from the table above contribution of top customer, top 5 customers and top ten customers have been reducing year on year from Fiscal 2008 to Fiscal 2010 indicating the diverse customer base we have with every passing year.

The table below provides a break-up of our total consolidated domestic and export sales:

Sales	Period ended June 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Domestic	9,340.41	19,037.98	12,675.82	12,487.95	10,513.21
Export ¹	2,769.20	14,781.42	8,650.60	5,008.81	3,841.76
Total	12,109.61	33,819.39	21,326.42	17,496.75	14,354.97

¹Export sales include direct sales made overseas and sales made via special economic zones.

Our operational income and Profit after Tax (PAT) as per the restated consolidated Financial Statements for the Fiscal 2010 is ₹ 338,19.40 Lacs and ₹ 13,54.14 Lacs respectively.



Competitive Strength of Our Company

We believe that our principal strengths are:

▪ ***Location Advantage***

Our manufacturing units in Nani Chirai, in the Kutch district of Gujarat are in close proximity to the Kandla and Mundra ports being approximately 40 Kms and 100 Kms respectively from these ports. This provides us with efficient logistics thereby reducing our transportation and raw material cost as compared to our competitors.

The Indian salt industry is located in the Kutch region which is one of our potential target customer bases. We believe that we are the only integrated player in Kutch district who can cater to the local demand of packaging products.

▪ ***Expanded Product portfolio – One stop shop for packaging solutions to our customers***

Our product portfolio comprises of Jumbo bags, woven sacks, woven fabric, flexible packaging, tarpaulin, masterbatches, fillers, webbings and multi filament yarns. We can cater to a variety of packaging solution requirements of customers across various industry segments and can manufacture packaging products for products ranging from 5 gram to 3,000 Kgs. Our broad range of products allows our customers to source most of their product requirement from us.

Our versatile equipment capability is one of our principal competitive strengths. In monsoon, when the demand for cement depletes we use our equipments to manufacture tarpaulin which not only reduces our dependence on particular types of products, but also provides manufacturing benefits during the lean season.

▪ ***Diversified customer base***

We focus on maintaining and establishing long-term relationships with our customers. Our customers include some of India's leading players in cement, fertilizers, salt, edible oil, food grains, sugar, rice industry to name a few. We believe that we have an ability to address the varied and expanding requirements of our customers. Our diversified customer base has helped us in introducing new products thereby expanding our product portfolio and consequently helping us in expanding into new markets such as Europe, U.S., U.K., Canada etc.

▪ ***Distributorship from IOCL for supply of PP / HDPE / LLDPE granules***

We are distributors for Indian Oil Corporation Limited ("IOCL") in Kutch and Saurashtra region of Gujarat for supply of PP / HDPE / LLDPE granules. We are entitled to ₹0.35 per kg commission on sale of these IOCL products made by us and also on self consumption which reduces our raw material cost by approximately 0.50%.

▪ ***Integrated plastic packaging manufacturer***

We are one amongst the few players in the plastic packaging industry to have backward integration facilities. We manufacture UV masterbatch, Antifab masterbatch, multi filament yarn and webbings which are used in the manufacturing of our final products.

▪ ***Fiscal Incentives***

For both our units and subsidiaries units, Technology Upgradation Finance Scheme ("TUFS") benefits are available to us from the Ministry of Textiles. Accordingly, we are entitled for concessional rate of interest and are reimbursed 5% of the interest rate that we are charged on finance of new machinery. This has helped us in lowering our overall cost of funds and has increased our competitiveness.

Further, our wholly owned subsidiary, Oswal Extrusion Limited being set up in the Kandla Special Economic Zone (KASEZ) enjoys the benefit of single window clearance for import and export. Accordingly, our Subsidiary receives various government department clearances such as clearances from



the ministry of Finance and ministry of Commerce and Industry from a single office situated within the KASEZ. This improves efficiency by saving the time that it takes in taking the goods to the custom clearance.

Being set up in a special economic zone it also enjoyed benefits of 100% income tax exemption for the first five years starting from 2005-06 and 50% thereafter for next 5 years, stamp duty exemption, Service tax exemption, VAT/ CST exemption, excise/custom Duty exemptions.

Further, the Santej unit of Oswal Extrusion Limited which was set up in Jan 2010 is 100% EOU and is eligible for 100% income tax exemption, VAT/ CST refund, excise / custom Duty exemptions, electricity duty exemption upto March 31, 2011.

▪ ***Modern technology***

Our manufacturing facilities are equipped with modern machineries and technologies imported from Austria, Switzerland, U.S., etc. These equipments help us in reducing material gauze variations in the products and obtaining better quality finished products. Our roto gravure printing machine is supplied by a well known international supplier which has enabled us to fetch orders from our customers. We also have automatic cutting and sewing machine specifically imported from Botheven, Taiwan which enables us to reduce the manpower requirement for manufacturing of Woven Sacks. We also have latest twin screw extruder technology which helps us in formulating better quality master batches.

▪ ***Strong management team and motivated and efficient work force***

We believe that our qualified and experienced management has substantially contributed to the growth of our business operations. Our Promoter Directors have more than a decade of experience in packaging industry. Emphasis on systems and individuals has enabled us to build up capabilities to operate at different locations. Empowerment of management by delegation of authority has been our strength in meeting management expectations and has helped our Company in building a large team of qualified and experienced professionals. We believe that the experience of our senior management team has translated into improved product quality, increased profitability and improved margins which give us competitive edge.

▪ ***Quality Assurance***

Each of our Company's products passes through stringent quality checks. The quality assurance measures taken by our Company include thorough checking of all raw materials, other inputs and finished goods to ensure quality, statistical methods to identify and analyze areas of improvement, experienced manpower for quality assurance activities, creation of data base for future reference and analysis etc. Each of the divisions is well equipped with modern quality checking and testing equipment in place for quality assurance and functions on our philosophy of providing quality products to customer.

▪ ***Research and Development capability***

As part of our ongoing quality assurance activities, we have established standard specifications for our raw materials and finished products and continually look at ways to develop anti-tampering packages for our products. We have installed Test-rig and UV testing machine imported from U.S.A. in order to get the best combination of material which are cost effective. We have dedicated team that is focused on new products development. Our research and development activities include new product development to meet and exceed ever-changing client expectations and to achieve larger market share. Consumer preferences are incorporated into our products by our quality function deployment process.

We believe that our manufacturing units have adequate facilities and personnel to ensure compliance with the quality specifications and process parameters we have established. We provide the requisite training periodically to our quality and process control personnel. In addition, we periodically undertake a comprehensive review of various regulatory issues concerning our industry.



Our Business Strategy

Our strategy is to build upon our competitive strengths and business opportunities to become one of the leading packaging companies in the world. Our objective is to improve and consolidate our position in the manufacturing and marketing of packaging related products. We intend to achieve this by implementing the following strategies:

- ***Enhance profitability by supplying products to the end customers***

Presently, our export sales comprises of sale of finished products to traders in various countries. We intend to set up our representative offices/ warehouses in two overseas locations in next two years. These representative offices/ warehouses will supply the products directly to the end users thereby helping our customers to implement Just-In-Time (JIT) concept. We believe that it will enhance our customer base in overseas market and will result into higher volume of business and profitability.

- ***To reap the benefit by enhancing manufacturing capacities***

We are focused on establishing and increasing our manufacturing facilities as this will allow us to exercise control over manufacturing costs and the quality of the finished products. We believe that an increase in manufacturing capacity will help us reap the benefits of economies of scale, and this would eventually lead to an improvement in the price competitiveness of our products.

- ***Cost effectiveness***

Apart from expanding business and revenues we have to concentrate on reducing the costs in order to remain competitive in the industry. Measuring and evaluating costs at each cost centre and bench marking the same to industry / scientific standards is our core strategy to control direct costs and overheads. Our focus has been to reduce the operational costs to gain competitive edge. We are, to some extent successful in our efforts and hope to continue more vigorously to bench mark ourselves with the best in the industry.

- ***Maintain our focus to strengthen customer relationship***

We expect to maintain our focus on customer relationships. We believe that there are significant business opportunities from existing as well as potential customers as we diversify our product portfolio and build upon the existing relationships. We believe that this strategy would increase our customer specific knowledge enabling us to provide packaging solution as per their requirement and develop closer relationships with these customers.

- ***Enhance product quality***

A good quality product is the foundation for a good brand. As mentioned above, we have the ISO 9000:2008 certification. Products manufactured by our Company meet the quality standards of BIS. We believe that consistency of quality products can only be achieved by process orientation. This process orientation assists us in increasing our efficiency and maintaining the quality of the products. We continue to use modern technology and equipments to track the quality of input as well as output. Our focus on quality will help us in retaining our customers and adding new ones.

- ***Continue to invest in infrastructure***

We believe that we have grown based on our own infrastructure, which ensured quality and timely delivery. We will continue to invest in infrastructure, including human resources, to meet our growing needs. We also plan to further strengthen our IT support by developing and installing software which will give direct access to our customers to monitor the status of their orders and other necessary information. We intend to develop new in-house software which will help us to reduce our manpower cost and will generate various MIS reports.

- ***Strengthening our brand***

We intend to invest in developing and enhancing recognition of our brand “Plastene”, through brand building efforts, communication and promotional initiatives such as advertisements in print media, hoardings, electronic media, organizing events, participation in industry events, public relations and



investor relations efforts. This will help us to maintain and improve our global and local reach. We believe that our branding exercise will enhance the recall value and trust in the minds of our customers and will help in increasing demand for our products.

▪ ***Introduction of new products by moving up value chain***

Our Company intends to introduce new products like container liners, conductive bags, block bottom valve bags and food grade Jumbo bags etc. Introduction of new products will help us to enhance the value chain.

▪ ***Continue to train employees and seek entrepreneurship from employees***

We believe a key to our success will be our ability to maintain and grow a pool of strong and experienced professionals. We have been successful in building a team of talented professionals and intend to continue placing special emphasis on managing attrition and attracting and retaining our employees. We intend to continue to encourage our employees to be enterprising and expect them to 'learn on the job' and contribute constructively to our business, either through ideas, personal networks or effective knowledge management. We also intend to continuously re-engineer our management and organizational structure to allow us to respond effectively to the changes faced in the business environment and enhance our overall profitability.



SUMMARY 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 SEBI ICDR Regulations. The summary financial information should be read in conjunction with the Auditor's reports and notes thereto contained in the section titled "*Financial Statements*" on page 137 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 180.

RESTATED STANDALONE STATEMENT OF ASSETS AND LIABILITIES

Particulars						(₹ Lacs)
	For the Year ended March 31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
Fixed Assets						
Gross Block	3,309.48	3,662.27	6,005.79	9,756.54	10,140.17	10,201.09
Less: Depreciation	169.40	316.85	537.64	854.51	1,305.42	1,423.76
Net Block	3,140.09	3,345.42	5,468.15	8,902.03	8,834.75	8,777.33
Capital work in progress	253.74	946.38	1,858.24	222.58	1,200.35	1,448.10
Net Block after adjustment for capital work in progress	3,393.83	4,291.81	7,326.39	9,124.61	10,035.11	10,225.43
Investments	-	-	313.05	319.92	634.01	616.01
Current Assets, loans and Advances						
Inventories	1,088.77	946.66	2,606.39	4,067.68	6,065.18	6,707.73
Sundry Debtors	666.48	1,599.75	1,918.07	3,086.28	4,556.45	5,714.73
Cash and Bank balances	67.71	337.67	1,268.26	1,131.60	1,382.09	1,177.15
Loans and Advances	667.79	2,801.34	2,641.73	4,395.72	3,835.10	3,355.66
Total	2,490.75	5,685.42	8,434.45	12,681.28	15,838.83	16,955.28
Total Assets (A+B+C+D)	5,884.58	9,977.22	16,073.89	22,125.82	26,507.94	27,796.72
Liabilities and Provisions						
Secured Loans	3,398.48	4,502.55	6,023.84	9,545.21	7,721.96	6,057.51
Unsecured loans	78.98	91.12	589.99	201.94	318.09	135.04
Deferred tax Liability	118.09	90.34	253.46	513.75	833.68	867.62
Current Liabilities and	815.58	2,773.06	5,692.18	7,330.19	10,099.65	12,988.60
Total Liabilities	4,411.12	7,457.08	12,559.47	17,591.09	18,973.37	20,048.77
Net Worth						
Represented by						
1. Share Capital	156.22	1,099.25	2,232.50	2,232.50	2,314.85	2,314.85
Share Application Money	-	-	-	700.00	2,201.50	2,201.50
2. Reserves and Surplus	1,318.22	1,438.14	1,387.62	1,703.34	3,123.13	3,335.37



Less: Revaluation reserve						
Reserves' (Net of Revaluation Reserves)	1,318.22	1,438.14	1,387.62	1,703.34	3,123.13	3,335.37
3.Miscellaneous Expenditure	(0.98)	(17.24)	(105.70)	(101.11)	(104.91)	(103.76)
Net worth	1473.46	2520.15	3514.41	4534.73	7534.57	7747.95

*Share Application Money of previous year's converted to Share Capital thus not shown separately

RESTATED STANDALONE STATEMENT OF PROFITS AND LOSSES

(₹Lacs)

Particulars	For the Year ended March31,					For the Quarter ended June30, 2010
	2006	2007	2008	2009	2010	
INCOME						
Income from Operations						
Sale of Products manufactured by the company	7,273.30	14,354.97	15,941.68	19,420.89	22,231.06	6,402.09
Sales of products traded in by the company	246.51	-	20.31	732.37	6,693.86	2,154.87
Total Sales	7,519.81	14,354.97	15,961.99	20,153.26	28,924.92	8,556.96
Other Income	143.79	688.17	1,028.00	731.60	210.11	27.88
Increase (Decrease) In	786.22	(300.35)	787.74	217.34	1,470.08	651.26
Total Income	8,449.82	14,742.80	17,777.73	21,102.19	30,605.11	9,236.10
EXPENDITURE						
Raw materials consumed	6,687.33	11,406.76	13,808.97	15,891.58	23,261.47	7,437.75
Employees Emoluments	230.82	312.93	226.74	647.81	937.65	313.21
Other Manufacturing	511.96	916.18	1,310.36	2,361.57	2,771.08	705.80
Administration & Selling	234.60	379.55	355.31	456.96	599.34	153.34
Interest	287.85	547.55	696.84	777.80	1,195.89	171.56
Amortisation	0.25	2.59	4.59	4.59	4.59	1.15
Depreciation	146.28	176.20	220.79	316.87	482.38	122.13
Total Expenditure	8099.09	13741.76	16623.60	20457.18	29252.40	8904.94
Net Profit Before tax and Extraordinary items	350.73	1001.04	1154.13	645.01	1352.71	331.16
Provision for Taxation						
Current Tax	33.00	116.60	230.00	78.60	230.00	85.00
Deferred Tax	110.10	(27.75)	163.12	260.29	319.93	33.94
Earlier Year Taxation	(1.45)	(26.57)	1.04	45.50	(9.61)	-
Earlier Year Expenses	-	-	-	-	-	0.63



Profit after Tax before	209.08	938.76	759.97	260.62	812.39	211.59
Extra Ordinary Items (Net of	-	-	-	-		
Profit after tax after	209.08	938.76	759.97	260.62	812.39	211.59
<i>Adjustments</i>						
Previous year Income	-	-	-	-	0.63	(0.63)
Previous year Tax	1.45	26.57	(1.04)	(45.50)	9.61	-
Current year tax adjustments	(26.57)	1.04	45.50	(9.61)		
Current Year tax impact of						
Deferred Tax impact of						
Net Profit as Restated	234.20	911.15	715.51	315.73	802.15	212.22
<u>Appropriations</u>						
Add: Balance Brought Forward from Previous Year	31.75	265.97	1,177.12	1,054.42	1,370.14	2,172.29
Transfer to General Reserve	-	-	838.23	-	-	-
Provision for Dividend	-	-	-	-	-	-
Tax on Dividend	-	-	-	-	-	-
Balance carried Forward	265.95	1,177.12	1,054.40	1,370.15	2,172.29	2,384.51

RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹ In Lacs)				
Particulars	As at March 31,			As at June 30, 2010
	2008	2009	2010	
Fixed Assets				
Gross Block	6,391.50	10,724.60	11,850.19	11,978.20
Less: Depreciation	570.92	913.09	1,439.48	1,578.79
Net Block	5,820.58	9,811.51	10,410.71	10,399.41
Capital work in progress	2,312.52	223.09	2,478.48	2,894.31
Net Block after adjustment for capital work in progress	8,133.10	10,034.60	12,889.19	13,293.72
Investments	0.10	6.98	20.10	2.10
Current Assets, loans and Advances				
Inventories	3,227.45	5,053.72	8,311.33	8,651.15
Sundry Debtors	2,856.15	3,230.17	7,220.82	7,087.40
Cash and Bank balances	1,324.03	1,197.00	2,026.62	1,716.09
Loans and Advances	3,118.50	4,663.64	4,194.52	3,887.73
Total	10,526.12	14,144.52	21,753.30	21,342.36
Total Assets (A+B+C+D)	18,659.32	24,186.10	34,662.58	34,638.18
Liabilities and Provisions				
Secured Loans	6,911.85	11,061.29	11,556.77	8,988.81
Unsecured loans	1,224.75	723.13	325.57	135.04



Deferred tax Liability	277.84	556.08	920.32	926.50
Current Liabilities and Provisions	6,225.60	6,129.89	12,588.58	14,946.05
Total Liabilities	14,640.04	18,470.38	25,391.24	24,996.40
Net Worth				
Represented by				
1. Share Capital	2,232.50	2,232.50	2,314.85	2,314.85
2. Share Application Money	-	700.00	2,201.50	2,201.50
2. Reserves and Surplus	1,893.85	2,884.70	4,863.39	5,235.44
Less: Revaluation reserve	-	-	-	-
Reserves (Net of Revaluation Reserves)	1,893.85	2,884.70	4,863.39	5,235.44
3. Miscellaneous Expenditure	(107.06)	(101.48)	(108.39)	(110.01)
Networth	4,019.28	5,715.71	9,271.35	9,641.78

RESTATED CONSOLIDATED STATEMENT OF PROFITS AND LOSSES

(₹ In Lacs)

Particulars	For the Year ended March 31,			For the Quarter ended June 30, 2010
	2008	2009	2010	
INCOME				
Income from Operations				
Sale of Products manufactured by the company	16,599.58	17,696.28	23,263.22	7,258.11
Sales of products traded in by the company	897.17	3,630.14	10,556.18	4,851.50
Total Sales	17,496.75	21,326.42	33,819.40	12,109.61
Other Income	1,252.72	762.76	347.07	40.54
Increase (Decrease) In Inventories	688.71	427.03	1,636.02	915.05
Total Income (A)	19438.18	22516.22	35802.48	13065.19
EXPENDITURE				
Raw materials consumed	13,945.55	15,281.49	26,576.37	10,581.71
Staff Costs	522.41	904.90	1,189.99	387.46
Other Manufacturing Expenses	1,374.12	2,619.28	3,016.08	857.01
Administration Expenses & Selling Expenses	757.71	983.14	1,021.62	353.27
Interest	1,030.64	996.60	1,429.18	261.02
Amortisation	4.95	4.95	5.82	1.45
Depreciation	238.81	342.01	531.45	142.63
Total Expenditure (B)	17874.19	21132.37	33770.51	12584.55
Net Profit Before tax and Extraordinary items	1563.99	1383.85	2031.97	480.64



Provision for Taxation				
Current Tax	235.71	122.66	310.96	102.40
Deferred Tax	177.60	278.24	364.24	6.18
Earlier Year Taxation	1.04	45.61	(9.61)	-
Earlier Year Income	-	-	-	2.63
Profit after Tax before Extraordinary Items (E-F) as per Audited Accounts	1,149.64	937.34	1,366.38	369.43
Extra Ordinary Items (Net of Tax)	-	-		
Profit after tax after Extraordinary Items as per Audited Accounts	1,149.64	937.34	1,366.38	369.43
Adjustments				
Previous year Income Adjustments	-	-	2.63	(2.63)
Previous year Tax Adjustments	(1.04)	(45.61)	9.61	-
Current year Tax Adjustments	45.61	(9.61)	-	-
Current Year tax impact of Adjustment	-	-	-	-
Deferred Tax impact of Adjustments	-	-	-	-
Net Profit as Restated	1,105.07	992.56	1,354.14	372.06
<u>Appropriations</u>				
Add: Balance Brought Forward from Previous Year	1,177.12	1,054.31	1,370.14	2,170.29
Transfer to General Reserve	838.23	-	-	-
Provision for Dividend	-	-	-	-
Tax on Dividend	-	-	-	-
Balance carried Forward	1,443.96	2,046.87	2,724.28	2,542.35



THE ISSUE

The following table summarizes the Issue details

Particulars	No of Equity Shares
Equity Shares offered to the public in terms of this Draft Red Herring Prospectus [#]	1,05,00,000 Equity Shares** constituting 29.37 % of our post-Issue paid-up share capital
This Issue comprises of	
Employee Reservation Portion¹	5,25,000 Equity Shares
Net Issue	99,75,000 Equity Sharesv
Of which:	
1. Qualified Institutional Buyers portion*	Upto 49,87,500 Equity Shares, constituting upto 50% of the Net Issue (allocation on a proportionate basis)***
Available for Allocation to Mutual Funds only	Upto 2,49,375 Equity Shares
Balance for all QIBs including Mutual Funds	Upto 47,38,125 Equity Shares
2. Non Institutional Bidders portion	Not less than 14,96,250 Equity Shares, constituting not less than 15% of the Net Issue to the Public (Allocation on a proportionate basis)***
3. Retail Individual Bidders portion	Not less than 34,91,250 Equity Shares, constituting Not less than 35% of the Net Issue to the Public (Allocation on a proportionate basis)***
Equity Shares outstanding prior to the Issue	2,52,48,479 Equity Shares
Equity Shares outstanding after the Issue	3,57,48,479 Equity Shares
For information on the use of Issue proceeds, please refer to the chapter titled “ <i>Objects of the Issue</i> ” beginning on page 40 of this Draft Red Herring Prospectus.	

¹ Subject to such reservation not exceeding 5% of the post Issue Capital.

* Our Company may, in consultation with BRLM, consider participation by Anchor Investors upto 30% of the QIB Portion on a discretionary basis in accordance with applicable SEBI ICDR Regulations. 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 Anchor Investor Issue Price. For further details, please refer to chapter titled “*Issue Procedure*” on page 232 of this Draft Red Herring Prospectus.

Allocation to all categories, except the Anchor Investor Portion, if any, shall be made on a proportionate basis subject to valid Bids being received at or above the Issue Price.

** Our Company is considering a Pre-IPO Placement of upto ₹1500 Lacs. Our Company will complete the issuance of such Equity Shares, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post Issue paid-up equity capital being offered to the public.

*** Under subscription, if any, in any category would be allowed to be met with spill over from any other category at the sole discretion of our Company, in consultation with the Book Running Lead Manager. Any under-subscription in the Employee Reservation Portion shall be added to the Net Issue.

**GENERAL INFORMATION**

Our Company was originally incorporated as “Oswal Agloimpex Private Limited” under the provisions of the Companies Act, 1956 vide certificate of incorporation dated October 16, 1998 with registration number 04-34861 issued by the RoC. The status of our Company was changed to a public limited company pursuant to a fresh certificate of incorporation consequent to change of name to “Oswal Agloimpex Limited” on May 24, 2006. Subsequently, pursuant to a resolution passed at the meeting of the Board of Directors held on November 25, 2006, and a special resolution of the shareholders of our Company at the EGM held on December 26, 2006, the name of our Company was changed from “Oswal Agloimpex Limited” to the present name “Plastene India Limited” and a certificate for change of name was issued by the RoC on January 2, 2007.

Registered and Corporate Office of our Company**Plastene India Limited**

H. B. Jirawala House
13, Navbharat Society
Opposite Panchshil Bus Stop
Usmanpura, Ahmedabad – 380013
Gujarat, India
Tel: +91 79 2756 1000
Fax: +91 79 2755 1764
Website: www.champalalgroup.com
Registration Number: 04-34861

Corporate Identification Number: U25209GJ1998PLC034861

Address of Registrar of Companies

Our Company is registered with the Registrar of Companies, Gujarat, situated at the following address:

Registrar of Companies, Gujarat
ROC Bhavan, Opposite Rupal Park Society
Behind Ankur Bus Stop, Naranpura
Ahmedabad – 380 013
Gujarat, India.

For details of incorporation changes in the name and registered office, kindly refer to the chapter titled “**History and Other Corporate Matters**” beginning on page 102 of this Draft Red Herring Prospectus.

Board of Directors

Our Board of Directors as on the date of this Draft Red Herring Prospectus comprise of:

Sr. No.	Name and designation	Age (years)	DIN	Address
1.	Mr. Champalal G. Parekh <i>Chairman</i> Occupation: Business	74	00199884	Plot No. 179, Sector - 4, Gandhidham – 370 201, Gujarat, India
2.	Mr. Prakash H. Parekh <i>Managing Director</i> Occupation: Business	37	00158264	7/B, Sumatinagar, Usmanpura, Ahmedabad – 380 013, Gujarat, India
3.	Major (Retd.) Parvesh Chandar Suri <i>Independent Director</i> Occupation: Business	68	01861687	A-3, Navroj Apartments, Dafnala Shahibaug, Ahmedabad – 380 004, Gujarat, India
4.	Mahesh Bhandari <i>Independent Director</i> Occupation: Service	50	01115263	502, Aadeshwar Apartments, Sayani Marg. Prabhadevi, Mumbai – 400 025, Maharashtra, India



For further details of our Directors please refer to the chapter titled “*Our Management*” on page 109 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mrs. Nisha Jha

H. B. Jirawala House
13, Navbharat Society
Opposite Panchshil Bus Stop,
Usmanpura, Ahmedabad – 380 013
Gujarat, India
Tel: +91 79 2756 1000
Fax: +91 79 2755 1764

Email: nishacs@champalalgroup.com

Investors may 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 account and refund orders.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, 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 of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

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 the same.

Book Running Lead Manager

Motilal Oswal Investment Advisors Private Limited

112/113, Bajaj Bhawan
11th Floor, Nariman Point
Mumbai 400 021,
Maharashtra, India
Tel: +91 22 3980 4380
Fax: +91 22 3980 4315
Website: www.motilaloswal.com
Investor Grievance Id: moiaplredressal@motilaloswal.com
Contact Person: Paresh Raja
Registration No: INM000011005

Email: plastene.ipo@motilaloswal.com

Legal Counsel to the Issue

Khaitan & Co

One Indiabulls Centre, 13th Floor
841, Senapati Bapat Marg
Elphinstone Road
Mumbai 400 013
Maharashtra, India
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050



Auditors of our Company

M/s. Bhanwar Jain and Co.

Chartered Accountants
302, Kaling Complex
Near Mount Carmel School
Ashram Road, Ahmedabad 380 009
Gujarat, India
Firm regn. no. 34943
Tel: +91 079 2658 3107
Fax: +91 079 2658 7038
Firm Regn. No. 117340W
Contact Person: Mr. Bhanwar Jain

Email id: bmjain2001@yahoo.co.in

Syndicate Members

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

Brokers to this Issue

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

Experts

Except for the below stated reports and certificate included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinions:

1. Report of [•] in respect of the IPO Grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange;
2. Certificate issued by Mr. Sudhir A. Kanada, Consulting Engineer and Government Approved Valuer and Chartered Engineer No. 58909/2 on the installed production capacity of our Company; and
3. Reports of the Auditors of our Company on the restated financial statements and Statement of Tax Benefits.

IPO Grading Agency

This Issue has been graded by [•] as [•], indicating [•]. The rationale furnished by the grading agency for its grading will be updated at the time of filing the Red Herring Prospectus with the RoC.

Registrar to the Issue

Karvy Computershare Private Limited

Plot No. 17 to 24
Vithalrao Nagar
Madhapur
Hyderabad 500 086
Toll Free No.: 1-800-3454001
Tel : +91 40 4465 5000
Fax: +91 40 2343 1551
Website: <http://karisma.karvy.com>
Contact Person: Mr. M Murali Krishna
Registration No: INR000000221
Email: plastene.ipo@karvy.com

**Bankers to the Issue and Escrow Collection Banks**

The Bankers to the Issue / the Escrow Collection Bank(s) shall be appointed prior to filing of the Red Herring Prospectus with RoC.

Self Certified Syndicate Banks

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI link. Syndicate/ sub-syndicate members may procure ASBA Bid cum Application Forms from the investors and submit it to the SCSBs.

Refund Banker

The Refund Banker(s) shall be appointed prior to filing of the Red Herring Prospectus with RoC.

Bankers to our Company

State Bank of India	State Bank of Patiala	State Bank of Hyderabad
Industrial Finance Branch, Gujarat Bhavan, Opposite M J Library, Ellis Bridge, Ahmedabad – 380 006. Tel.: +91 079 26584155 Fax: +91 079 26583453 Email: sbi.60327@sbi.co.in	Mid Corporate Branch, Vishwa Complex, Opp. Jain Derasar, Navrangpura, Ahmedabad – 380 009. Tel No.: +91 079 26448710 Fax No.: +91 079 26448713 Email: b5879@sbp.co.in	Ashram Road Branch, Ground Floor, Nagindas Chambers, Usmanpura Ahmedabad – 380014. Tel: +91 079 27540597 Fax: +91 079 27543548 Email: ashramroad_ahm@sbhyd.co.in

Standard Chartered Bank	Royal Bank of Scotland N.V
Abhijit II, Ground Floor, Nr Mithakali Six Roads, Ahmedabad – 380006. Tel: +91 079 66070827 Fax: +91 079 66070869 Email: kaushal.sampat@sc.com	First Floor, Viva Complex, Opposite Parimal Garden, Ellis Bridge, Ahmedabad – 380006. Tel: +91 079 40015670 Fax: +91 079 26422511 Email: naresh.vidhani@rbs.com

Monitoring Agency

There is no requirement for a monitoring agency in terms of Regulation 16 of the SEBI ICDR Regulations as this Issue is less than ₹50,000 Lacs. The Audit Committee appointed by our Board of Directors will monitor the utilization of the Issue proceeds.

Inter Se Allocation of Responsibilities between the BRLM

Since Motilal Oswal Investment Advisors Private Limited is the sole Book Running Lead Manager to the Issue, all the responsibilities of this Issue will be managed by them.

Credit Rating

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

Trustees

As the Issue is of Equity Shares, the appointment of trustees is not required.

Project Appraisal

The Projects have not been appraised by any appraising entity.



Public Announcement pursuant to filing of the DRHP

Pursuant to the filing of this DRHP with SEBI, our Company shall on the next day, make a Public Announcement in an English and a Hindi national newspaper and in one Gujarati 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 this DRHP.

Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Price Band and the minimum Bid lot size for this Issue will be decided by our Company in consultation with the BRLM and advertised in one English, one Hindi and one Gujarati Newspaper with wide circulation in Gujarat (which is the regional language newspaper) at least two Working Days prior to the Bid/Issue Opening Date. The Issue Price is finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company;
2. BRLM, in this case being, Motilal Oswal Investment Advisors Private Limited;
3. Syndicate Member(s) which are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters;
4. Registrar to the Issue;
5. Escrow Collection Banks; and
6. SCSBs.

This Issue is being made through a Book Building Process wherein upto 50% of the Net Issue will be available for allocation on a proportionate basis to QIBs, provided that our Company may 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 will be available for allocation to Mutual Funds only. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation to Mutual Funds on a proportionate basis. The remainder shall be available for allocation on a proportionate basis to QIBs and 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 QIB Portion, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion (excluding the Anchor Investor Portion) and allocated proportionately to the QIB Bidders. If the aggregate demand for mutual funds is greater than 5% of the QIB Portion, allocation shall be made to the Mutual Funds proportionately to the extent of 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 QIB Portion, after excluding the allocation in the Mutual Fund Portion. Further, not less than 15% and 35% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price. Any unsubscribed portion in the Employee Reservation Portion shall be added to the Net Issue.

Our Company will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed Motilal Oswal Investment Advisors Private Limited as the BRLM to manage the Issue and procure subscriptions to the Issue.

The Book Building Process under the SEBI ICDR Regulations is relatively new and is subject to change from time to time. The ASBA process has been notified vide SEBI Circular dated August 28, 2008 and is a new process. Accordingly, investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue. In accordance with the SEBI ICDR Regulations, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. Allocation to the Anchor Investors will be on a discretionary basis. For further details, please refer to chapter titled “**Issue Procedure**” on page 232.

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, assume a price band of ₹20 to ₹24 per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com), NSE (www.nseindia.com) and bidding centers during the Bidding/



Issue period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e. ₹22 in the above example. The issuer, in consultation with the BRLM will finalise the issue price at or below such cut-off price, i.e., at or below ₹22. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (For further details please refer to chapter titled “*Issue Procedure – Who Can Bid*”) on page 233 of this Draft Red Herring Prospectus.
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form and the ASBA Bid cum Application Form.
3. Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form and the ASBA Bid cum Application Form (please refer to chapter titled “*Issue Procedure – Permanent Account Number or PAN*” on page 249).
4. Ensure that the Bid cum Application Form and the ASBA Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form and the ASBA Bid cum Application Form.
5. Ensure the correctness of your demographic details (as defined in the “*Issue Procedure-Bidders Depository Account Details*” on page 266) given in the Bid cum Application Form and the ASBA Bid cum Application Form, with the details recorded with your Depository Participant.
6. Bids by QIBs (including Anchor Investors) will have to be submitted to the BRLM.
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. Bids by ASBA Bidders can also be submitted to the Syndicate Members who shall intturn submit the same to the SCSBs

Bid/Issue Program

BID/ISSUE OPENS ON	[•], 2010	FOR ALL BIDDERS*
BID/ISSUE CLOSES ON	[•], 2010	FOR QIBs
	[•], 2010	FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION)

**Our Company may consider participation by Anchor Investors in terms of the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date. Bids by Anchor Investors may be submitted to the members of Syndicate or their affiliates. The number of Equity Shares allocated to each Anchor Investor shall be made available in the public domain by the BRLM, before the Bid/ Issue Opening Date.*

Bids and any revision in Bids 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 centres mentioned on 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) and uploaded until (i) 4.00 p.m. in case of Bids by QIBs and Non-Institutional Bidders; and (ii) 5.00 p.m. or such other time as permitted by the BSE and the NSE in case of Bids by Retail Individual Bidders and Eligible Employees.

Due to limitation of the 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 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are requested to note that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids not uploaded in the book would be rejected. If such Bids are not uploaded, our Company, BRLM, Syndicate Members and the SCSBs will not be responsible. Bids will be accepted only on Working Days. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Investors please note that as per letter no. List/smd/sm/2006 dated July 03, 2006 and letter no. NSE/IPO/25101-6 dated July 06, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and Holidays as declared by the Stock Exchanges.

Our Company, in consultation with the BRLM, reserve the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations provided that the revised cap of the price band should not be more than 20% of the revised floor of the band i.e. revised cap of the Price Band shall be less than or equal to 120% of the revised floor of the price band. The Floor Price can be revised up or down to a maximum of 20% of the original Floor Price. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹5,000 to ₹7,000.

In case of revision of the Price Band, the Issue Period will be extended for 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, if applicable, will be widely disseminated by notification to the BSE and the NSE and the SCSBs, 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 and to the SCSBs.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment, without assigning any reason thereof. In such an event our Company shall issue a public notice in the 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. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this 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.

In the event of withdrawal of this Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If



such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, on and from the expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

In the event that our Company decides not to proceed with this Issue after Bid/ Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

Underwriting Agreement

After the determination of the Issue Price but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the 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 Member does not fulfill their underwriting obligations. The Underwriting shall be to the extent of the bids uploaded by the Underwriter including through its syndicates / sub-syndicates. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions to closing, as specified therein. The Underwriting Agreement is dated [•].

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

Name and address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Amount in ₹ in Lacs)
[•]	[•]	[•]
[•]	[•]	[•]

This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC

The abovementioned amount is indicative and this would be finalised after the determination of the Issue Price and actual allocation of Equity Shares.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [•] have accepted and entered into the Underwriting Agreement with the Underwriters.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount as specified in the Underwriting Agreement. The BRLM shall be responsible for bringing in amounts devolved in the event that the other members of the Syndicate do not fulfill their underwriting obligations.



CAPITAL STRUCTURE

Our share capital as of the date of this Draft Red Herring Prospectus is set forth below:

(in ₹ in Lacs)

		Aggregate Nominal Value	Aggregate Value at Issue Price
A	Authorised Capital		
	3,60,00,000 Equity Shares of ₹10 each	3,600.00	
B	Issued, Subscribed and Paid Up Capital before this Issue		
	2,52,48,479 Equity Shares of ₹10 each	2,524.85	
C	Present Issue in terms of this Draft Red Herring Prospectus		
	Issue of 1,05,00,000 Equity Shares of ₹10 each ¹	1,050.00	[•]
D	Employee Reservation Portion in terms of this Draft Red Herring Prospectus²		
	5,25,000 Equity Shares of ₹10 each	52.50	
E	Net Issue²		
	99,75,000 Equity Shares of ₹10 each	997.50	
	Of which:		
	QIB Portion - Upto 49,87,500 Equity Shares shall be available for allocation ³	498.75	[•]
	<i>Of which</i>		
	2,49,375 Equity Shares are available for Allocation to Mutual Funds only	24.93	[•]
	47,38,125 Equity Shares balance for all QIBs including Mutual Funds	473.81	[•]
	Non-Institutional Bidders portion - not less than 15% Equity Shares	149.63	[•]
	Retail Individual Bidders portion - not less than 35% Equity Shares	349.13	[•]
D	Issued, subscribed and Paid Up Equity Capital after the Issue		
	3,57,48,479 Equity Shares of ₹ 10 each	3,574.85	[•]
E	Share Premium Account		
	Before the Issue	4,032.00	
	After the Issue ⁴		[•]

¹ This Issue has been authorized by the Board of Directors pursuant to a board resolution dated August 30, 2010 and by the shareholders of our Company pursuant to a special resolution dated September 21, 2010 passed at the EGM of shareholders under section 81(1A) of the Companies Act.

Our Company is considering a Pre-IPO Placement of upto ₹1,500 Lacs ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company shall complete the Pre-IPO placement prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in this Issue will be reduced to the extent of the Equity Shares proposed to be allotted/ transferred in the Pre-IPO Placement, if any, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company.



² Under-subscription, if any, in QIB, Retail and Non-Institutional Category would be met with spill-over from other categories or a combination of categories. Under subscription, if any, in the Employees Reservation Portion, will be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employees Reservation Portion. Such inter-se spill over, if any, will be at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders, Retail Bidders and Eligible Employees bidding under Employees Reservation Portion shall be on a proportionate basis.

³ Our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with applicable SEBI ICDR Regulations. 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 QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further attention of all QIBs (except Anchor Investors) is specifically drawn to the following: (a) QIBs will not be allowed to withdraw their Bid-cum-Application Forms after the Bid/Issue Closing Date[for QIB Bidders]; and (b) each QIB, including a Mutual Fund, is required to deposit an amount of 100% with its Bid-cum-Application Form. **Anchor Investors** are required to note that (a) the Bidding for Anchor Investors shall open one Working Day prior to the Bid/ Issue Opening Date and shall be completed the same day; (b) All Anchor Investors are required to deposit an amount of 100% with its Bid-cum-Application Form; and (c) In the event the Issue Price is greater than Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and such price shall be paid by the Anchor Investors by the Pay-in-Date. In the event the Issue Price is lower than the said price, the Allotment to Anchor Investors shall be at the higher price i.e. the Anchor Investor Issue Price. For further details, please refer to chapter titled “**Issue Procedure**” on page 232 of this Draft Red Herring Prospectus.

⁴ The Securities Premium Account shall be determined after the Book Building Process

History of change in authorized share capital of our Company

Sr. No.	Date of Shareholder's Resolution	Face Value of Equity Shares	Increase in authorised capital (Number of shares)	Authorized Share Capital (₹)
1.	At Incorporation	10	-	5,00,000
2.	November 2, 1998	10	2,50,000 Equity Shares	30,00,000
3.	October 18, 2001	10	2,00,000 Equity Shares	50,00,000
4.	September 6, 2004	10	15,00,000 Equity Shares	2,00,00,000
5.	October 30, 2004	1	Sub-division of 20,00,000 equity shares of ₹ 10 each into 2,00,00,000 equity shares of ₹ 1 each	2,00,00,000
6.	April 17, 2006	10	Consolidation of 2,00,00,000 equity shares of ₹1 each into 20,00,000 equity shares of ₹ 10 each	2,00,00,000
7.	October 20, 2006	10	1,40,00,000 Equity Shares	16,00,00,000
8.	March 1, 2008	10	2,00,00,000 Equity Shares	36,00,00,000



Notes to Capital Structure

Share Capital History of our Company

1. Equity Share Capital History of Our Company

Date of Issue/ Allotment	Number of equity shares allotted	Face Value per equity share (in ₹)	Issue Price per equity share (in ₹)	Consideration (cash, bonus, consideration other than cash)	Cumulative Share Premium	Cumulative Share Capital (in ₹)	Nature of allotment
September 23, 1998	400	10	10	Cash	Nil	4,000	Allotment to the subscribers to the Memorandum
December 11, 1998	1,00,000	10	-	Other than cash	Nil	10,04,000	Issued pursuant to dissolution to the retiring partners of M/s. Oswal Polymer (a partnership firm) against the net assets of the firm which was taken over by our Company on dissolution of said firm ¹ .
January 17, 2000	1,20,000	10	10	Cash	Nil	22,04,000	Preferential allotment ² .
November 2, 2001	2,78,600	10	10	Cash	Nil	49,90,000	Preferential allotment ³
December 17, 2003	1,000	10	10	Cash	Nil	50,00,000	Preferential allotment to Deepak Parekh
October 30, 2004	5,00,000 equity shares of ₹10 each were sub-divided into 50,00,000 Equity Shares of ₹1 each	1	-	-	Nil	50,00,000	-
December 10, 2004	23,11,500	1	11	Cash	2,31,15,000	73,11,500	Preferential allotment ⁴ .
January 27, 2005	41,15,860	1	11	Cash	6,42,73,600	1,14,27,360	Preferential allotment ⁵
March 31, 2005	30,91,500	1	11	Cash	9,51,88,600	1,45,18,860	Preferential allotment ⁶
February 20, 2006	23,92,640	1	11	Cash	11,91,15,000	1,69,11,500	Preferential allotment ⁷
April 17, 2006	1,69,11,500 equity shares of ₹ 1 each were consolidated into 16,91,150 Equity Shares	10	-	-	11,91,15,000	1,69,11,500	-
March 01, 2007	93,01,325	10	-	Bonus	11,91,15,000	10,99,24,750	Bonus issue at a ratio of 5.5: 1 to the existing



Date of Issue/ Allotment	Number of equity shares allotted	Face Value per equity share (in ₹)	Issue Price per equity share (in ₹)	Consideration (cash, bonus, consideration other than cash)	Cumulative Share Premium	Cumulative Share Capital (in ₹)	Nature of allotment
							shareholders of our Company
March 01, 2008	1,09,92,475	10	-	Bonus	11,91,15,000	21,98,49,500	Bonus issue at a ratio of 1: 1 to the existing shareholders of our Company
March 18, 2008	3,40,000	10	108	Cash	15,24,35,000	22,32,49,500	Preferential allotment of 3,40,000 Equity Shares to YMP Machineries Private Limited (formerly Champalal Agrimpex Private Limited)
February 23, 2010	8,23,529	10	85	Cash	21,41,99,675	23,14,84,790	Preferential allotment of 6,00,000 Equity Shares to Prakash H. Parekh and 2,23,529 Equity Shares to YMP Machineries Private Limited
September 21, 2010	21,00,000	10	100	Cash	40,31,99,675	25,24,84,790	Preferential allotment ⁸
Total	2,52,48,479				40,31,99,675	25,24,84,790	

¹ 50,000 Equity Shares issued to Kushalraj Parekh, 1,000 Equity Shares each issued to , Pritesh Parekh, Deepak Parekh, Mamta Parekh and Suman Parekh and 46,000 Equity Shares to Mukesh Parekh.

² 5000 Equity Shares each to Champalal G. Parekh, Ratanlal Parekh jointly with Jashodadevi Parekh, Pritesh Parekh, Jashodadevi Parekh, Khamadevi Parekh, Leeladevi K Parekh, Geetadevi Parekh, Mamta Parekh and Deepak Parekh.

30,000 Equity Shares each issued to Ashok Parekh and Dhanpat Parekh and 15,000 Equity Shares issued to Ratanlal Parekh.

³ 5,000 Equity Shares each to Mamta Parekh, Geetadevi Parekh, Ratanlal Parekh jointly with Jashodadevi Parekh, Jashodadevi Parekh, Leeladevi Parekh, Reshmidevi Parekh, Suman Parekh, Champalal G. Parekh jointly with Reshmidevi Parekh, Vidyadevi Parekh and Manjudevi Parekh.

35,000 Equity Shares each allotted to Kushalraj Parekh and Ratanlal Parekh.

20,000 Equity Shares each allotted to Ashok Parekh and Dhanpat Parekh.

10,000 Equity Shares each allotted to Khamadevi Parekh and Pritesh Parekh,

45,000 Equity Shares allotted to Champalal G. Parekh,

50,000 Equity Shares allotted to Pritesh Parekh jointly with Champalal G. Parekh and

3,600 Equity Shares allotted to Mukesh Parekh.

⁴ 90,000 equity shares of ₹ 1 each to Ashok C Parekh, 18,000 equity shares of ₹ 1 each to Kushalraj Parekh, 36,000 equity shares of ₹ 1 each to Mukesh R Parekh, 381500 equity shares of ₹ 1 each to Prakash H. Parekh, 45,000 equity shares of ₹ 1 each to Ratanlal G Parekh, 1,00,000 equity shares of ₹ 1 each to Sunderben Bafna, 1,00,000 equity shares of ₹ 1 each to Rajesh Bafna, 50000 equity shares of ₹ 1 each to Mangalji Bafna, 90000 equity shares of ₹ 1 each to Deepak H Parekh, 318000 equity shares of ₹ 1 each to YMP Machineries Private Limited (formerly Champalal Agrimpex Private Limited), 63000 equity shares of ₹ 1 each to Pritesh Parekh, 3,00,000 equity shares of ₹ 1 each to Dhanpat Parekh, 3,20,000 to Qswal Wood Private Limited and 4,00,000 equity shares of ₹ 1 each to Oswal Lumbers Private Limited.



- ⁵ 50,000 equity shares of ₹ 1 each to Shri Mangalji Bafna, 1,85,000 equity shares of ₹ 1 each to Lalit Labchand Golecha, 12,96,460 equity shares of ₹ 1 each to Oswal Lumbers Private Limited, 85,000 equity shares of ₹ 1 each to Oswal Wood Private Limited, 6,00,000 equity shares of ₹ 1 each to Soanl Tieup Private Limited, 16,83,900 equity shares of ₹ 1 each to Oswal Commodities Private Limited, 30,000 equity shares of ₹ 1 each to Prakash H Parekh (HUF), 27,000 equity shares of ₹ 1 each to Dhanpat Champalal Parekh, 18,000 equity shares of ₹ 1 each to Champalal G. Parekh, 22,500 equity shares of ₹ 1 each to Hiralal C Parekh, 7,000 equity shares of ₹ 1 each to Chetan S Parekh, 40,000 equity shares of ₹ 1 each to Manjudevi H Parekh, 35,000 equity shares of ₹ 1 each to Vidyaben S Parekh, 20,000 equity shares of ₹ 1 each to Suman D Parekh and 16,000 equity shares of ₹ 1 each to Mahavir R. Parekh.
- ⁶ 2,20,000 equity shares of ₹ 1 each to Poonam Investment Financial Consultants Limited, 2,20,000 equity shares of ₹ 1 each to Bela Properties Private Limited, 2,20,000 equity shares of ₹ 1 each to Shreever Overseas Limited, 4,40,000 equity shares of ₹ 1 each to Supertech Leathers Private Limited, 2,20,000 equity shares of ₹ 1 each to Glamour Sales Private Limited, 4,40,000 equity shares to Northstar Commodities Private Limited, 2,20,000 equity shares of ₹ 1 each to Namokar Consultants Private Limited, 3,52,500 equity shares of ₹ 1 each to Oswal Commodities Private Limited, 5,99,000 equity shares of ₹ 1 each to Oswal Lumbers Private Limited and 1,60,000 equity shares of ₹ 1 each to Ramesh Bagrecha.
- ⁷ 10,000 equity shares of ₹ 1 each to Kamladevi Hiralal Hirawala, 1,00,000 equity shares of ₹ 1 each to Prakash H. Parekh (HUF), 45,400 equity shares of ₹ 1 each to Dhanpat C Parekh, 22,700 equity shares of ₹ 1 each to Gulabdas Gidwani, 9,76,360 equity shares of ₹ 1 each to Oswal Commodities Private Limited, 11,18,180 equity shares of ₹ 1 each to Oswal Lumbers Private Limited and 120,000 equity shares of ₹ 1 each to Akshay Singhvi.
- ⁸ 3,50,000 Equity Shares each to Prakash H. Parekh, Champalal G. Parekh, Chetan Parekh, Deepak Parekh and Siddharth Parekh, 3,00,000 Equity Shares to Neetu Parekh and 25,000 Equity Shares each to Rahul Raj Bhandari and Pardeep Tater.

For more details, please refer to the chapter titled “**History and Certain Corporate Matters**” on page 102 of this Draft Red Herring Prospectus.

All preferential issues of Equity Shares, after December 4, 2003, have been made in accordance with the requirements of the Companies Act read with the Unlisted Public Companies (Preferential Allotment) Rules, 2003.

2. **Issue of Equity Shares in the last one year**

Except as stated below we have not issued any Equity Shares in the preceding one year and some of these Equity Shares may have been issued at a price lower than the Issue Price:

Date of Allotment	Number of Equity Shares	Name of the Allottee	Relationship with the Promoters	Reasons for Allotment	Face Value (in ₹)	Issue Price (in ₹)
February 23, 201	2,23,529	YMP Machineries Private Limited	Group Company	To increase the capital base for working capital requirements and procuring long term financial sources	10	85
	6,00,000	Prakash H. Parekh	Promoter		10	85
September 21, 2010	3,50,000	Prakash H. Parekh	Promoter		10	100
	3,50,000	Champalal G. Parekh,	Promoter		10	100
	3,50,000	Deepak Parekh	Promoter Group			
	3,50,000	Siddharth Parekh	Promoter Relatives		10	100
	3,50,000	Chetan Parekh			10	100
	3,00,000	Neetu Parekh			10	100
	25,000	Rahul Raj Bhandari			10	100
	25,000	Pardeep Tater	NA		10	100

3. **Issue of Equity Shares for consideration other than cash**

Date of Issue	Face Value	Persons to whom shares are issued	Reason for Issue	No of Equity Shares Issued	Benefits accrued to our Company
	10	Kushalraj Parekh	The Equity Shares were	50,000	On the basis of



Date of Issue	Face Value	Persons to whom shares are issued	Reason for Issue	No of Equity Shares Issued	Benefits accrued to our Company
December 11, 1998	10	Mukesh Parekh	issued to the retiring partners of Oswal Polymer (a partnership firm) against the net assets of the firm which was taken over by our Company on dissolution of said firm.	46,000	readily available infrastructure of Oswal Polymer (a partnership firm), our Company could strengthen its presence in the plastic packaging industry
	10	Deepak Parekh		1,000	
	10	Pritesh Parekh		1,000	
	10	Mamta Parekh		1,000	
	10	Suman Parekh		1,000	
Total Shares (A)				1,00,000	
March 01, 2007	10	To all the shareholders holding shares as on the record date i.e. March 01, 2007	Issue of bonus Equity Shares in the ratio of 5.5:1	93,01,325 (B)	NIL
March 01, 2008	10	To all the shareholders holding shares as on the record date i.e. March 01, 2008	Issue of bonus Equity Shares in the ratio of 1:1	1,09,92,475 (C)	NIL
Total (A+B+C)				2,03,93,800	

4. We have not issued any Equity Shares out of revaluation reserves or in terms of any scheme approved under Sections 391- 394 of the Companies Act, 1956.

5. **Build-up of Promoters' Shareholding, Promoters' Contribution and Lock-in**

A. *History of Equity Shares held by the Promoters**

The Equity Shares held by the Promoters were acquired/ allotted in the following manner:

Date of Allotment/ Transfer	Consideration (Cash/ other than Cash etc.)	Nature of allotment / acquisition	No. of Equity Shares	Face Value (in ₹)	Issue/acquisition price per Equity Share
1. Champalal G. Parekh					
January 17, 2000	Cash	Preferential Allotment	5,000	10	10
November 2, 2001	Cash	Preferential Allotment	45,000	10	10
March 18, 2002	Cash	Transfer to Deepak Parekh	(100)	10	10
October 30, 2004	Sub-division of 49,900 Equity Shares into 4,99,000 equity shares of ₹ 1 each				
January 27, 2005	Cash	Preferential Allotment	18,000	1	11
April 17, 2006	Consolidation of 5,17,000 equity shares of ₹ 1 each were into 51,700 Equity Shares				
March 01, 2007	Other than Cash	Bonus at a ratio of 5.5:1	2,84,350	10	Nil
March 01, 2008	Other than Cash	Bonus at a ratio of 1:1	3,36,050	10	Nil
September 21, 2010	Cash	Preferential Allotment	3,50,000	10	100
Total (A)			10,22,100		

2. Prakash H. Parekh					
December 10, 2004	Cash	Preferential Allotment	3,81,500	1	11
April 17, 2006	Consolidation of 3,81,500 equity shares of ₹ 1 each were into 38,150 Equity Shares				
April 17, 2006	Cash	Transfer from Dhanpat Parekh	30,000	10	10
October 01, 2006	Cash	Transfer ¹	64,100	10	10
November 20, 2006	Cash	Transfer ²	5,500	10	110



March 01, 2007	Other than Cash	Bonus at a ratio of 5.5:1	7,57,625	10	Nil
March 01, 2008	Other than Cash	Bonus at a ratio of 1:1	8,95,375	10	Nil
October 11, 2008	Cash	Transfer from Babulal Mehta	1,000	10	32
November 29, 2008	Cash	Transfer from Laliha M.	1,30,000	10	8.46
	Cash	Transfer ³	40,000	10	110
August 10, 2009	Cash	Transfer ⁴	154,700	10	8.46
February 23, 2010	Cash	Preferential Allotment	6,00,000	10	85
September 21, 2010	Cash	Preferential Allotment	3,50,000	10	100
Total (B)			30,66,450		

3. Mrs. Madhu P. Parekh

November 20, 2006	Cash	Transfer from YMP Machineries Private Limited (formerly Champalal Agrimpex Private Limited)	750	10	110
March 01, 2007	Other than Cash	Bonus at a ratio of 5.5:1	4,125	10	Nil
March 01, 2008	Other than Cash	Bonus at a ratio of 1:1	4,875	10	Nil
Total (X)			9,750		

3A. Mrs. Madhu P. Parekh jointly with Prakash H. Parekh**

October 1, 2006	Cash	Transfer ⁵	1,05,700	10	10
November 20, 2006	Cash	Transfer from Pritesh Parekh	4,800	10	110
March 01, 2007	Other than Cash	Bonus at a ratio of 5.5:1	6,07,750	10	Nil
March 01, 2008	Other than Cash	Bonus at a ratio of 1:1	7,18,250	10	Nil
Total (Y)			14,36,500		
Total (X+Y) = C			14,46,250		

4. Prakash H. Parekh HUF

January 27, 2005	Cash	Preferential Allotment	30,000	1	11
February 20, 2006	Cash	Preferential Allotment	1,00,000	1	11
April 17, 2006	Consolidation of 1,30,000 equity shares of ₹ 1 each were into 13,000 Equity Shares				
May 10, 2006	Cash	Transfer from Sonal Tieup Private Limited	6,000	10	5
October 1, 2006	Cash	Transfer from Kushalraj Parekh (84100 Equity Shares) and Pritesh Parekh holding jointly with Champalal G. Parekh (49800 Equity Shares)	1,33,900	10	10
March 01, 2007	Other than Cash	Bonus at a ratio of 5.5:1	8,40,950	10	Nil
March 01, 2008	Other than Cash	Bonus at a ratio of 1:1	9,93,850	10	Nil
Total (D)			19,87,700		
TOTAL (A+B+C+D)			75,22,500		

* With effect from April 17, 2006 ten Equity Shares each of ₹ 1 had been consolidated into one Equity Share each of ₹ 10. The number of Equity Shares issued/allotted/transferred from October 30, 2004 to April 17, 2006 is treated as if the face value of Equity shares is of ₹ 10 each

** Equity Shares are jointly held by Madhu P. Parekh with Prakash H. Parekh, with Madhu P Parekh being the 1st holder

¹ transfer from Mukesh Parekh (49,100 Equity Shares) and Pinki Parekh (15,000 Equity Shares)

² transfer from Lalit Lalchand Golecha (3,900 Equity Shares) and Mahavir Parekh (1,600 Equity Shares)



- ³ 10,000 Equity Shares each transferred from Anupama V, S. Ashok (HUF), S Vasanth Kumar HUF and A Vanitha
- ⁴ 22,100 Equity Shares each transferred from Narotam Kanwar, Sajjanraj Kanwar, Sushil Kumar Kanwar, Sohanlal Kanwar, Gautam Kanwar and Shantilal Kanwar
- 11,050 Equity Shares each transferred from Chetna Kanwar and Anil Kanwar
- ⁵ transfer from Pritesh Parekh (15,600 Equity Shares), Ratanlal Parekh (49,100 Equity Shares) and Mamta Parekh (11,000 Equity Shares)
- 10,000 Equity Shares each transferred from Ratanklal Parekh jointly with Jasodadevi Parekh, Jasodadevi Parekh and Leeladevi Parekh

B. The details of the shareholding of the Promoters and the Promoter Group as on the date of filing of this Draft Red Herring Prospectus:

Shareholders	Pre-Issue		Post-Issue	
	No. of Equity Shares	Percentage of shareholding	No. of Equity Shares	Percentage of shareholding
Promoters				
Champalal G. Parekh	10,22,100	4.05	10,22,100	2.86
Prakash H. Parekh	30,66,450	12.15	30,66,450	8.58
Madhu P. Parekh*	14,46,250	5.73	14,46,250	4.05
Prakash H. Parekh (HUF)	19,87,700	7.87	19,87,700	5.56
Total	75,22,500	29.80	75,22,500	21.05
Promoter Group				
Kushalraj Parekh	10,400	0.04	10,400	0.03
Deepak Parekh	5,63,200	2.23	5,63,200	1.58
Ratanlal G. Parekh	68,900	0.27	68,900	0.19
Ashok Parekh	7,65,700	3.03	7,65,700	2.14
Dhanpat C Parekh	7,42,820	2.94	7,42,820	2.08
Reshmidevi Parekh	65,000	0.26	65,000	0.18
Champalal G. Parekh and Reshmidevi Parekh	65,000	0.26	65,000	0.18
Vidhyadevi H. Parekh	1,10,500	0.44	1,10,500	0.31
Hiralal Champalal Parekh	29,250	0.17	29,250	0.08
Ramesh Bagrecha	52,000	0.21	52,000	0.15
Shantilal C. Parekh	21,300	0.08	21,300	0.06
Sangita J. Salecha	130	0.00	130	0.00
A. Vanitha	1,20,000	0.48	1,20,000	0.34
Suman Bagrecha	52,000	0.21	52,000	0.15
Parasmal Bagrecha	52,000	0.21	52,000	0.15
Sanjay Bagrecha	52,000	0.21	52,000	0.15
Suresh Bagrecha	390	0.00	390	0.00
YMP Machineries Private Limited	39,60,249	15.69	39,60,249	11.08
Oswal Wood Private Limited	5,26,500	2.09	5,26,500	1.47
Oswal Lumbers Private Limited	44,37,732	17.58	44,37,732	12.41
Oswal Commodities Private Limited	39,16,588	15.51	39,16,588	10.96
TOTAL	1,56,11,659	61.83	1,56,11,659	43.69
Total Promoters and Promoter Group	2,31,34,159	91.63	2,31,34,159	64.74

* includes 9,750 Equity Shares held by Madhu P. Parekh jointly with Prakash H. Parekh as the 1st Holder

*C. Details of Promoters Contribution locked-in for three years*

Pursuant to the SEBI ICDR Regulations, an aggregate of 20% of the post-Issue Paid-up Equity Share Capital of our Company held by our Promoters shall be locked in for a period of three (3) years from the date of Allotment. All Equity Shares of our Company held by our Promoters are eligible for Promoters contribution.

None of the Shares held by our Promoters are held in dematerialized form.

71,56,050 Equity Shares, aggregating to 20.02% of the post-Issue Paid-up Equity Share Capital of our Company, held by our Promoters, shall be locked in for a period of three (3) years from the date of Allotment in the Issue. We confirm that specific written consent has been obtained from our Promoters to ensure minimum Promoter's contribution to the extent of 20% of the post-Issue Paid-up Equity Share Capital of our Company.

As per clause (a) sub-regulation (1) Regulation 32 of the SEBI ICDR Regulations, and in terms of the aforementioned table of Promoter share capital build-up, the below mentioned Equity Shares, held by our Promoters, as per sub-regulation (a) of Regulation 36 of SEBI ICDR Regulations shall be locked in for a period of three (3) years from the date of Allotment:

Name of the Promoter	Number of Equity Shares locked-in pursuant to this Issue	% of pre-Issue Equity Share Capital	% of post-Issue Equity Share Capital
Champalal G. Parekh	10,22,100	4.05	2.86
Prakash H. Parekh	27,00,000	10.69	7.55
Madhu P. Parekh*	14,46,250	5.73	4.05
Prakash H. Parekh (HUF)	19,87,700	7.87	5.56
Total	71,56,050	28.34	20.02

The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under the SEBI ICDR Regulations. All the Equity Shares which are being locked-in are not ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, as per regulation 33 of the SEBI ICDR Regulations, we confirm the following:

- The Equity Shares offered for minimum 20% Promoters' contribution are not acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets or bonus Equity Shares out of revaluation reserves or reserves without accrual of cash resources or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
- The minimum Promoters' contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which Equity Shares are being offered to the public in the Issue;
- Our Company was not formed pursuant to conversion of a partnership firm;
- The Equity Shares held by the Promoters' and offered for minimum 20% Promoters' Contribution are not subject to any pledge; and
- The minimum Promoters' contribution does not consist of Equity Shares for which specific written consent has not been obtained from the respective Promoters for inclusion of their subscription in the minimum Promoters' contribution subject to lock-in.

Our Promoters have undertaken that the Equity Shares forming part of Promoter's contribution subject to lock-in will not be disposed, sold or transferred by our Promoters during the period starting from the date of filing of this Draft Red Herring Prospectus with the SEBI till the date of commencement of lock-in period. The details of lock-in shall also be provided to the Stock Exchanges prior to listing of the Equity Shares.

D. Details of Equity Shares locked in for one year

In terms of regulation 37 of the SEBI ICDR Regulations, other than the above Equity Shares that are locked in for a period of three (3) years, the entire pre-Issue Equity Share Capital of our Company would be locked-in for a period of one (1) year from the date of Allotment of Equity Shares in the Issue.



E. Lock-in of Equity Shares allotted to Anchor Investors

Further, if our Company decides to issue Equity Shares to Anchor Investors, these 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.

F. Other requirements in respect of lock-in

As per regulation 39 read with regulation 36 (b) of the SEBI ICDR Regulations, the locked in Equity Shares held by the Promoters, as specified above, may be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Provided that if any Equity Shares are locked in as minimum Promoters' contribution under regulation 39(a) of the SEBI ICDR Regulations, the same may be pledged, only if, in addition to fulfilling the above requirement, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the Objects of the Issue.

In terms of regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by the Promoters locked-in as per regulation 36 may be transferred to another promoter or any person of the Promoter Group or to new promoter or a person 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 SEBI Takeover Regulations, as applicable.

As per regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than Promoters and locked-in as per regulation 37 of the SEBI ICDR Regulations may be transferred to any other person holding Equity Shares which are locked-in alongwith the 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 SEBI Takeover Regulations.

6. Shareholders of our Company

A. The following table presents the Shareholding pattern of our Company:

(Face value of Equity Shares of ₹10 each)

Category Code	Category of Shareholders	Number of Shareholder	Total Number of Equity Shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of Equity Shares		Shares Pledged or otherwise encumbered	
					As a % of A+B	As a % A+B+C	Number of Equity Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group							
1	<u>Indian</u>							
a	Individuals/Hindu Undivided Family	22	1,02,93,090	Nil	40.77%	40.77%	Nil	Nil
b	Central Government/State Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c	Bodies Corporate	4	1,28,41,069	Nil	50.86%	50.86%	Nil	Nil
d	Financial Institutions/Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A) (1)	26	2,31,34,159	Nil	91.63%	91.63%	Nil	Nil
2	<u>Foreign</u>							
a	Individuals(Non-Resident Individuals)	1	25,000	Nil	0.1%	0.1%	Nil	Nil



Category Code	Category of Shareholders	Number of Shareholder	Total Number of Equity Shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of Equity Shares		Shares Pledged or otherwise encumbered	
					As a % of A+B	As a % A+B+C	Number of Equity Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
b	Bodies Corporate i.e. OCBs	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c	Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A) (2)	1	25,000	Nil	0.1%	0.1%	Nil	Nil
Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)		27	2,31,59,159	Nil	91.73%	91.73%	Nil	Nil
(B)	Public Shareholding							
1	<u>Institutions</u>							
a	Mutual Funds/UTI	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b	Financial Institutions/Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c	Central Government/State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d	Venture Capital Fund	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B) (1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2.	<u>Non-Institutions</u>							
a	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b	Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i	Individual Shareholders holding nominal Share Capital value upto ₹1 Lac	40	70,560	Nil	0.28%	0.27%	Nil	Nil
ii	Individual Shareholders holding nominal Share Capital value In excess of ₹1 Lac	23	20,18,760	Nil	8%	8%	Nil	Nil
c	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil



Category Code	Category of Shareholders	Number of Shareholder	Total Number of Equity Shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of Equity Shares		Shares Pledged or otherwise encumbered	
					As a % of A+B	As a % A+B+C	Number of Equity Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
	Sub-Total (B) (2)	63	20,89,320		8.28%	8.28%		
	Total Public Shareholding (B)= (B)(1)+(B)(2)	63	20,89,320		8.28%	8.28%		
	Total (A)+(B)	90	2,52,48,479		100%	100%		
(C)	Share held by Custodian and against which Depository Receipts	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Grand Total (A)+(B)+(C)	90	2,52,48,479					

B. Shareholding of our Promoter and Promoter Group

The table below presents the current shareholding pattern of our Promoter and Promoter Group (individuals and companies) as per clause 35 of the Equity Listing Agreement.

Sr. No.	Name of the shareholder	Total Equity Shares held		Shares pledged or otherwise encumbered		
		Number	As a % of Issued Share Capital	Number	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)X 100	(VII)
1.	Champalal G. Parekh	10,22,100	4.05	Nil	Nil	Nil
2.	Prakash H. Parekh	30,66,450	12.15	Nil	Nil	Nil
3.	Prakash H. Parekh(HUF)	19,87,700	7.87	Nil	Nil	Nil
4.	Madhu P. Parekh and Prakash H. Parekh	14,36,500	5.69	Nil	Nil	Nil
5.	Madhu Parekh	9,750	0.04	Nil	Nil	Nil
6.	Kushalraj Parekh	10,400	0.04	Nil	Nil	Nil
7.	Deepak Parekh	5,63,200	2.23	Nil	Nil	Nil
8.	Ratanlal G. Parekh	68,900	0.27	Nil	Nil	Nil
9.	Ashok Parekh	7,65,700	3.03	Nil	Nil	Nil
10.	Dhanpat C Parekh	7,42,820	2.94	Nil	Nil	Nil
11.	Reshmidevi Parekh	65,000	0.26	Nil	Nil	Nil
12.	Champalal G. Parekh and Reshmidevi	65,000	0.26	Nil	Nil	Nil



Sr. No.	Name of the shareholder	Total Equity Shares held		Shares pledged or otherwise encumbered		
		Number	As a % of Issued Share Capital	Number	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)
13.	Vidhyadevi H. Parekh	1,10,500	0.44	Nil	Nil	Nil
14.	Hiralal Champalal Parekh	29,250	0.17	Nil	Nil	Nil
15.	Ramesh Bagrecha	52,000	0.21	Nil	Nil	Nil
16.	Shantilal C. Parekh	21,300	0.08	Nil	Nil	Nil
17.	Sangita J. Salecha	130	0.00	Nil	Nil	Nil
18.	A. Vanitha	1,20,000	0.48	Nil	Nil	Nil
A.	Suman Bagrecha	52,000	0.21	Nil	Nil	Nil
B.	Parasmal Bagrecha	52,000	0.21	Nil	Nil	Nil
C.	Sanjay Bagrecha	52,000	0.21	Nil	Nil	Nil
D.	Suresh Bagrecha	390	0.00	Nil	Nil	Nil
E.	YMP Machineries Private Limited	39,60,249	15.69	Nil	Nil	Nil
F.	Oswal Wood Private Limited	5,26,500	2.09	Nil	Nil	Nil
G.	Oswal Lumbers Private Limited	44,37,732	17.58	Nil	Nil	Nil
H.	Oswal Commodities Private Limited	39,16,588	15.51	Nil	Nil	Nil
	TOTAL	2,31,34,159	91.63	Nil	Nil	Nil

C. Shareholding of persons belonging to the category 'Public' and holding more than 1% of our Equity Shares

Sr. No.	Name of the shareholder	Number of Equity Shares	Shares as a percentage of total number of Equity Shares (i.e., Grand Total (A)+(B)+(C) indicated in Statement at para 8(a) above)
1.	Chetan S. Parekh	3,59,100	1.42
2.	Siddharth Parekh	3,51,300	1.39
3.	Neetu D. Parekh	3,00,000	1.19
	TOTAL	10,10,400	4.00

7. The average cost of acquisition of or subscription to Equity Shares by our is set forth in the table below:

Name of the Promoter	No. of Equity Shares held	Average Cost of Acquisition (in ₹) [#]
Champalal G. Parekh	10,22,100	34.93
Prakash H. Parekh	30,66,450	37.37
Madhu P. Parekh	14,46,250*	8.46 (Madhu P. Parekh) 1.10 (Madhu P. Parekh jointly with Prakash H. Parekh)
Prakash H. Parekh (HUF)	19,87,700	1.41

* including 1,436,500 held by Madhu P. Parekh jointly with Prakash H. Parekh

[#] The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the weighted average cost of the total number of Equity Shares held by them.



8. *Except as stated below none of our Directors or KMP holds Equity Shares of our Company as on date of this Draft Red Herring Prospectus.*

Sr. no.	Shareholder	No. of Equity Shares	Percentage of Post Issue Capital
1.	Champalal G. Parekh*	10,22,100	2.86
2.	Prakash H. Parekh**	30,66,450	8.58

* Champalal G. Parekh (1st joint holder) also holds 65,000 Equity Shares jointly with Reshmidevi Parekh

** Prakash H. Parekh also holds 14, 36,500 jointly with by Madhu P. Parekh (1st joint holder)

9. Equity Shares held by top ten shareholders

- A. *Top ten shareholders on the date of filing this Draft Red Herring Prospectus with SEBI:*

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage Shareholding %
1.	Oswal Lumbers Private Limited	44,37,732	17.58
2.	YMP Machineries Private Limited (Formerly Known as Champalal AgriImpex Private Limited)	39,60,249	15.69
3.	Oswal Commodities Private Limited	39,16,588	15.51
4.	Prakash H. Parekh	30,66,450	12.15
5.	Prakash H. Parekh (HUF)	19,87,700	7.87
6.	Madhu P Parekh and Prakash H Parekh	14,36,500	5.69
7.	Champalal G. Parekh	10,22,100	4.05
8.	Ashok Parekh	7,65,700	3.03
9.	Dhanpat C Parekh	7,42,820	2.94
10.	Deepak Parekh	5,63,200	2.23

* As Madhu Parekh is the 1st holder for all practical purposes it is being considered a holding separate than that of Prakash H. Parekh.

- B. *Top ten shareholders ten days prior to the date of filing this Draft Red Herring Prospectus with SEBI:*

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage Shareholding %
1.	Oswal Lumbers Private Limited	44,37,732	17.58
2.	YMP Machineries Private Limited (Formerly Known as Champalal Agri-Impex Private Limited)	39,60,249	15.69
3.	Oswal Commodities Private Limited	39,16,588	15.51
4.	Prakash H. Parekh	30,66,450	12.15
5.	Prakash H. Parekh (HUF)	19,87,700	7.87
6.	Madhu P. Parekh and Prakash H. Parekh	14,36,500	5.69
7.	Champalal G. Parekh	10,22,100	4.05
8.	Ashok Parekh	7,65,700	3.03
9.	Dhanpat C Parekh	7,42,820	2.94
10.	Deepak Parekh	5,63,200	2.23

* As Madhu Parekh is the 1st holder for all practical purposes it is being considered a holding separate than that of Prakash H. Parekh.



C. Two years prior to the date of filing this Draft Red Herring Prospectus with SEBI:

Sr. No.	Name of Share Holders	Number of Equity Shares	Percentage Shareholding %
1	Oswal Lumbers Private Limited	44,37,732	19.88
2	Oswal Commodities Private Limited	39,16,588	17.54
3	Champalal Agri-Impex Private Limited	36,74,320	16.46
4	Prakash H. Parekh (HUF)	19,87,700	8.90
5	Prakash H. Parekh	17,90,750	8.02
6	Madhu P. Parekh and Prakash H. Parekh	14,36,500	6.43
7	Ashok Parekh	7,65,700	3.43
8	Dhanpat C. Parekh	7,42,820	3.33
9	Champalal G. Parekh	6,72,100	3.01
10	Oswal Woods Private Limited	5,26,500	2.36

10. 5,25,000 Equity Shares have been reserved for allocation to Eligible Employees on a proportionate basis, subject to valid Bids being received at or above the Issue Price. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion on a competitive basis. Bids by Eligible Employees can also be made in the Net Issue and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 5,25,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis.
11. Under-subscription, if any, in any category would be met with spill-over from other categories or a combination of categories. Under subscription, if any, in the Employees Reservation Portion, will be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employees Reservation Portion. Such inter-se spill over, if any, will be at the discretion of our Company in consultation with the BRLM and in consultation with the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees shall be on a proportionate basis.
12. Investors may note that in case of over subscription in the Issue, if any, Allotment shall be made on proportionate basis to QIBs, Non-Institutional Bidders, Retail Individual Bidders and Employees bidding under Employee Reservation Portion and will be finalised by our Company in consultation with the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price.
13. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on date. Further, since the entire money in respect of this Issue is being called on application, all the successful applicants will be issued fully paid-up Equity Shares.
14. Except as stated below, neither our Promoters nor the members of our Promoter Group nor our Directors and their immediate relatives have purchased or sold or financed the purchase or sale of any Equity Shares during the period of six months immediately preceding the date of this Draft Red Herring Prospectus with SEBI.

Sr. No	Name of the person	Related To	Number Of Equity Shares	Transferor/	Date of Transfer	Price per share
1.	Suresh Bagrecha	Brother of Madhu P. Parekh	130	Kritika Bagrecha	November 20, 2010	Nil (Transmission of share from existing shareholder to successors)
2.	Suresh Bagrecha	Brother of Madhu P. Parekh	130	Shantidevi Bagrecha	November 20, 2010	
3.	Shantilal C. Parekh	Son of Champalal G. parekh	20,000	Randeep Kaur	November 20, 2010	40



15. As of the date of this Draft Red Herring Prospectus, the total number of shareholders of our Equity Shares is 90 all of which are held in physical form (excluding holders of options outstanding under the Teamwork 2010).
16. Our Company has not revalued its assets since incorporation.
17. A Bidder cannot make a Bid for more than the number of Equity Shares offered to the public through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
18. Over-subscription to the extent of 10% of the net offer to the public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot. Consequently, the actual Allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-Issue paid up capital after this Issue may also increase by the excess amount of Allotment so made. In such an event, the Equity Shares held by our Promoters and subject to lock-in shall be suitably increased, so as to ensure that 20% of the post Issue paid-up capital is locked in.
19. Neither we nor our Promoters, our Directors, and the BRLM have not entered into any buy-back or standby or similar arrangements for the purchase of Equity Shares from any person.
20. No incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise, shall be made either by us or our Promoters to the persons who receives Allotments, if any, in this Issue for making an application for Allotment in this Issue.
21. None of the shares held in our Company by our Promoters are subject to pledge in favour of any banks or financial institutions.
22. The BRLM currently does not hold any Equity Shares in our Company.
23. In compliance with regulation 26(5) of the SEBI ICDR Regulations, as on the date of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments that are convertible into our Equity Shares or which would entitle any person any option to receive Equity Shares, except than options granted under the Teamwork 2010 as set forth in the note no. 28. Further, none of the loans taken by our Company are convertible into Equity Shares.
24. Our Company has not raised any bridge loans against the Net Proceeds.
25. We presently do not intend or propose any further issue of Equity Shares, whether by way of issue of bonus Equity Shares, preferential allotment and rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares proposed to be issued pursuant to this Issue have been listed on the Stock Exchanges except to the extent of Pre-IPO placement with certain investors.
26. We shall ensure that transactions in Equity Shares by the Promoters and members of the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the listing of our Equity Shares on the Stock Exchanges shall be reported to the Stock Exchanges within twenty four (24) hours of such transaction.
27. Our Company has established an employee stock option scheme pursuant to which options to acquire Equity Shares will be granted to selected employees of our Company and Subsidiaries (the "Teamwork 2010"). The purpose of Teamwork 2010 is to attract, retain, reward and motivate employees to contribute to the growth and profitability of our Company and Subsidiaries.
28. Our Board and shareholders have, through their resolutions dated August 30, 2010 and September 21, 2010, respectively approved our Company's proposal to establish the Teamwork 2010, pursuant to which our Company may grant up to 11,66,500 options. The Teamwork 2010 is in compliance with the SEBI ESOP Guidelines.

Particulars	Details			
	Cumulative as on the date	Fiscal 2010	Fiscal 2009	Fiscal 2008



	of filing of the DRHP			
Options Granted as on the date of filing of the DRHP	7,91,000	Nil	Nil	Nil
Exercise price of options	39.97 per Equity Share			
Options Vested	Nil			
Options Exercised	Nil			
Total no. of shares arising as a result of exercise of Option	7,91,000	Nil	Nil	Nil
Options lapsed	Nil			
Variation of terms of options	Nil			
Money realized by exercise of Option	Nil	Nil	Nil	Nil
Total no. of options in force	7,91,000	Nil	Nil	Nil
Employee wise details of options granted to; -				
a. Directors and key managerial employees	Note 1(see below)			
b. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	None			
c. Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	None			
Vesting Schedule	Vesting is linked to continued association with our Company. The options would vest not earlier than 1 year and not later than 6 years from the date of grant.			
	Fiscal 2010	Fiscal 2009	Fiscal 2008	
Fully diluted EPS on a pre-issue basis based on restated unconsolidated financials (in ₹)	3.63	-	-	
Lock-in	Nil	NA	NA	
Difference between employee compensation cost computed using intrinsic value of stock options and employee compensation cost that would have been recognised if fair value of options had been used (in ₹)	Difference is ₹ 67,23,500 (Intrinsic Value = Nil) over the vesting period	NA	NA	
Impact of this difference on the profits of the Company	Profits would be reduced by ₹67,23,500 had fair valuation of options been used/ divided proportionately over the vesting period	NA	NA	
Impact of this difference on the EPS of the Company (in ₹)				
(i) Basic	3.63			
(ii) Diluted	3.21			
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	NA	NA	NA	
Method and significant assumptions used during the year to estimate the fair values of options, including weighted average information:		NA	NA	
(i) Risk-free interest rate;	7.54% to 7.74%			
(ii) Expected life;	4 to 6 years			
(iii) Expected volatility;	0			
(iv) Expected dividends; and	0			
(v) Price of underlying share in market at the time of grant of the option	39.97			



The impact on 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 SEBI ESOP Guidelines in respect of options granted in the last three years	Profits would be reduced by ₹67,23,500 had fair valuation of options been used/ divided proportionately over the vesting period	Nil	Nil
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Name of Key Managerial Personnel	No. of Options Granted	No. of Options Exercised	Number of Options Outstanding	Number of Equity Shares
Ranjan Samantray	2,00,000	Nil	2,00,000	Nil
Anil Goyal	1,00,000	Nil	1,00,000	Nil

None of our Directors except Mahesh Bhandari (10,000 Options granted) have been issued options pursuant to the Teamwork 2010.

No Equity Shares have been allotted pursuant to the Teamwork 2010. In terms of the Teamwork 2010, the options shall vest in the employees not earlier than one year from the date of grant of options under the Teamwork 2010.

29. We presently do not intend or propose or haven't entered into any negotiations or considerations to alter our capital structure for a period of six months from the Bid/Issue Opening Date, 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) whether preferential or bonus or rights or qualified institutional placement or otherwise, except that we may grant stock options to the employees and Directors as per the prevailing stock option scheme and allot further Equity Shares to our employees pursuant to exercise of options granted earlier under our Teamwork 2010. Additionally, if we enter into acquisition(s), joint venture(s) or other arrangements, we may, subject to necessary approvals, consider raising additional capital to fund such activities or use Equity Shares as currency for acquisition or participation in such joint ventures or any other arrangements, as the case may be.
30. 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/ prescribed by SEBI from time to time.
31. There has been no financing arrangement whereby the Promoters or Promoter Group, 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 business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with SEBI.
32. Our Promoters, Group Companies and members of the Promoter Group will not participate in this Issue.
33. We have availed financial facilities from various banks and financial institutions and in respect of the agreements entered into by our Company with our lenders and sanction letters issued by our lenders to us, we are bound by certain restrictive covenants, including those in relation to our capital structure. For further details on the restrictive covenants contained in the financing documents, please refer to chapter titled "**Financial Indebtedness**" beginning on page 192 of this Draft Red Herring Prospectus.

**OBJECTS OF THE ISSUE**

The objects of the Issue are to finance our business expansion plans and achieve the benefits of listing on the Stock Exchanges. We believe that listing will enhance our corporate image and brand name.

To meet the domestic and international demand of Jumbo bags and BoPP woven sacks, we intend to expand our manufacturing facilities of Jumbo bags and BoPP woven sacks at our existing units at Nani Chirai in the Kutch district of Gujarat and at Rajpur in the Mehsana district of Gujarat. These facilities will significantly help us in catering to demands in the domestic and international markets and will help us to reduce our cost of production.

Further, we intend to venture into manufacturing of new product called as Block bottom valve bags used for packaging of cement, pharma food grains etc. The plant and machineries to be used for manufacturing of the new product are automated which will reduce our cost of production. These machines will be installed at the existing manufacturing facility at Nani Chirai.

We intend to utilize the Issue Proceeds, after deducting the expenses associated with the Issue (the “**Net Proceeds**”) for the following objects:

1. Expansion of manufacturing facilities and purchase of plant and machinery for manufacturing of new product, block bottom valve bags at Nani Chirai;
2. Expansion of manufacturing facilities at Rajpur; and
3. General corporate purposes.

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 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

The estimated requirement of funds is as follows:

Particulars	Amount (₹ in Lacs)
Expansion of manufacturing facilities and purchase of plant and machinery for manufacturing of new product, block bottom valve bags at Nani Chirai	4,989.32
Expansion of manufacturing facilities at Rajpur	2,762.77
General Corporate purposes	[•]
Public Issue Expenses [#]	[•]
Total	[•]

Means of Finance

Particulars	Amount (₹ in Lacs)
Proceeds of the Public Issue [#]	[•]
Internal Accruals [#]	[•]
Total	[•]

[#] will be updated at the time of filing of the Prospectus.

We propose to meet the entire requirement of funds for the Objects from the Net Proceeds of the Issue and the internal accruals. Accordingly, the requirement under Regulation 4(2)(g) of the SEBI ICDR Regulations of firm arrangements of finance through verifiable means for the 75% of the stated means of finance excluding the Issue Proceeds does not arise.



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 revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure, at the discretion of our management.

DETAILS OF THE OBJECTS OF THE ISSUE

1. Expansion of manufacturing facilities and purchase of plant and machinery for manufacturing of new product, block bottom valve bags at Nani Chirai

The estimated break up of cost for the expansion of the Nani Chirai facility is as follows:

Sr. No.	Expenditure items	Amount (₹ in Lacs)
1.	Plant and Machinery	4,856.49
2.	Preliminary and Pre-operative expenses	35.00
3.	Provision for Contingencies	97.83
	Total	4,989.32

Our Company owns land admeasuring 5,34,060 sq. ft. at Nani Chirai in Kutch district of Gujarat which is located at the distance of approximately 300 Kms from Ahmedabad. Our existing manufacturing facilities occupy approximately 3,00,000 sq feet of land at this unit. We have sufficient infrastructure and place for installation of new plant and machinery at our existing unit.

Plant and Machinery

The total estimated cost of plant and machinery to be installed in the facility is ₹ 4,867.28 Lacs. The estimates of cost of plant and machinery are based on the quotations received from various suppliers. Except for Multifilament Spinning Plant (as listed in Sr. No. 16 below), we 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	Uses	Date of Quotation	No. of Units	Amount (₹ in Lacs)
1	Lamination Plant (80MM)	J P Industries	Jumbo bags	August 28, 2010	1	93.24
2	Cooling System and Others for food grade Facilities	R REngineering	Jumbo bags	August 27, 2010	1	169.25
3	Stitching Machine	Gabbar Engineering Co.	Jumbo bags	August 27, 2010	125	65.00
	Standing Table					4.63
4	Baling Machine (150 Tons)	Precemech Inds.	Jumbo bags	August 22, 2010	5	43.75
5	Testing Rig	Shalom Eng.	Jumbo bags	September 24, 2010	1	11.50
6	Printing Machine	Flexo Print Mac	Jumbo bags	August 27, 2010	5	35.00
7	Jumbo bag Cutting Machine	GCL India Private Limited	Jumbo bags	August 31, 2010	8	92.00
8	Stitching Machine Imported (Euro 3,02,000)	Sanayi Ve Dis Ticaret Limited	Jumbo bags	September 23, 2010	100	187.00*
9	Needle Looms (80MM)	Global Industries	Jumbo bags	August 27, 2010	20	66.50
10	Braided Machine(Double Head)	Susmatex Machinery	Jumbo bags	August 27, 2010	10	10.00
11	Cleaning Machine	Shalom Eng.	Jumbo bags	September	2	10.30



				23, 2010		
12	Voltas Fork Lifts(2000Kgs)	Malhan Enterprises Private Limited	Jumbo bags	September 16, 2010	2	19.40
13	Shape Liner Machine Euro 162,000.00	Polytek Mach. Export Limited	Jumbo bags	September 15, 2010	3	100.31*
14	Stretch Wrapping Machine	Fromm Packaging	Jumbo bags	September 13, 2010	2	6.50
15	Auto Cutting And Sticing	Lohia Starlinger Limited	BOPP Woven Sacks	September 14, 2010	5	105.00
16	Multifilament Spinning Plant	SML	Jumbo bags	order placed	1	495.36
17	Cheese Winders	Lohia Starlinger Limited	Jumbo bags	September 14, 2010	600	540.00
18	Block bottom valve bag conversion line W&H AD Convertex SL and related equipments	Windmoller & Holscher India Private Limited	Block bottom valve bags	October 21, 2010	2	1992.34*
Sub Total						4,047.08
Extra Charges for Excise, Vat, Transportation, Installation						809.42
Total						4,856.49

* imported machinery. Exchange rate assumed: 1 €= ₹61.92

Preliminary and Pre-Operative Expenses:

Pre-operative and preliminary expenses mainly consist of start up and trial run expenses, establishment and project management expenses, engineering and consultancy fees, upfront fees, etc. The pre operative and preliminary expenses as estimated by the management would be ₹ 35 Lacs.

Provision for Contingencies:

In the event of any cost overruns due to any changes in quoted prices of plant & machinery for which orders have not yet been placed, or on account of time variation, transportation cost, insurance, unexpected price rise due to factors beyond our control, contingencies have been provided to cover any such eventuality which may occur. Contingencies of ₹ 97.83 Lacs have been estimated, which is approximately 2% of the cost of plant & machinery and preliminary and pre-operative expenses.

2. Expansion of manufacturing facilities at Rajpur:

The estimated break up of cost for the expansion of the Rajpur facility is as follows:

Sr. No.	Expenditure items	Amount (₹ In Lacs)
1.	Factory building	500.00
2.	Plant and Machinery	2,183.60
3.	Preliminary and Pre-operative expenses	25.00
4.	Provision for Contingencies	54.17
	Total	2,762.77

Factory building:

We own land admeasuring 1,67,088.18 sq. ft. at our Rajpur unit, which is located at the distance of approximately 45 Kms from Ahmedabad. Our current factory building structure, administrative block, etc is on the ground floor. We intend to construct two more floors of approximate 1,00,000 Sq Feet of area on the existing factory building structure as part of our expansion plan.



The construction cost is estimated to be ₹500 per Sq. Ft. aggregating to ₹500 Lacs as per the quotation dated August 27, 2010 received from Shri Krishna Contractor.

Plant and Machinery:

The total estimated cost of plant and machinery to be installed in the facility is ₹ 2,183.60 Lacs. The estimates of cost of plant and machinery are based on the quotations received from various suppliers. We have not placed orders for any of these plant and machinery.

The plant and machinery requirements have been estimated as under:

(₹ in Lacs)						
Sr. No.	Particulars	Supplier/ Manufacturer	Uses	Date of Quotation	No. of Units	Amount
1	Circular Looms (8 Shuttle)	Lohia Starlinger Limited	Jumbo bags	September 14, 2010	16	384.00
2	Inspection Machines	Precemerch Industries	Flexible Packaging	August 24, 2010	6	39.00
3	Extrusion Coating Plant (100MM)	J P Industries	Jumbo bags	August 28, 2010	1	184.00
4	Lamination Plant (80MM)	J P Industries	Jumbo bags	August 28, 2010	1	93.24
5	Stitching Machine	Gabbar Engineering Co.	Jumbo bags	August 27, 2010	125	65.00
	Standing Table					4.63
6	Baling Machine (150 Tons)	Precemech Inds.	Jumbo bags	August 22, 2010	5	43.75
7	U V Testing Machine (USD 17878.00)	Premier Colorscan Instruments Private Limited	Jumbo bags	September 13, 2010	1	8.12**
8	Printing Machine	Flexo Print Mac	Jumbo bags	August 27, 2010	5	35.00
9	Jumbo bag Cutting Machine	GCL India Private Limited	Jumbo bags	August 31, 2010	8	92.00
10	Stiching Machine Imported (Euro 302000.00)	Sanayi Ve Dis Ticaret Limited	Jumbo bags	September 23, 2010	100	187.00*
11	Needle Looms	Global Industries	Jumbo bags	August 27, 2010	20	66.50
12	Braided Machine	Susmatex Machinery	Jumbo bags	August 27, 2010	10	10.00
13	Cleaning Machine	Shalom Eng.	Jumbo bags	September 23, 2010	4	20.60
14	Voltas Fork Lifts (2000Kgs)	Malhan Enterprises Private Limited	Jumbo bags	September 16, 2010	2	19.40
15	Ultra Sonic Cutters On Looms (500Watt)	Decoup +	Jumbo bags	September 16, 2010	10	15.79*
16	Ultra Sonic Cutters On Looms	GCL India Private Limited	Jumbo bags	September 15, 2010	1	35.00
17	Shape Liner Machine (Euro 54000.00)	Polytek Mach. Export Limited	Jumbo bags	September 15, 2010	1	33.44*
18	Stretch Wrapping Machine	Fromm Packaging	Jumbo bags	September 13, 2010	2	6.50
19	Auto Cuttin And Stiching	Lohia Starlinger Limited	BOPP Woven Sacks	September 14, 2010	5	105.00
20	Cheese Winders	Lohia Starlinger Limited		September 14, 2010	400	360.00
21	Dom Light	Innovative Agency	--	September 15, 2010	150	6.00



Sr. No.	Particulars	Supplier/ Manufacturer	Uses	Date of Quotation	No. of Units	Amount
22	Cooling Tower	Varun Eng.	--	August 30, 2010	1	5.70
	Sub total					1,819.66
	Extra Charges for Excise, Vat, Transportation, Installation, Etc.					363.93
	Grand Total					2,183.60

* imported machinery. Exchange rate assumed at Euro; €1 = ₹61.92

** imported machinery. Exchange rate assumed at USD \$1 = 45.41

Preliminary and Pre-Operative Expenses:

Pre-operative and preliminary expenses mainly consist of start up and trial run expenses, establishment and project management expenses, engineering and consultancy fees, upfront fees, etc. The pre operative and preliminary expenses have been estimated at ₹ 25 Lacs by our management.

Provision for Contingencies:

In the event of any cost overruns due to any changes in quoted prices of plant & machinery for which orders have not yet been placed, or on account of time variation, transportation cost, insurance, unexpected price rise due to factors beyond our control, contingencies have been provided to cover any such eventuality which may occur. Contingencies of ₹ 54.17 Lacs have been estimated, which is approximately 2% of the total cost of factory building, plant & machinery and preliminary and pre-operative expenses.

General Corporate Purpose

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

The working capital requirements for the proposed objects of the issue will be met either by internal accruals, debt and/or draw down from our existing or new lines of credit.

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 ₹ [●] Lacs, 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 Lacs)	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

We may have to revise our expenditure and fund requirements as a result of variations in cost estimates, exchange rate fluctuations and external factors which may not be within the control of our management. This may entail rescheduling and revising the planned expenditures and fund requirements and increasing or decreasing expenditures for a particular purpose at the discretion of our management, within the objects.



While we intend to utilise the Net Proceeds in the manner provided above, in the event of a surplus, we 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 we intend to utilize any portion of the Net Proceeds for any purpose not stated here, such fund utilization shall be commenced only on 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

Nani Chirai Unit

Activity	Start Date	End Date
Acquisition of Land	Already available	
Construction of Factory building	Already available	
Placement of orders for plant and machinery	November, 2010	September, 2011
Installation of plant and machinery	April, 2011	November, 2011
Trial Run for production	May, 2011	November 2011
Commercial Production	December, 2011	

Rajpur Unit

Activity	Start Date	End Date
Acquisition of Land	Already available	
Construction of Factory building	April, 2011	September, 2011
Placement of orders for plant and machinery	February, 2011	September, 2011
Installation of plant and machinery	May, 2011	October, 2011
Trial Run for production	June, 2011	November, 2011
Commercial Production	December, 2011	

In the event, IPO gets deferred; we might consider borrowing funds for the same. In such a case, the proceeds of the Net Issue would be utilized in repaying the debt taken for the above purposes.

Deployment of Funds

Till November 23, 2010, we have incurred an expenditure of ₹ 15.51 Lacs on our expansion plans.

Sources of Fund Already Deployed

The aforementioned expenditure of ₹15.51 Lacs was financed through internal accruals.



Funds Deployment Schedule

Year-wise deployment of funds as estimated by the management is given below:

(₹ in Lacs)

Particulars	Total Funds Required	Amount Incurred till November 23, 2010 [#]	Deployment in Q4 of Fiscal 2011	Deployment in Q1 of Fiscal 2012	Deployment in Q2 of Fiscal 2012	Deployment in Q3 of Fiscal 2012
Expansion of existing manufacturing facilities at Nani Chirai	4,989.32	15.51	50.00	1,441.77	2,729.03	753.01
Expansion of existing manufacturing facilities at Rajpur	2,762.77	Nil	Nil	782.78	1,615.95	364.04
General Corporate Purposes	[●]	Nil	[●]	[●]	[●]	[●]
Total	[●]	15.51	[●]	[●]	[●]	[●]

[#] The same has been certified by M/s.Bhanwar Jain & Co, Chartered Accountants, vide certificate dated November 23, 2010.

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 Issue. The particular composition, timing and schedule of deployment of the Net Proceeds will be determined by the Company based on the development of the expansion plans. Pending utilization of the proceeds out of the Issue for the purposes described above, the 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.

Monitoring Of Utilization of Funds

There is no requirement for a monitoring agency as the Issue size is less than ₹ 50,000 Lacs. Our Board will monitor the utilization of the Net Proceeds of the Issue. We will disclose the details of the utilization of the proceeds of the Issue, under a separate head along with details, if any, of such unutilized proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue in our Balance Sheet for the relevant Fiscal Years commencing from Fiscal 2011 and Fiscal 2012.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement shall be certified by the statutory auditors of the Company. Furthermore, in accordance with clause 43A of the Listing Agreement the 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 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 Issue proceeds will be paid by the Company as consideration to the Promoters, the Directors, the Company's key management personnel or companies promoted by the Promoters except in the usual course of business.



BASIC TERMS OF ISSUE

This Issue of Equity Shares has been authorized by the resolution of the Board of Directors at their meeting held on August 30, 2010 subject to a approval of the shareholders through a Special Resolution to be passed pursuant to section 81(1A) of the Companies Act. The shareholders have, at the Extra-Ordinary General Meeting of our Company held on September 21, 2010 approved the Issue.

Our Company has obtained in-principle listing approvals dated [•] and [•] from the BSE and the NSE, respectively.

Our Company has also obtained all necessary contractual approvals required for the Issue.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank pari passu in all respects with the other existing shares of our Company including in respect of the rights to receive dividends. The Allottees in receipt of the 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 chapter titled “*Main Provisions of the Articles of Association*” on page 274 of this Prospectus.

Face Value and Issue Price

The Equity Shares with a face value of ₹10 each are being offered in terms of this Prospectus at a price of ₹ [•] per share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws. The Issue Price is [•] times the face value of the Equity Shares. The Anchor Investor Issue Price is ₹ [•] per Equity Share.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue including devolvment of Underwriters within 60 days from the date of closure of the Issue, 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 as prescribed under Section 73 of the Companies Act.

For further details please refer to the chapter titled “*Terms of the Issue*” on page 227 of this Prospectus.



BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLM on the basis of the assessment of market demand for the Equity Shares through the Book Building Process.

The price band of the Issue is ₹ [●] to ₹ [●] per Equity Share. The face value of the Equity Share is ₹10 and the price is [●] times the face value at the lower end of the price band and [●] times the face value at the higher end of the price band.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the packaging industry:

- i. **Location Advantage:** Our manufacturing units in the Kutch district of Gujarat are in close proximity to the Kandla and Mundra ports being approximately 40 Kms and 100 Kms respectively. This provides us with efficient logistics thereby reducing our transportation and raw material cost.
- ii. **Expanded Product portfolio – One stop shop for packaging solutions to our customers:** Our product portfolio comprises of Jumbo bags, woven sacks, woven fabric, flexible packaging, tarpaulin, masterbatches, fillers, webbings and multi filament yarns. We can cater to a variety of packaging solution requirements of customers across various industry segments and can manufacture packaging products for products ranging from 5 gram to 3,000 Kg.
- iii. **Diversified customer base:** We focus on maintaining and establishing long-term relationships with our customers. Our customers include some of India's leading players in cement, fertilizers, salt, edible oil, food grains, sugar, rice industry to name a few.
- iv. **Distributorship from IOCL for supply of PP / HDPE / LLDPE granules:** We are distributor for Indian Oil Corporation Limited ("IOCL") in Kutch and Saurashtra region of Gujarat for supply of PP / HDPE / LLDPE granules. We are entitled for ₹ 0.35 commission on sale of these IOCL products made by us and also on self consumption which reduces our raw material cost by approximately 0.50%.
- v. **Integrated plastic packaging manufacturer:** We are one amongst the few players in the plastic packaging industry to have backward integration facilities. We manufacture UV masterbatch, Antifab masterbatch, multi filament yarn and webbings which are used in the manufacturing of our final products.
- vi. **Fiscal Incentives to our wholly owned subsidiary:** Our wholly owned subsidiary, Oswal Extrusion Limited is set up in the Kandla Special Economic Zone (KASEZ) where we enjoy the benefit of single window clearance for import and export. Accordingly, we can get various government department clearances such as clearances from the ministry of Finance and ministry of Commerce and Industry from a single office situated within the KASEZ.
- vii. **Fiscal Incentives to our wholly owned subsidiary:** Our wholly owned subsidiary, Oswal Extrusion Limited is set up in the Kandla Special Economic Zone (KASEZ) where we enjoy the benefit of single window clearance for import and export.
- viii. **Modern technology:** Our manufacturing facilities are equipped with modern machineries and technologies imported from Switzerland and U.S.A.
- ix. **Strong management team and motivated and efficient work force:** We believe that our qualified and experienced management has substantially contributed to the growth of our business operations. Our promoters are qualified professionals with more than a decade of experience in packaging industry.
- x. **Quality Assurance:** Each of our Company's products passes through stringent quality checks. The quality assurance measures taken by our Company include thorough checking of all raw materials, other inputs and finished goods to ensure quality, statistical methods to identify and analyze areas of improvement, experienced manpower for quality assurance activities, creation of data base for future reference and analysis etc.



- xi. **Research and Development capability:** As part of our ongoing quality assurance activities, we have established standard specifications for our raw materials and finished products and continually look at ways to develop anti-tampering packages for our products. We have installed Test-rig and UV testing machine imported from U.S. in order to get the best combination of material which are cost effective.

For details, please see the sections titled, “**Business Overview**” beginning on page 68.

Quantitative Factors

The information presented below is based on the Restated Standalone Summary Statements for the Fiscals 2008, 2009 and 2010 for our Company and the Restated Consolidated Summary Statements for the Fiscals 2008, 2009 and 2010 for our Company prepared in accordance with Indian GAAP. For details, see “**Financial Statements – Restated Standalone Financial Statements**” and “**Financial Statements – Restated Consolidated Financial Statements**” on pages 139 and 162 respectively

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

(a) Earnings Per Share (EPS)

As per our Restated Standalone Financial Statements:

Year Ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2008	5.99	5.99	1
March 31, 2009	1.41	1.41	2
March 31, 2010	3.58	3.58	3
Weighted Average	3.26	3.26	
For three months period ended June 30, 2010	0.92		

As per our Restated Consolidated Financial Statements:

Year Ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2008	9.24	9.24	1
March 31, 2009	4.45	4.45	2
March 31, 2010	6.04	6.04	3
Weighted Average	6.04	6.04	
For three months period ended June 30, 2010	1.61		

(b) Price/Earning (P/E) ratio in relation to the Price Band

Particulars	P/E at the lower end of Price band (no. of times)	P/E at the higher end of Price band (no. of times)
Based on Basic EPS as per the Restated Standalone Financial Statements of March 31, 2010	[•]	[•]
Based on Basic EPS as per the Restated Consolidated Financial Statements of March 31, 2010	[•]	[•]

P/E ratio for the Industry is as follows:

Industry P/E	
Highest	66.2
Lowest	5.0
Industry Composite	14.0

Source: “Capital Market” magazine dated November 15 -28, 2010 (Industry – Packaging)

Note: The industry PE does not include two companies namely Kanpur Plastipack Ltd. and Jumbo bag Ltd. which form a part of our Peer Group



(c) Return on Net Worth (RONW)

As per Restated Standalone Financial Statements:

Particulars	RONW %	Weight
Year ended March 31, 2008	20.36%	1
Year ended March 31, 2009	6.96%	2
Year ended March 31, 2010	10.65%	3
Weighted Average	11.04%	
For three months period ended June 30, 2010	2.74%	

As per Restated Consolidated Financial Statements:

Particulars	RONW %	Weight
Year ended March 31, 2008	27.49%	1
Year ended March 31, 2009	17.37%	2
Year ended March 31, 2010	14.61%	3
Weighted Average	17.67%	
For three months period ended June 30, 2010	3.86%	

(d) Minimum RONW after the Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2010:

- a) Based on Restated Standalone Financial Statements:
 1. At the Floor Price - [●]%
 2. At the Cap Price - [●]%
- b) Based on Restated Consolidated Financial Statements:
 1. At the Floor Price - [●]%
 2. At the Cap Price - [●]%

(e) Net Asset Value per Equity Share of face value of ₹10.00 each

- (i) Net Asset Value per Equity Share as on March 31, 2010 as per Restated Standalone Financial Statements is ₹ 32.55
- (ii) Net Asset Value per Equity Share as of the three months period ended June 30, 2010 as per Restated Standalone Financial Statements is ₹ 33.47
- (iii) Net Asset Value per Equity Share as on March 31, 2010 as per Restated Consolidated Financial Statements is ₹ 40.05
- (iv) Net Asset Value per Equity Share as of the three months period ended June 30, 2010 as per Restated Consolidated Financial Statements is ₹ 41.65
- (v) After the Issue as per Restated Standalone Financial Statements: [●]
- (vi) After the Issue as per Restated Consolidated Financial Statements: [●]
- (vii) Issue Price: ₹ [●]

Issue Price per Equity Share will be determined on conclusion of Book Building Process.



(f) Comparison with Industry Peers^

Sr. No.	Name of the company	Sales (₹ Lacs)	Face Value (₹ per Share)	EPS (₹)	P/E Ratio	RoNW (%)	NAV (₹ per share)
1	Uflex *	1,56,280	10	12.1	13.4	11.8	124.0
2	Paper Products *	58,630	10	5.3	12.6	14.9	41.3
3	Karur KCP Pack. *	31,610	10	9.0	6.5	10.2	93.2
4	Radha Madh. Corp *	15,280	10	-	-	-	39.4
5	Glory Polyfilms *	11,370	10	0.7	-	5.1	20.6
6	Emmbi Polyarns *	5,180	10	1.1	-	6.7	27.1
7	Kanpur Plastipack Ltd \$	10,276	10	4.61	6.47	14.96	33.94
8	Jumbo bag Ltd. \$	6,256	10	0.72	110.46	4.31	20.74
9	Plastene India Limited #	33,819	10	6.04	[●]	14.61%	41.65

*Source: Capital Market magazine dated November 15-28, 2010 (Industry – Packaging)

\$Source: Capita Line Plus, the PE is calculated as Share Price as on November 22, 2010 / TTM EPS

Based on the Restated Consolidated Financial Statements for the year ended March 31, 2010

^ The ratios of the peer group companies are extracted from Capital Market magazine dated November 15 - 18, 2010 and Capitaline Plus as mentioned above, and we are not in a position to confirm whether the said ratios are on a standalone basis or on a consolidated basis

The Issue Price of ₹ [●] has been determined by our Company in consultation with the BRLM on the basis of the demand from investors for the Equity Shares through the Book Building Process. The Managers believe that the Issue Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with the sections titled “**Risk Factors**”, “**Business Overview**” and “**Financial Statements**” beginning on pages XIII, 68 and 137 respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “**Risk Factors**” on page XIII and you may lose all or part of your investments.



STATEMENT OF TAX BENEFITS

To,

The Board of Directors

Plastene India Limited
H B Jirawala House
13, Nav Bharat Soc.
Usmanpura,
Ahmedabad-380013

Re: Statement of possible tax benefits available to Plastene India Limited and its Shareholders

We hereby certify that the enclosed annexure, prepared by the Company, for the details of the possible tax benefits/consequences available to Plastene India Limited ('the Company') and its Shareholders under the applicable provisions of the Income Tax Act, 1961 and other direct and indirect tax laws presently in force in India. Several of these tax benefits/consequences are dependent on the Company or the Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or the Shareholders to derive 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. No assurance is given that the revenue authorities will concur with the views expressed herein.

The benefits disclosed in the enclosed annexure are not exhaustive in nature. The enclosed annexure is only intended to provide general information to the Company and is neither designed nor intended to be a substitute for professional tax advice. 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.

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

- the Company or its shareholders will continue to obtain these benefits in future; and
- the conditions prescribed for availing the benefits, where applicable have been/would be met with.

The contents of the enclosed annexure are based on information, explanations and representations obtained from the management of the Company which are based on their understanding of the business activities and operations of the Company and our views are based on an interpretation of the current tax laws in force in India which are subject to change from time to time. We do not have any obligation or assume any responsibility to update the views consequent to these changes.

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 our prior written consent.

For, Bhanwar Jain & Co.
Chartered Accountants

(B. M Jain)

Partner
Membership No: 034943
Firm Registration No: 117340W

Place : Ahmedabad
Date : 15 September, 2010



ANNEXURE TO STATEMENT OF TAX BENEFITS

A (i). Special tax benefits available to the Company under the Income Tax Act, 1961

There are no company specific special tax benefits available to the Company. Tax benefits mentioned below in A (ii) are general tax benefits available to all the companies subject to fulfillment of specified conditions.

A (ii) Benefits available to the Company under the Income Tax Act, 1961:

1. Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received by the Company is exempt from income-tax.

However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares or units purchased within a period of three months prior to the record date and sold/ transferred within three months (in case of shares) or nine months (in case of units) respectively after such date, will be ignored to the extent dividend income on such shares or units is claimed as tax exempt.

2. By virtue of section 10(35) of the Act, the following income shall be exempt in the hands of the company:
 - (a) Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
 - (b) Income received in respect of units from the Administrator of the specified undertaking ; or
 - (c) Income received in respect of units from the specified company.

Provided that this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be. For this purpose:

- i. "Administrator" means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.
 - ii. "Specified Company" means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
3. As per the provisions of section 10 (38) of the Act, the long term capital gains (gain arising on transfer of long term capital asset) arising from the transfer of shares or a unit of a equity oriented fund, where the transaction of sale of such share or unit is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax, will be exempt from tax.

Provided that the income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB from the assessment year 2007-08.

For this purpose 'Equity Oriented Fund' means a fund:

- (i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five per cent of the total proceeds of such fund; and
 - (ii) which has been set up under a scheme of Mutual Fund specified under clause (23D) of section 10.

Provided that percentage of equity share holding shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

As per the provisions of section 2(29A) and section 2(42A), shares and units would be considered as long term if they are held for more than 12 months.



4. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains, if any, will be treated as long-term capital gains and the gains will be calculated by deducting from the gross consideration, the indexed cost of acquisition and indexed cost of improvement. The indexed cost of acquisition / improvement adjusts the cost of acquisition / improvement by the cost of inflation index, as prescribed from time to time.
5. Under section 54EC of the Act, subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered Section 10(38) of the Act) arising on transfer of long term capital assets are exempt from tax if the gains are invested within six months from the date of transfer in certain long term specified assets being bonds issued on or after April 1, 2007 by and redeemable after three years by:
 - a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain.

If the long-term specified asset is transferred or converted into money (otherwise than by transfer, which includes taking loan/ advance on the security of the long term specified asset) at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the specified asset is transferred or converted into money.

However, the maximum amount of investment in the long-term specified asset, which is considered as eligible for claiming exemption by an assessed during any Fiscal, does not exceed fifty Lacs rupees.

6. As per the provisions of section 111A of the Act the short term capital gains arising from the transfer of equity shares or unit of an equity oriented fund, where the transaction of sale of such share/ unit is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax will be chargeable to tax @ 15% (Plus applicable surcharge)

Where the gross total income includes short term capital gains referred to above, the deduction under Chapter VI-A shall be allowed from the gross total income as reduced by such short term capital gains.

For the purpose of this section, ‘equity oriented fund’ shall have meaning as assigned to it in explanation to section 10(38).

7. Under section 112 of the Act, and other relevant provisions of the Act, long term capital gains (In case not covered under section 10(38) of the Act), arising on transfer of shares/ units, shall be taxed at a rate of 20% (plus applicable surcharge). The tax shall however, not exceed 10% (plus applicable surcharge) without indexation, if the transfer is made of a listed security.

In case short term capital gain is earned which is not covered by section 111A of the Act, then the income is taxable at the normal corporate rate of 30% (plus applicable surcharge).

Where the gross total income includes long term capital gains referred to above, the deduction under Chapter VI-A shall be allowed from the gross total income as reduced by such capital gains.

8. According to section 115JB of the Act, MAT is applicable to a company if the tax payable by a company on its total income, as computed under the normal provision is less than 18% of its book profits. In computing book profits for MAT purposes, certain positive and negative adjustments must be made to the net profits of the Company. As per section 115 JAA (1A) of the Act, a company is eligible to claim credit for any taxes paid under section 115 JB of the Act against tax liabilities computed under the normal provisions incurred in subsequent years.



MAT credit eligible for carry forward to subsequent years is the difference between MAT paid and the tax computed as per normal provisions of the Act for a financial year. Such MAT credit is allowed to be carried forward for set off up to 10 years succeeding the year in which the MAT credit becomes available.

9. Education Cess of 2% and Secondary and higher education cess of 1% on Income tax payable including surcharge. The rate of tax would therefore increase accordingly.
10. As per section 74 of the Act, Short term capital loss suffered during the year is allowed to be set-off against short term as well as long term capital gain 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 only. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long term capital gains only.

B (i). Special tax benefits available to the shareholders of the Company under the Income Tax Act, 1961

There are no special tax benefits available to the shareholders of the Company. Tax benefits mentioned below in B (ii) are general tax benefits available to all the shareholders subject to fulfillment of specified conditions.

B (ii). Benefits available to the shareholders of the Company under the Income Tax Act, 1961:

Benefits to Resident Shareholders

1. Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received from a domestic company is exempt from income tax.

However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchases within a period of three months prior to the record date and sold/ transferred within three months after such date, will be ignored to the extent dividend income on such shares is claimed as tax exempt.

2. As per the provisions of section 10 (38) of the Act any long term capital gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax, will be exempt from tax.

Provided that the income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB from the assessment year 2007-08.

As per the provisions of section 2(29A) and section 2(42A), shares would be considered as long term if they are held for more than 12 months.

3. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains, if any, will be treated as long-term capital gains and the gains will be calculated by deducting from the gross consideration, the indexed cost of acquisition and indexed cost of improvement. The indexed cost of acquisition / improvement adjusts the cost of acquisition / improvement by the cost of inflation index, as prescribed from time to time.
4. Under section 112 of the Act, and other relevant provisions of the Act, long term capital gains (in case not covered Section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax shall however, not exceed 10% (plus applicable surcharge) without indexation.

As per section 112(2) of the Act, where the gross total income includes long term capital gains referred to above, the deduction under Chapter VI-A shall be allowed from the gross total income as reduced by



such capital gains.

5. Under section 54EC of the Act, subject to the conditions and to the extent specified therein, long-term capital gains (in case not covered under Section 10(38) of the Act) arising on transfer of the shares of the Company are exempt from tax if the gains are invested within six months from the date of transfer in certain long term specified assets being bonds issued on or after April 1, 2007 by and redeemable after three years by:
 - a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. If the long-term specified asset is transferred or converted into money (otherwise than by transfer which includes taking loan/advance on the security of long term specified assets) at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred or converted into money.

However, the maximum amount of investment in the long-term specified asset, which is considered as eligible for claiming exemption by an assessee during any Fiscal does not exceed fifty Lacs rupees.

6. Under section 54F of the Act, long term capital gains (in case not covered 10(38) of the Act) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) are exempt from capital gains tax if the net consideration is utilize, within a period of one year before, or within two years after the date of transfer , in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:
 - i. if the individual or Hindu Undivided Family-
 - i. Owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
 - ii. Purchases another residential house within a period of one year after the date of transfer of the shares; or
 - iii. Constructs another residential house other than the new house within a period of three years after the date of transfer of the shares; and
 - ii. The income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property"

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the residential house bears to the net consideration shall be exempt.

If the 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, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

7. As per the provisions of section 111A of the Act, the short term capital gains arising from the transfer of equity shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after 1st Day of October, 2004 and such transaction is chargeable to securities transaction tax will be chargeable to tax @ 15% (plus surcharge).

Where the gross total income includes short term capital gains referred to above, the deduction under Chapter VI-A shall be allowed from the gross total income as reduced by such capital gains.



8. Education Cess of 2% and Secondary and higher education cess of 1% on Income tax payable including surcharge. The rate of tax would therefore increase accordingly.
9. As per section 74 of the Act, short term capital loss suffered during the year is allowed to be set-off against short term as well as long term capital gain 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 only. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long term capital gains only.

B (ii). Special tax benefits available to the shareholders of the Company under the Income Tax Act, 1961

There are no individual specific special tax benefits available to the share holders of the Company. Tax benefits mentioned above in B(i) are available to all the individuals subject to fulfillment of specified conditions.

C. Benefits to Non-resident Indians / Non residents shareholders (Other than FIIs)

1. Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received from a domestic company is exempt from income tax.

However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchases within a period of three months prior to the record date and sold/ transferred within three months after such date, will be ignored to the extent dividend income on such shares is claimed as tax exempt.

2. As per the provisions of section 10 (38) of the Act that the long term capital gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax, will be exempt from tax.

Provided that the income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB from the assessment year 2007-08.

As per the provisions of section 2(29A) and section 2(42A), shares would be considered as long term if they are held for more than 12 months.

3. Under the first proviso to section 48 of the Act, in case of a non-resident, in computing the capital gains arising from transfer of shares of the Indian Company acquired in convertible foreign exchange, cost indexation will not be available. The capital gains/loss in such a case will be computed by converting the cost of acquisition, consideration for transfer and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency.
4. Under Section 54EC of the Act, subject to the conditions and to the extent specified therein, long-term capital gains (in case not covered under section 10(38) of the Act) arising on transfer of long term capital asset are exempt from tax if the gains are invested within six months from the date of transfer in certain long term specified assets being bonds issued on or after April 1, 2007 by and redeemable after three years by:
 - a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.



If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. If the long-term specified asset is transferred or converted into money (otherwise than by transfer which includes taking loan/advance on the security of long term specified assets) at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the specified asset is transferred or converted into money.

However, the maximum amount of investment in the long-term specified asset, which is considered as eligible for claiming exemption by an assessee during any Fiscal does not exceed fifty Lacs rupees.

25. Under section 54F of the Act, long term capital gains (in case not covered Section 10(38) of the Act) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) are exempt from capital gains tax if the net consideration is utilized, within a period of one year before, or within two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:

- i. If the individual or Hindu Undivided Family-
 - i. owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
 - ii. Purchases another residential house within a period of one year after the date of transfer of the shares; or
 - iii. Constructs another residential house within a period of three years after the date of transfer of the shares; and
- ii. the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

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

5. As per the provisions of section 111A of the Act, the short term capital gains arising from the transfer of equity shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after 1st day of October, 2004 and chargeable to Securities Transaction Tax will be chargeable to tax @ 15% (plus surcharge).

Where the gross total income includes short term capital gains referred to above, the deduction under Chapter VI-A and shall be allowed from the gross total income as reduced by such capital gains.

6. Under section 112 of the Act, and other relevant provisions of the Act, long term capital gains.(i.e., if shares are held for a period exceeding 12 months) (In case not covered under section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge). The tax shall however, not exceed 10% (plus applicable surcharge) without indexation.

As per section 112(2) of the Act, where the gross total income includes long term capital gains referred to above, the deduction under Chapter VI-A shall be allowed from the gross total income as reduced by such capital gains.

7. Education Cess of 2% and Secondary and higher education cess of 1% on Income tax payable including surcharge. The rate of tax would therefore increase accordingly.



8. A non-resident Indian (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) has an option to be governed by the provisions of Chapter XIIA of the Act, viz. “Special Provisions Relating to Certain Incomes of Non-Residents” which are as follows:
- a. According to the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of shares in an Indian Company not exempt under section 10 (38), will be subject to tax at the rate of 10 percent (plus applicable education cess and secondary higher education cess) without indexation benefit.
 - b. Under section 115F of the Act, long term capital gains (in case not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange is exempt from Income tax, if the net consideration is reinvested in specified assets within six months from the date of transfer. If only a part of the net consideration is so invested, the exemption shall be proportionately reduced.

If the specified asset is transferred or converted into money within a period of three years from the date of its acquisition, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital gains” of the year in which the specified asset is transferred or converted.
 - c. Under Section 115G of the Act, it shall not be necessary for a Non-resident Indian to furnish his return of income if his income chargeable under the act consists on only investment income or long term capital gains or both arising out of specified assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.
 - d. Under section 115H of the Act, where the 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 the Chapter XIIA shall continue to apply to him in relation to such investment income derived from the specified assets mentioned in sub clauses (ii), (iii), (iv) and (v) of clause (f) of Sec 115C for that year and subsequent assessment years until such assets are converted into money.
 - e. Under section 115I of the Act, a Non-Resident Indian may elect not be governed by the provisions of Chapter XIIA for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein 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.
9. Under section 90(2) of the Act, where the Central Government has entered into an agreement with the Government of any country outside India for granting relief of tax, or as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of the Act shall apply to the extent they are more beneficial to that assessee.

D. Benefits to Foreign Institutional Investors (FIIs)

10. Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received from a domestic company is exempt from income tax.
- However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.
- Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchases within a period of three months prior to the record date and sold/ transferred within three months after such date, will be ignored to the extent dividend income on such shares is claimed as tax exempt.
11. As per the provisions of section 10 (38) of the Act that the long term capital gains arising from the transfer of shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax, will be exempt from tax.



Provided that the income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB from the assessment year 2007-08.

As per the provisions of section 2(29A) and section 2(42A), shares would be considered as long term if they are held for more than 12 months.

12. As per the provisions of Section 115AD of the Income Tax Act, income (other than income by way of dividends referred to in Section 115 O of the IT Act) of FIIs arising from securities (other than the units purchased in foreign currency referred to Section 115AB of the Income Tax Act) would be taxed at concessional rates, as follows:

Nature of Income	Rate of Tax (%)
Income in respect of securities	20
Long Term Capital Gains (other than the one covered u/s 10(38))	10
Short Term Capital Gains (other than short term capital gain referred to in Section 111A, in which case the rate is 15%)	30

The benefits of indexation and foreign currency fluctuation protection as provided under Section 48 of the Income Tax Act are not available.

13. As per the provisions of section 111A of the Act, the short term capital gains arising from the transfer of equity shares, where the transaction of sale of such shares is entered into in a recognized stock exchange in India on or after 1st day of October, 2004 and chargeable to Securities Transaction Tax will be chargeable to tax @ 15% (plus surcharge).

Where the gross total income includes short term capital gains referred to above, the deduction under Chapter VI-A and shall be allowed from the gross total income as reduced by such capital gains.

14. Under Section 54EC of the Act, subject to the conditions and to the extent specified therein, long-term capital gains (in case not covered section 10(38) of the Act) arising on transfer of a long term capital asset are exempt from tax if the gains are invested within six months from the date of transfer in certain long term specified assets being bonds issued on or after April 1, 2007 and redeemable after three years by:
- National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain.

If the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred or converted into money.

However, the investment made on or after the 1st day of April, 2007 in the long-term specified asset by an assessee during any Fiscal does not exceed fifty Lacs rupees.

15. Education Cess of 2% and Secondary and higher education cess of 1% on Income tax payable including surcharge. The rate of tax would therefore increase accordingly.
16. Under section 90(2) of the Act, where the Central Government has entered into an agreement with the Government of any country outside India for granting relief of tax, or as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of this act shall apply to the extent they are more beneficial to that assessee.



E. Benefits to Mutual Funds

17. Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received from a domestic company is exempt from income tax.

However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchases within a period of three months prior to the record date and sold/ transferred within three months after such date, will be ignored to the extent dividend income on such shares is claimed as tax exempt

18. Under section 10(23D) of the Act, any income of:
- i. A Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under;
 - ii. Such other Mutual Fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India and subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf will be exempt from income-tax.

F. Benefits available to Venture Capital Companies / Funds:

19. Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received from a domestic company is exempt from income tax.

However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchases within a period of three months prior to the record date and sold/ transferred within three months after such date, will be ignored to the extent dividend income on such shares is claimed as tax exempt

The taxation of the gains on the sale of shares is same as those applicable to nonresident.

G. Benefits available to the shareholders of the Company under the Wealth Tax Act, 1957:

20. Shares of the company held by the shareholders will not be treated as an asset within the meaning of section 2 (ea) of the Wealth Tax Act, 1957. Hence, shares are not liable to wealth tax.

H. Benefits available to the shareholders of the Company under the Gift Tax Act, 1958:

21. Gift made on or after 1st October, 1998 is not liable for any gift tax, and hence, gift of shares of the Company would not be liable for any gift tax. However, from 01 October 2009 the same will be taxed in the hands of the donee if it fulfills the conditions entailed in Clause (vii) of subsection (2) of section 56 of the Income Tax Act, 1961

Notes:

- 1. The above statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax 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 tax laws.
- 2. 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 list of all potential tax consequences.
- 3. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.



4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
5. In view of the individual nature of tax consequences, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its participation in the scheme.
6. The tax benefits listed above are not exhaustive.



SECTION IV: ABOUT US

INDUSTRY OVERVIEW

The information in this chapter has been extracted from publicly available documents prepared by various sources, the Indo-Italian Chamber of Commerce and Industry, Company Presentation <http://www.indiapackagingshow.com/>, <http://packaging.indiabizclub.com/> etc. This data has not been prepared or independently verified by us or the BRLM or any of their or our respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled “Risk Factors” on page XIII of this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based on such information.

Introduction:

All major industries create wealth but if there is one industry that plays a unique role by way of both creation of wealth through a wide range of manufacturing activities and also by way of preserving the wealth or value created by many, many other industries, it is packaging. Apart from the huge value addition and employment involved in these activities, packaging has served the Indian economy by helping preservation of the quality and lengthening the shelf life of innumerable products - ranging from milk and biscuits, to drugs and medicines, processed and semi-processed foods, fruits and vegetables, edible oils, electronic goods etc., besides domestic appliances and industrial machinery and other hardware needing transportation.

Packaging, as distinct from mere “packing”, plays its most visible and catalytic role in a modern economy with the widespread adoption of branding of products and development of consumer preferences. To the extent that any consumer product is packaged in a manner that meets the criteria of safety, convenience and attractiveness, it gains market share. In the aggregate, packaging as a sectoral activity boosts consumption and economic growth.

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.

Key features of Indian Packaging Industry:

- The market volume of the Indian packaging industry amounts to about ₹ 77,570 crore and has constantly grown by approximately 15 percent year on year.
- The pace of growth will accelerate to between 20-25 percent over the next five years.
- The highest demand for packaging and the associated equipment come from the food processing industry at 50 percent and from the pharmaceutical industry at 25 percent.
- The large growing middle class, liberalization and organized retail sector are the catalysts to growth in packaging. Also food and Pharma packaging are the key driving segments.
- The Indian food market is estimated to total about ₹ 8,82,350 crore according to the ‘India Food Report 2008’ published by Research and Markets.
- Food retail turnover is expected to grow from the current ₹ 3,39,365 crore mark to 7,27,212 crore by 2025.
- The pharmaceutical industry is expected to average an annual growth of 16 percent till 2012.
- There are about 600-700 packaging machinery manufacturers, 95 percent of which are in the small and medium sector located all over India.
- Indian packaging machinery imports are around ₹ 606 crore (20-25 percent) while the Indian packaging machinery exports are rapidly growing.
- Germany and Italy are the largest suppliers of packaging machinery to India but focus is now shifting on Taiwan and China.
- Indian companies are now placing increasing emphasis on attractive and hygienic packaging. This promises enormous potential for the future.



Flexible Packaging

Flexible packaging consists of multi-layer laminated sheets of plastics (PVC, LDPE, HDPE, BOPP, BOPET), paper, cloth, or metal foils that are used separately or in combination for various packaging applications. However, this article discusses flexible packaging as laminates of plastics that have a unique set of properties that ensure toughness, moisture resistance, aroma retention, gloss, grease resistance, heat sealability, printability, low odour and taste. These find use in packaging food, tea, coffee, spices, chewing tobacco, bakery, confectionary, oils, and in certain other non-food applications such as household detergents, health and personal care, soaps, and shampoos.

Causes of Flexible Packaging

- **Protection:** Flexible Packaging gives total consumer protection by keeping the product clean and protecting it from pilferage and adulteration
- **Barrier:** It provides good barrier properties against moisture and gases and protects food from damage and wastage
- **Convenience:** It provides convenience of handling and disposal after use
- **Cost Saving in Material:** Flexible Packaging is light — a one kilogram oil pack weighs less than 10 grams compared to at least a 40 gram HDPE jar or 32-35 gram of PET, thereby giving tremendous saving in raw material cost.
- **Cost Saving in Storage and Transport:** It fits closely to the shape of the contents and saves cost of storage and transport.
- **Savings in Raw Material Consumption:** Tremendous saving in raw material consumption, serving the national cause by extension of usage at least times four times.
- **More Per Pack:** It provides much more product per a given amount of package. Good examples include coffee, nuts and snacks that come in foil brick packs and pouches rather than in cans or jars; juice sold in pouches rather than in rigid containers, and household cleaner refills that come in thin pouches rather than in glass bottles.
- **Smaller Units Possible:** Thus the option to buy only the required quantity at a time.
- **Conservation of Energy:** Considerable conservation of energy for conversion. For a steel coffee can to be efficient as a foil brick pack, the can would have to be recycled at a rate of 85 per cent. However, steel cans are currently being recycled at a rate of about 45 per cent.
- **Important in Lifestyles:** Convenience foods, individually packed small servings, microwaveable meals, “easy opening” packaging, secure packaging for pharmaceuticals and hazardous substances, are all examples of packaging playing a role in assisting and promoting our lifestyles.
- **Builds Brands:** Helps product manufactures enhance brand images, increase sales and realize new market opportunities

Flexible Packaging Demand in India and Worldwide

World demand for converted flexible packaging will grow at more than 4 per cent per year to nearly 14 million metric tons, with a value exceeding US\$ 50 billion. The best gains are expected in the world’s emerging markets, including Eastern Asia, Eastern Europe, Africa, and Middle East. India holds largely untapped markets with a potential of double digit market growth. The flexible packaging industry in India is currently estimated to be US\$ 1 billion and records a high growth rate of approximately 20 per cent.

The expansion of the Indian flex-pack market has accelerated due to:

- A growing middle class of over 300 million.
- The conversion of the more traditional rigid packaging into flexible forms.
- A favourable government tax structure. Excise duty that was once 24% has been reduced to 16%.
- Liberalization of the Indian economy since 1991.
- Globalization and the influx of multinational companies.
- Modern plants and equipment available to the flexible packaging industry.

Considering these factors it is only obvious that flexible packaging has a very bright future in India and is here to stay and grow in a big way.

The Indian packaging industry is a combination of organized large Indian and International companies and the



unorganised small and medium local companies. The organized sector of the industry may be less than 5 per cent of the companies in the overall industry but it nevertheless controls over 70 per cent of the market by volume. The organized sector operates in the laminated product segment such as form-fill-seal pouches, Tetrapacks, and lamitubes.

Converted Flexible Packaging Demand

Item	1990	1995	2000	2005	2010
Converted Flexible Packaging Demand	63	153	295	595	1125
By Material Polyethylene	19	54	100	190	340
Polypropylene	5	20	60	160	360
Other Plastics	19	35	60	105	175
By Market Nonfood	16	39	74	146	270
Paper and Foil	20	44	75	140	250
Food	47	114	221	449	855

There are around 13,000 converters in India — a majority in the small and medium sector located in all parts of the country. It is estimated that there are more than 200 flex-pack (flexible packaging) converters in India – 50 units in the organized sector constituting 40 per cent of the Indian flexible packaging industry and about 150 in the unorganized sector that make up the remaining 60%. Most small operations have processing capacities of less than 250 tons a month and produce overwraps, coextrusion films, and polysacs. At least ten flex-pack converters process more than 4,000 Tons/annum and are on par with leading international operations.

Demand in India

The current demand for flexible packaging in India, stands at about 500,000 tons.

Consumption of Flexible Packaging — India in Comparison to the Rest of the World

According to industry experts, annual flexible packaging consumption per capita in various parts of the world is roughly as follows:

- **N. America** : US\$45
- **Japan** : US\$31
- **W.Europe** : US\$25
- **S.Korea** : US\$15
- **Thailand** : US\$3
- **China** : US\$2
- **India** : US\$1

It is also observed that a mere 20 per cent of the population in India consumes 80 per cent of the packaged production whereas the remaining 80 per cent of the population have an access to only 20 per cent of the packaged production. There exists an exceptional gap in India between the necessary and actual demand for packaging of essential commodities and this is one of the major reasons why the growth of flexible packaging is not an alternative here but is rather an imperative.

Major Segments

The consumer market dominates the global packaging industry and accounts for an estimated 70 per cent of sales, with industrial applications taking the remaining 30 per cent of the share. The food industry is the single largest end-user market, valued at around US\$ 145 billion, followed by the beverage industry at approximately US \$75 billion.

A high degree of potential exists for almost all user segments in India which are expanding appreciably:

- Processed Foods
- Mouth Fresheners (pan masala)
- Beverages



- Confectionary
- Bakery Products
- Spices
- Edible Oils
- Soaps and Detergents
- Drugs and Pharmaceuticals
- Cosmetics and Personal Care
- Chemicals and Fertilizers
- Office Stationary
- Engineering Products
- Tattoos

According to Freedonia, food and agricultural markets dominate the sales of converted flexible packaging in India and will continue to expand on account of several factors — rising consumption of packaged foodstuff; the increasing presence of multinational food and beverage firms in India; the trend towards additional processing of food grains and fresh produce; ongoing efforts to improve sanitation and food safety.

Key markets include rice, other grains, food crops, various processed foods, and chewing tobacco. Personal care products such as cosmetics and toiletries are also important with fast growing Indian markets. Growth is seen in the pharmaceutical sector also due to expanding penetration of a large drug-producing industry.

The Indian processed food industry stands at about US\$ 30 billion and accounts for about 13 per cent of the country's exports and involves 6 per cent of the total industrial investment in the country. Of this packaged food stands close to only about US\$ 0.85 billion. Thus there is a tremendous potential for growth of flexible packaging in the food and processed food sectors.

In 1999-2000, the total production of rice in India was 90 million tons. If even 5 per cent of the rice produced were to be packaged it would alone generate a demand for 75000 tons of flexible packaging material.

The total wheat production in India was 75 million tons. Even if 7 per cent of it were to be packaged it would create a demand for 90000 tons of flexible packaging material. The total sugar produced in India was 24.84 million tons. If 5 per cent of this was to be packaged it would alone generate a demand for 50000 tons of laminates. The total salt produced in India was 5 million tons. Packing 25 per cent of this quantity would generate a demand of 150,000 tons of flexible packaging. This clearly shows the tremendous potential for the growth of flexible packaging in India.

Flexible packaging materials in India

Going by the available data, an estimated 2,50,000 tons of flexible packaging materials for retail sales in the form of laminates and co-extruded films were consumed in India last year to pack a very large spectrum of products covering processed and convenience foods, fruit juice, beverages, dry and malted products, spices, tea, coffee, edible oils, toiletries, cosmetics, motor oils, and other products. Almost all the raw materials required in flexible packaging such as BOPP, PET, PE granules, aluminum foil, adhesives, and printing inks are made in India. These inputs are of international quality and are exported worldwide.

Packaging Equipment Manufactured in India

India makes most of the equipment needed by the converting industry, including rotogravure printing presses, laminators, slitters, and pouching machines. A full range of semi-automatic to fully automated filling, sealing and wrapping machines is manufactured in India. These machines are of high quality and are very competitive in price and are exported in a big way to developed countries as well. There are some 600 to 700 packaging machine manufacturers, 95% of which are in small and medium sector and located all over the country.

The Indian market for food packaging equipment amounts to about US\$ 80 million. Currently, a mere 2 per cent of India's food production is being processed, and there are plans in place to increase the food processing level to 10 per cent over a period of ten years thereby increasing the demand for packaging equipment manifold. Another sector with a large demand for packaging machinery is the Indian cosmetic packaging segment that is expected to grow at a rate of over 20 per cent in the next few years.



The flexible packaging industry has a very crucial role to play in the lives of the ordinary people of India and thus has a great future here. Every broad industry or agricultural sector that consumes flexible packaging has its own unique and dynamic set of requirements. The huge possibilities latent in each of these sectors have to be defined and cultivated. India is indeed a dynamic, developing and demanding market and most of its potential has not yet been identified, leave apart conquered or covered. As new aspects of this market and its consumers' behaviors are defined and chalked out everyday, the need for new solutions unique to the Indian market emerges.

http://packaging.indiabizclub.com/info/packaging_industry_in_india

Factors Affecting Growth of Packaging Industry in India

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.

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.

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.

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.

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.

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.

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.

**BUSINESS OVERVIEW**

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in the section titled “Risk Factors” on page XIII of this Draft Red Herring Prospectus. In this chapter, unless the context requires otherwise, any reference to the terms “We”, “Us” and “Our” refers to Plastene India Limited. 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 this Draft Red Herring Prospectus.

Overview:

We are the flagship company of the Champalal Group of Gandhidham. We made our beginning in the year 1998 wherein we imported plastic scrap and started reprocessing it to manufacture agglomerates which in turn were sold to various plastic manufacturers to manufacture pipes, tarpaulin, granules etc. However, we discontinued this business in the year 2007.

We currently manufacture Jumbo bags, also known as FIBC (Flexible Intermediate Bulk Containers), woven sacks, (comprising of laminated woven sacks and BoPP laminated woven sacks), flexible packaging (comprising of printed laminates, preformed pouches, surface printed 3 layer films and liners), woven fabric, tarpaulins and other products mostly used in self consumption which comprises of UV masterbatch, Antifab masterbatch, multifilament yarn and webbings. We also sell granules, our main raw material which is imported from countries like Saudi Arabia, Thailand, UAE etc.

Currently, we have two manufacturing units, both of which are situated in Gujarat, in the Nani Chirai Village of the Kutch district and in Rajpur Village of Mehsana district. Both our manufacturing units are equipped with requisite technologies to manufacture products as per customers' requirement.

In April, 2005, we started manufacturing woven sacks and woven fabric at Nani Chirai for servicing domestic salt units, cement and fertilizer industry in Gujarat and gradually expanded our product portfolio and started manufacturing Jumbo bags, tarpaulin, laminates, multifilament yarns, masterbatches, fillers and flexible packaging for food grains, pharmaceuticals, chemical, fertilizers, cement etc.

Our unit at Rajpur village commenced operations in November 2007. In this unit we primarily manufacture Jumbo bags and woven bags.

The table below sets out various products manufactured at our units and the consolidated revenue generated, net of duties and taxes:

Sr. No.	Product	(In ₹Lacs)		
		Fiscal 2010	Fiscal 2009	Fiscal 2008
1	Jumbo bags	8032.17	7297.08	4521.92
2	Woven sacks, woven fabrics and Tarpaulin	11734.75	8698.76	9202.70
3	Multi layer Films and bags	4133.56	2684.60	985.00
4	Fillers, masterbatches, webbings , multi filament yarn	961.82	336.05	202.11
5	Trading of granules	5897.54	247.18	10.70
	Total	30,759.84	19,263.67	14,922.43

We believe, we are one of the leading manufacturers of woven bags when compared with packaging companies which are currently listed on the Stock Exchanges. Lower manufacturing costs as compared to countries like China and Turkey and the proximity of our units to the Kandla port and the Mundra port have helped us in maintaining our strong market position.

In Fiscal 2009, we started manufacturing master batches, multifilament yarn and fillers as part of our backward integration strategy. Further, to achieve economies of scale, we expanded our manufacturing capacity from 28,000 MTPA in Fiscal 2008 to 55,000 MTPA in Fiscal 2009. Further, we are in the process of enhancing our manufacturing capacity from 55,000 MTPA to 69,000 MTPA to capitalize upon our experience in the packaging industry and to serve the growing demands of Jumbo bags, woven sacks and flexible packaging.



The packaging products manufactured by our Company are used in different industrial segments such as food grains, pharmaceuticals, edible oil, cement, fertilizers, chemicals, salt, sugar etc.

All our products are customized and manufactured as per customer requirements. We have manufacturing facilities to produce woven sacks from 50 GSM to 120 GSM and Jumbo bags with the help of 90 to 250 GSM fabrics. We have the facilities to manufacture one loop, two loops, and four loops as well as cross corner Jumbo bags. We can manufacture these products in any color and specifications based on customer requirements.

For flexible packaging, we can manufacture printed films with surface printing as well as reverse printing, between 20 micron to 150 microns and laminates in two, three and four layer structure. We also manufacture three side seal pouches and zipper pouches as per customers' requirement.

Our machines are capable of manufacturing multiple products. During monsoons when the demand for woven sacks used in cement industry is reduced we use our capacities for manufacturing additional tarpaulin.

We have been awarded ISO 9001:2008 certification for quality management systems for manufacture and supply of Jumbo bags, woven sacks, flexible packaging products, woven fabric and tarpaulin. Our Company has installed various testing equipments by virtue of which it will develop new packaging solutions at cheaper cost without affecting quality of the products. We regularly conduct batch wise tests on all our products for examining their strength, quality aspects etc. We regularly do tensile strength test and drop test with the help of tensile testing machines and other machines before the batch is approved for sale.

As on October 31, 2010 our Company had 1135 permanent employees and 194 employees on contract at various locations.

Further, our new venture of block bottom valve bags which did not have any capacity till date is expected to have 5,000 MTPA by Fiscal 2012. This manufacturing facility will be set up at our existing Nani Chirai village of Kutch district. Block bottom valve bags is a new packaging product used in cement / food grain / cereals etc packing which enhances the brand value of the company. We have already received an expression of interest from Shree Cements for 60 million pieces of block bottom valve bags to be supplied in one year.

Client Concentration

Our customers include some of India's leading players and are spread across various industry segments. Following table provides a break-up of our client concentration:

(₹ in Lacs except %)

Particulars	Fiscal 2010		Fiscal 2009		Fiscal 2008	
Top client contribution to revenues	1,870.21	5.53%	1,904.45	8.93 %	3,089.93	17.66 %
Top 5 client's contribution to revenues	6,960.03	20.58%	6,995.07	32.80 %	8,253.22	47.17 %
Top 10 client's contribution to revenues	11,762.38	34.78%	10,445.68	48.98 %	10,909.22	62.35 %
Total Revenue	33,819.39		21,326.42		17,496.75	

As can be seen from the table above contribution of top customer, top 5 customers and top ten customers have been reducing year on year from Fiscal 2008 to Fiscal 2010 indicating the diverse customer base we have with every passing year.

The table below provides a break-up of our total consolidated domestic and export sales:

Sales	Period ended June 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Domestic	9,340.41	19,037.98	12,675.82	12,487.95	10,513.21
Export ¹	2,769.20	14,781.42	8,650.60	5,008.81	3,841.76
Total	12,109.61	33,819.39	21,326.42	17,496.75	14,354.97

¹Export sales include direct sales made overseas and sales made via special economic zones.

Our operational income and Profit after Tax (PAT) as per the restated consolidated Financial Statements for the Fiscal 2010 is ₹ 338,19.40 Lacs and ₹ 13,54.14 Lacs respectively.



COMPETITIVE STRENGTH OF OUR COMPANY

We believe that our principal strengths are:

▪ *Location Advantage*

Our manufacturing units in Nani Chirai, in the Kutch district of Gujarat are in close proximity to the Kandla and Mundra ports being approximately 40 Kms and 100 Kms respectively from these ports. This provides us with efficient logistics thereby reducing our transportation and raw material cost as compared to our competitors.

The Indian salt industry is located in the Kutch region which is one of our potential target customer bases. We believe that we are the only integrated player in Kutch district who can cater to the local demand of packaging products.

▪ *Expanded Product portfolio – One stop shop for packaging solutions to our customers*

Our product portfolio comprises of Jumbo bags, woven sacks, woven fabric, flexible packaging, tarpaulin, masterbatches, fillers, webbings and multi filament yarns. We can cater to a variety of packaging solution requirements of customers across various industry segments and can manufacture packaging products for products ranging from 5 gram to 3,000 Kgs. Our broad range of products allows our customers to source most of their product requirement from us.

Our versatile equipment capability is one of our principal competitive strengths. In monsoon, when the demand for cement depletes we use our equipments to manufacture tarpaulin which not only reduces our dependence on particular types of products, but also provides manufacturing benefits during the lean season.

▪ *Diversified customer base*

We focus on maintaining and establishing long-term relationships with our customers. Our customers include some of India's leading players in cement, fertilizers, salt, edible oil, food grains, sugar, rice industry to name a few. We believe that we have an ability to address the varied and expanding requirements of our customers. Our diversified customer base has helped us in introducing new products thereby expanding our product portfolio and consequently helping us in expanding into new markets such as Europe, U.S., U.K., Canada etc.

▪ *Distributorship from IOCL for supply of PP / HDPE / LLDPE granules*

We are distributors for Indian Oil Corporation Limited ("IOCL") in Kutch and Saurashtra region of Gujarat for supply of PP / HDPE / LLDPE granules. We are entitled to ₹0.35 per kg commission on sale of these IOCL products made by us and also on self consumption which reduces our raw material cost by approximately 0.50%.

▪ *Integrated plastic packaging manufacturer*

We are one amongst the few players in the plastic packaging industry to have backward integration facilities. We manufacture UV masterbatch, Antifab masterbatch, multi filament yarn and webbings which are used in the manufacturing of our final products.

▪ *Fiscal Incentives*

For both our units and subsidiaries units, Technology Upgradation Finance Scheme ("TUFS") benefits are available to us from the Ministry of Textiles. Accordingly, we are entitled for concessional rate of interest and are reimbursed 5% of the interest rate that we are charged on finance of new machinery. This has helped us in lowering our overall cost of funds and has increased our competitiveness.

Further, our wholly owned subsidiary, Oswal Extrusion Limited being set up in the Kandla Special Economic Zone (KASEZ) enjoys the benefit of single window clearance for import and export. Accordingly, our Subsidiary receives various government department clearances such as clearances from



the ministry of Finance and ministry of Commerce and Industry from a single office situated within the KASEZ. This improves efficiency by saving the time that it takes in taking the goods to the custom clearance.

Being set up in a special economic zone it also enjoyed benefits of 100% income tax exemption for the first five years starting from 2005-06 and 50% thereafter for next 5 years, stamp duty exemption, Service tax exemption, VAT/ CST exemption, excise/custom Duty exemptions.

Further, the Santej unit of Oswal Extrusion Limited which was set up in Jan 2010 is 100% EOU and is eligible for 100% income tax exemption, VAT/ CST refund, excise / custom Duty exemptions, electricity duty exemption upto March 31, 2011.

▪ ***Modern technology***

Our manufacturing facilities are equipped with modern machineries and technologies imported from Austria, Switzerland, U.S., etc. These equipments help us in reducing material gauze variations in the products and obtaining better quality finished products. Our roto gravure printing machine is supplied by a well known international supplier which has enabled us to fetch orders from our customers. We also have automatic cutting and sewing machine specifically imported from Botheven, Taiwan which enables us to reduce the manpower requirement for manufacturing of Woven Sacks. We also have latest twin screw extruder technology which helps us in formulating better quality master batches.

▪ ***Strong management team and motivated and efficient work force***

We believe that our qualified and experienced management has substantially contributed to the growth of our business operations. Our Promoter Directors have more than a decade of experience in packaging industry. Emphasis on systems and individuals has enabled us to build up capabilities to operate at different locations. Empowerment of management by delegation of authority has been our strength in meeting management expectations and has helped our Company in building a large team of qualified and experienced professionals. We believe that the experience of our senior management team has translated into improved product quality, increased profitability and improved margins which give us competitive edge.

▪ ***Quality Assurance***

Each of our Company's products passes through stringent quality checks. The quality assurance measures taken by our Company include thorough checking of all raw materials, other inputs and finished goods to ensure quality, statistical methods to identify and analyze areas of improvement, experienced manpower for quality assurance activities, creation of data base for future reference and analysis etc. Each of the divisions is well equipped with modern quality checking and testing equipment in place for quality assurance and functions on our philosophy of providing quality products to customer.

▪ ***Research and Development capability***

As part of our ongoing quality assurance activities, we have established standard specifications for our raw materials and finished products and continually look at ways to develop anti-tampering packages for our products. We have installed Test-rig and UV testing machine imported from U.S.A. in order to get the best combination of material which are cost effective. We have dedicated team that is focused on new products development. Our research and development activities include new product development to meet and exceed ever-changing client expectations and to achieve larger market share. Consumer preferences are incorporated into our products by our quality function deployment process.

We believe that our manufacturing units have adequate facilities and personnel to ensure compliance with the quality specifications and process parameters we have established. We provide the requisite training periodically to our quality and process control personnel. In addition, we periodically undertake a comprehensive review of various regulatory issues concerning our industry.



OUR BUSINESS STRATEGY

Our strategy is to build upon our competitive strengths and business opportunities to become one of the leading packaging companies in the world. Our objective is to improve and consolidate our position in the manufacturing and marketing of packaging related products. We intend to achieve this by implementing the following strategies:

- ***Enhance profitability by supplying products to the end customers***

Presently, our export sales comprises of sale of finished products to traders in various countries. We intend to set up our representative offices/ warehouses in two overseas locations in next two years. These representative offices/ warehouses will supply the products directly to the end users thereby helping our customers to implement Just-In-Time (JIT) concept. We believe that it will enhance our customer base in overseas market and will result into higher volume of business and profitability.

- ***To reap the benefit by enhancing manufacturing capacities***

We are focused on establishing and increasing our manufacturing facilities as this will allow us to exercise control over manufacturing costs and the quality of the finished products. We believe that an increase in manufacturing capacity will help us reap the benefits of economies of scale, and this would eventually lead to an improvement in the price competitiveness of our products.

- ***Cost effectiveness***

Apart from expanding business and revenues we have to concentrate on reducing the costs in order to remain competitive in the industry. Measuring and evaluating costs at each cost centre and bench marking the same to industry / scientific standards is our core strategy to control direct costs and overheads. Our focus has been to reduce the operational costs to gain competitive edge. We are, to some extent successful in our efforts and hope to continue more vigorously to bench mark ourselves with the best in the industry.

- ***Maintain our focus to strengthen customer relationship***

We expect to maintain our focus on customer relationships. We believe that there are significant business opportunities from existing as well as potential customers as we diversify our product portfolio and build upon the existing relationships. We believe that this strategy would increase our customer specific knowledge enabling us to provide packaging solution as per their requirement and develop closer relationships with these customers.

- ***Enhance product quality***

A good quality product is the foundation for a good brand. As mentioned above, we have the ISO 9000:2008 certification. Products manufactured by our Company meet the quality standards of BIS. We believe that consistency of quality products can only be achieved by process orientation. This process orientation assists us in increasing our efficiency and maintaining the quality of the products. We continue to use modern technology and equipments to track the quality of input as well as output. Our focus on quality will help us in retaining our customers and adding new ones.

- ***Continue to invest in infrastructure***

We believe that we have grown based on our own infrastructure, which ensured quality and timely delivery. We will continue to invest in infrastructure, including human resources, to meet our growing needs. We also plan to further strengthen our IT support by developing and installing software which will give direct access to our customers to monitor the status of their orders and other necessary information. We intend to develop new in-house software which will help us to reduce our manpower cost and will generate various MIS reports.

- ***Strengthening our brand***

We intend to invest in developing and enhancing recognition of our brand “Plastene”, through brand building efforts, communication and promotional initiatives such as advertisements in print media,



hoardings, electronic media, organizing events, participation in industry events, public relations and investor relations efforts. This will help us to maintain and improve our global and local reach. We believe that our branding exercise will enhance the recall value and trust in the minds of our customers and will help in increasing demand for our products.

▪ **Introduction of new products by moving up value chain**

Our Company intends to introduce new products like container liners, conductive bags, block bottom valve bags and food grade Jumbo bags etc. Introduction of new products will help us to enhance the value chain.

▪ **Continue to train employees and seek entrepreneurship from employees**

We believe a key to our success will be our ability to maintain and grow a pool of strong and experienced professionals. We have been successful in building a team of talented professionals and intend to continue placing special emphasis on managing attrition and attracting and retaining our employees. We intend to continue to encourage our employees to be enterprising and expect them to 'learn on the job' and contribute constructively to our business, either through ideas, personal networks or effective knowledge management. We also intend to continuously re-engineer our management and organizational structure to allow us to respond effectively to the changes faced in the business environment and enhance our overall profitability.

Our Products

Our Company is in the business of packaging products made from plastics. Most of our Company's existing products are industrial in nature. The main products are as follows:

1. Jumbo bags also called as Flexible Intermediates Bulk Container (FIBC)
2. Woven sacks, laminated woven sacks, BoPP laminated woven sacks
3. Flexible packaging products comprising of printed laminates, preformed pouches and surface printed 3 layer films
4. Woven fabric
5. Tarpaulin and other products mostly used for self consumption like masterbatch compound, fillers, webbings and multifilament yarn.

			
Four Loop Jumbo bag	PP/ HDPE Woven Sacks	Flexible Packaging	Tarpaulin
			
Flexible Packaging	Multi and Monolayer films	Filler / Master batch	Multifilament yarn



Our Manufacturing Process

1. Jumbo bags

The process of manufacturing Jumbo bags can be divided into following parts: -

Tape making: It can be further divided into following different operations :-

- a.) Extrusion of granules into film
- b.) Slitting of film into thin strips
- c.) Stretching of tapes of pre-determined width.
- d.) Tape winding on bobbins.

The Polymer (PP) is melted into extruder band where it is compacted and plasticized. The resultant melt is then forced under pressure through a T-die to give a product of constant cross- section in the form of film. This is then immediately cooled by means of water quenching tank.

After cooling the film is flattered by rollers and taken off. The thickness of the film is determined by adjusting the speed of rollers. The flattered film is fed through spreading rollers to cutting device where thin strips of predetermined width are cut. This is called as tapes. These tapes are fed into the hot air oven which is maintained at temperature between 115 to 180 degrees centigrade. This operation stabilizes the tapes and also generates a certain inner stress of the molecules.

After the tapes have passed through the oven, the tapes are stretched between two sets of goddet rollers. This stretching process causes the molecules to align themselves in the general direction of stretch, which gives the tape a high tensile strength. Normally stretching ratio is in the range of 6:1 or 7:1 for weaving tapes.

These tapes are then winded on the high speed winders which are running at 300 to 500 meters/min. on an aluminum or MS pipes. This is known as bobbins. The bobbins are limited upto 1.5 kg only so that it can easily be handled in the further process of making fabrics on the circular looms.

Circular weaving

In this operation the tapes are woven into tubular cloth. The circular weaving incorporates weaving of tubular cloth with six shuttles or eight shuttles running at a time. Woven cloth is simultaneously winded on cylindrical power driven roller. Each wrap is having controlled tension through balances and has electromagnetic stop motion device for any breakage.

Lamination

In this process the fabric is coated with a layer of LDPE/PP to laminate the fabric. The polymer is melted in the extruder and with the help of T die it is poured on the moving fabric which had been produced in circular weaving operation. The thickness of the lamination can be controlled with the help of line speed of the fabric and output of the laminating material.

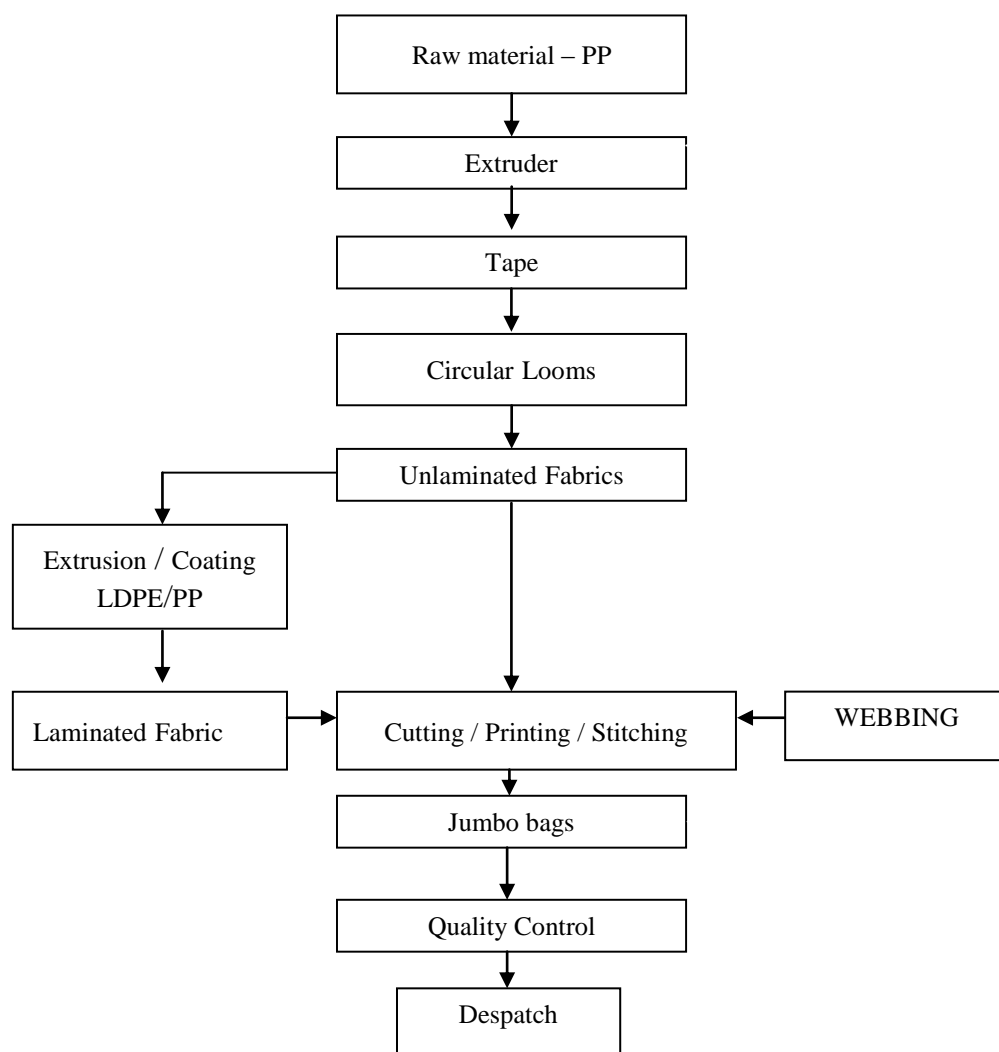
Conversion

It includes cutting, stitching and printing. The fabric is cut with the specific length depending on the specification of the Jumbo bag which are provided by the customers. Further the cut pieces are printed on a Flexo Printing machine as per customer's requirement. This printed cut pieces are stitched with the help of different kind of stitching machines as per the requirement of the customers.

During the process of stitching lifting loops are also added to provide the required strength to the Jumbo bags. Each bag is tested by the quality control department before it is folded and baled in a baling machine.



Process Flow Chart - Jumbo bag



Key advantages of Jumbo bags over the conventional packing system

- Low cost of packing
- Easy filling and discharging
- Savings in loading/unloading time due to ease of handling
- Built in safety factor of at least 5:1 on nominal load
- Transportation of empty Jumbo bags is cheap and space saving
- Can be used for storage in open air
- No requirement of pallets when compared to woven sacks-self supporting
- Good chemical and organic resistance
- Eco friendly, since product is recyclable
- Saving in packing cost based on multi-trip concept
- Require less space for storage
- Less Insurance and Inventory cost

Key application of the products

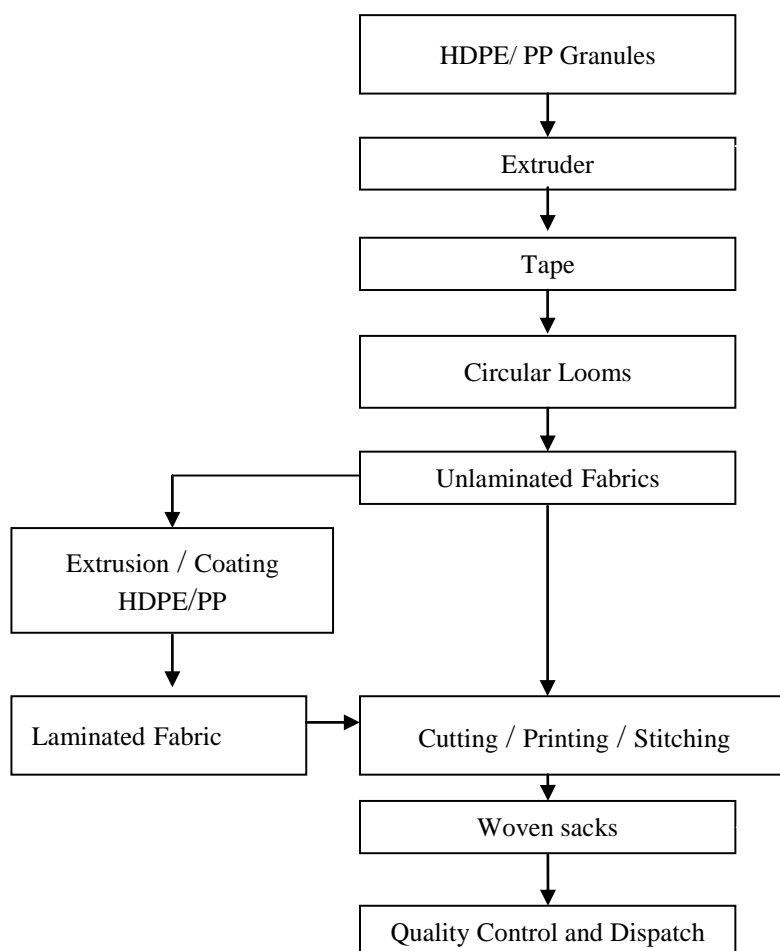
Jumbo bags are used in packing of pharmacy products, food products, agro products, cement, fertilizers, minerals, petrochemicals, pulp/paper, rubber and various other bulk goods.

2. Woven sacks, laminated woven sacks, BoPP laminated woven sacks



The manufacturing process of woven sacks is almost similar to the process of Jumbo bags. In woven sacks manufacturing process, there will be an option to use either HDPE or Poly Propylene as base material depending on the application of the product.

Process Flow Chart



Advantages of woven sacks

- Better resistance to dropping
- Do not impart any odour to the food products packed in bags
- Not attacked by insects
- Strength equivalent to that of jute bags
- Laminated bags protect the goods from the loss of spillage

Key Applications of the product

Woven sacks are used in packaging of products such as cement, fertilizers, food grains etc.

3. Flexible packaging products like laminates

The manufacturing process of flexible laminates is described below:

Monolayer Blown Film

The plastic pellets are fed from a feed hopper in the channel of a screw in the extruder. The screw rotates in a barrel (which is heated or cooled to adjust or hold a particular melt temperature and serves almost as a pressure vessel to contain the operation.) and the screw while rotating conveys the plastic forward for melting and delivery. Heat is generally applied to the barrel by electrical heaters. Finally the melt passes through an adaptor



and into the die that dictates the shape of the final extrudate. The film is continuously manufactured in form of bubble as per the required size. These film rolls are again winded on winder. These rolls are again transferred for printing.

Multilayer / Three- Layered Blown Film

Three individual extruders are loaded with specific raw material in their respective individual hopper. Extruder comprises of a cylinder like barrel encompassing a screw attached to a gearbox. As the screw rotates, material inside the hopper is pulled and is pushed through the flights of the screw towards the die. All the three extrudates (molten material) converge through the die through individual adapters and form one tubular extrudate. This tube comprises of three different co centric tubes heat welded to one another. This tube is blown by air to give required width of the film. The bubble is pulled up by the haul-off system and then pulled by the winder to wind. In the process it is treated and trimmed to get desired results.

Gravure Printing

Gravure printing process is used for multi-colored, high quality jobs at high press speeds. Gravure printing is a direct printing process that uses a type of image carrier called intaglio. Intaglio means the printing plate, in cylinder form, is recessed and consists of cell wells that are etched or engraved to differing depths and/or sizes. These cylinders are usually made of steel and plated with copper and a light-sensitive coating.

The ink is applied directly to the cylinder and from the cylinder it is transferred to the substrate. Gravure presses have the cylinders rotate in an ink bath where each cell of the design is flooded with ink. A system called a "doctor blade" is angled against the cylinder to wipe away the excess ink, leaving ink only in the cell wells.

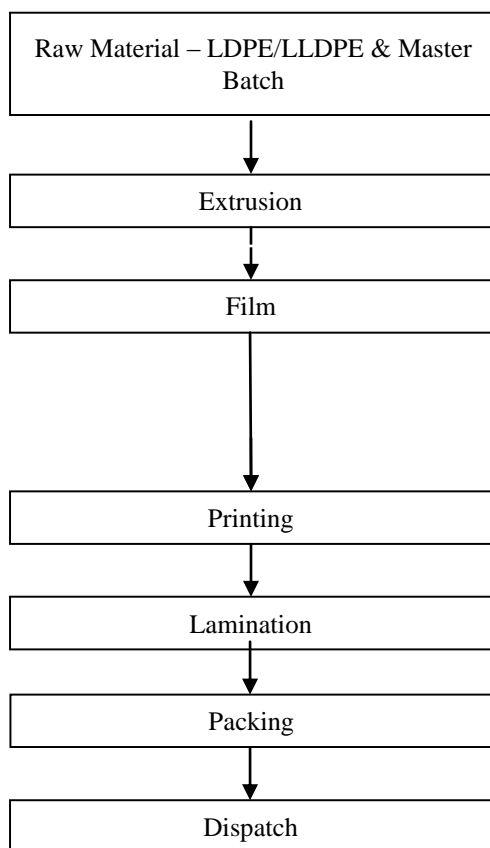
Rotogravure presses use the gravure process to print continuously on long rolls rather than sheets of paper. Unlike lithography and flexography, gravure printing does not break solid, colored areas into minute dots (half tones) to print the areas, which makes it ideal for reproducing high-quality continuous tone pictures, especially when using glossy inks.

Lamination

We have installed two distinct machines to laminate two or three different substrates by solvent based adhesive or solvent less adhesives. Solvent less adhesives are odor less and is preferred in food industry, whereas solvent based adhesives are preferred where high bondage between individual substrates are required.

Process principally involves application of adhesive on the first substrate by gravure coating, passage of the substrate through the heated tunnel to dry the adhesive to a desired level, introduction and pinching of the second substrate by secondary unwinder and winding of the laminated structure.

Process Flow Chart



Key advantages of the product

- Unaffected by water & atmospheric moisture
- Light in weight
- Ease of handling
- Resistant to chemicals, fungus growth etc.
- High strength to weight ratio
- Can be used to pack oil, ghee, milk, other food products etc.

Key application of the products

Retail packaging, Consumer packaging, Pharma products packaging etc.

4. Woven fabric

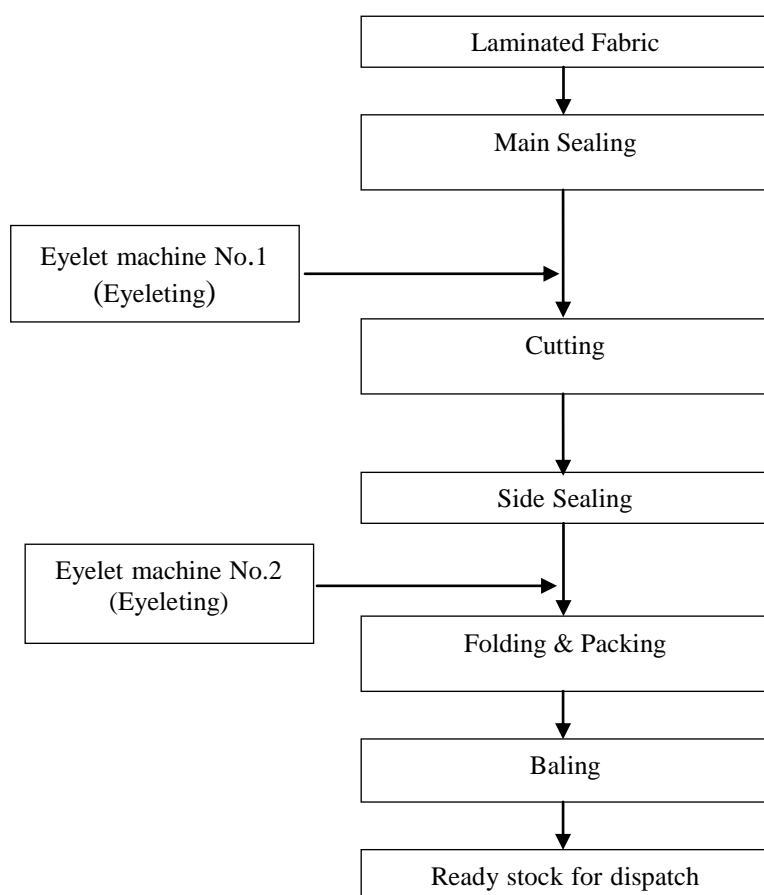
Woven fabric is manufactured in the process of manufacturing of Jumbo bags / woven sacks. Instead of the stitching and cutting the fabric to make Jumbo bag / woven sacks, woven fabric is sold to customers.

5. Tarpaulin

The raw material i.e. HDPE laminated fabric is loaded on the stand of sealing machine and then it is cut on the sealing machine by using heat sealing and cutter as per the equipments of the sizes. Thereafter the same is shifted on the Side Sealing Machine for side sealing machine and eyeleting process is being carried out for eyeleting the same at the interval of every three feet by Eyelet Punching Machine. At next stage, the same is folded and inserted in the PE Liner and sealing the same. Then the same is packed in Bale Packing Fabric as per the requirement of the client and then the same is pressed and strapped on Automatic Bale Pressing Machine.



Process Flow Chart



Key advantages of tarpaulin

- Lighter in weight
- Easy handling of the product
- Water proof, does not get wet or soaked like canvas (Which takes a lot of time for drying, once it gets wet)
- Can be manufactured in desired colours

Key application of tarpaulin

- Mainly to protect all kinds of goods from water, natural heat, dust etc.

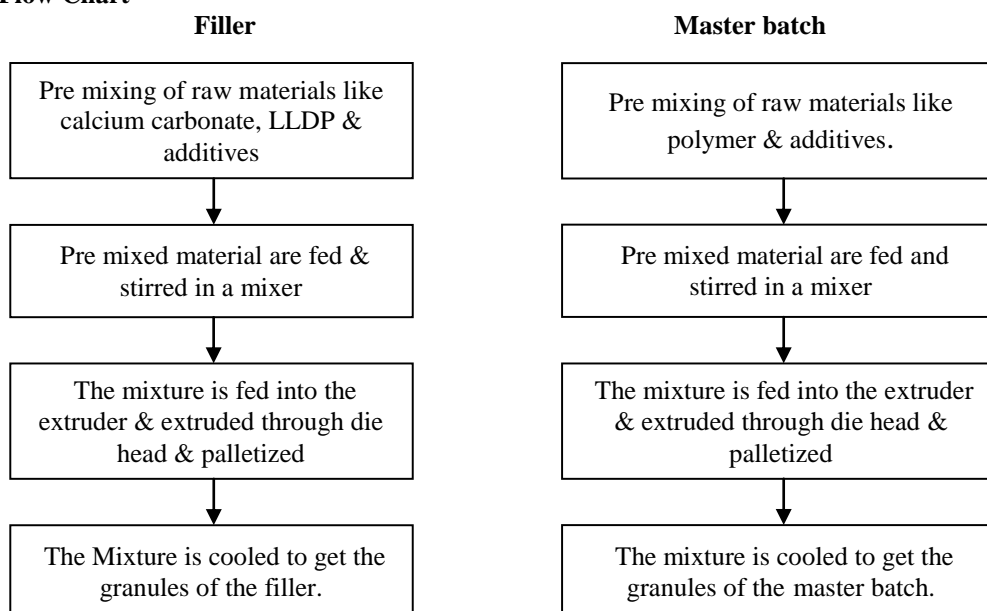
6. Master Batch Compound/ Fillers

For manufacturing of Master Batch, the raw materials like Polymer and additives are premixed. Then the same are fed in a mixer and properly stirred in the mixer. Thereafter, the aforesaid mixed material is fed into the Extruder. In the extruder the said material is extruded through die head and Palletized. Thereafter the said material is cooled to get the granules of the Master Batch.

For manufacturing of Filler, the raw materials like Calcium Carbonate & LLDP and additives are premixed. Then the same are fed in a mixer. Then the same is properly stirred in the mixer. Thereafter, the aforesaid mixed material is fed into the Extruder. In the extruder the said material is extruded through die head and Palletized. Thereafter the said material is cooled to get the granules of the filler.



Process Flow Chart



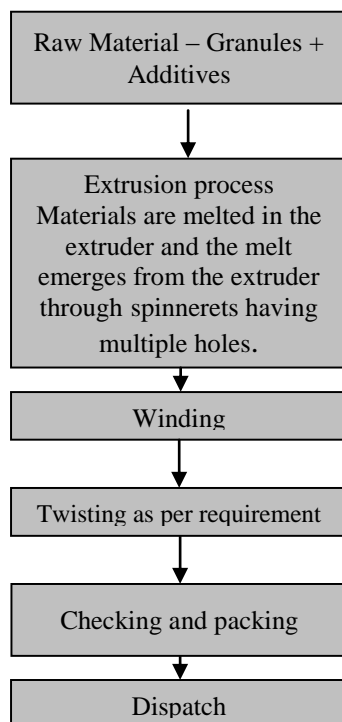
7. Multi filament yarn

We have started manufacturing of these products primarily as a part of backward integration strategy and for our own captive consumption to reduce dependability on other manufacturers as well as it also helps in reducing our cost of production and makes us more competitive. We at present market and sell the additional capacities and production thereby of filler, master batch and multifilament yarn to various companies involved in manufacturing and processing of plastic products.

For manufacturing of Multi Filament yarn, the raw materials used are granules and additives. The raw material is shifted to hopper for pre mixing to extruder. In the extrusion process, materials are melted and the melt emerges from the extruder through spinnerets having multiple holes via melt. Then after, material comes out of holes of the spinneret are air quenched and gets solidified. The individual Filaments sourced from the spinnerets are bunched together to make a single multifilament yarn and wound with the help of winding machine. The finished product will get checked at various stages during the process and ready for shipment. Multifilament yarn is further twisted on twisting machines as per customers' requirement.



Process Flow Chart



The multi filament yarns are mainly used by the plastic industry.

Capacity and Capacity utilization

Following tables depicts the actual capacity utilization of our Company for the past three Fiscals and the projected capacity utilization for next three Fiscals:

(in Metric Tonne)

Year	Fiscal 2008		Fiscal 2009#		Fiscal 2010	
Class of Goods	Installed Capacity	Utilization (%)	Installed Capacity	Utilization (%)	Installed Capacity	Utilization (%)
Jumbo bags	800	61.0	4,000	63.0	4,000	75.0
Woven sacks, woven fabric and tarpaulin	21200	69.0	34,200	41.0	34,200	41.0
Multilayer films and bags	3000	35.0	6,000	48.0	6,000	55.0
Fillers, Masterbatches, webbings, multifilament yarn, etc	3000	65.0	10,800	21.0	10,800	32.0
Total	28,000		55,000		55,000	

Since, our Company has increased its production capacity from 28,000 MTPA to 55,000 MTPA in the month of February, 2009, the capacity utilization is calculated on year end capacity.

(in Metric Tonne)

Year	Fiscal 2011 (E)		Fiscal 2012 (E) ^{\$}		Fiscal 2013 (E)	
Class of Goods	Installed Capacity	Utilization (%)	Installed Capacity	Utilization (%)	Installed Capacity	Utilization (%)
Jumbo bags	5,000	80.0	17,000	47.05	17,000	78.82
Woven sacks, woven fabric and tarpauline	33,200	43.67	29,000	77.79	29,000	80.3
Multilayer films and bags	6,000	80	6,000	91.60	6,000	91.6
Fillers, Masterbatches, webbings	10,800	46.29	12,000	49.90	12,000	83.3
Block bottom valve bags	--	--	5,000	25.00	5,000	88.0
Grand Total	55,000		69,000		69,000	



^{\$} Our Company would expand its capacity from 55,000 MTPA to 69,000 MTPA by the fourth quarter of Fiscal 2012 and the capacity utilization is calculated on year end capacity.

Currently our capacity utilization for Jumbo bags is higher than that for fillers, masterbatches, webbings, multifilament yarn, etc which form part of our raw materials used in manufacturing Jumbo bags/ woven sacks. The capacity utilization of fillers, masterbatches, webbings, multifilament yarn, etc will tend to be lower because of insignificant usage in manufacturing Jumbo bags / woven sacks.

We are setting up a new facility to manufacture block bottom valve bags. This new facility will have an installed capacity of 5000 MTPA by 2012. Block bottom valve bags is a new packaging product used in cement / food grain / cereals etc packing which enhances the brand value of the company. We have already received an expression of interest from Shree Cements for 60 million pieces of block bottom valve bags to be supplied in one year.

Our Manufacturing Facilities:

Sr. No.	Facility	No. of units	Owned Directly or through Subsidiary	Product / Product Group
1.	Kutch	Two	One directly and one through subsidiary	Own unit – Jumbo bags, woven sacks, flexible packaging, woven fabric, tarpaulin, multifilament yarn, masterbatches, fillers and webbings Our Subsidiary – Jumbo bags
2.	Mehsana	Two	One directly and one through subsidiary	Own unit – Jumbo bags and woven sacks Our Subsidiary – Sulzer fabric.

Plant & Machineries

The details of major machineries owned by us as on October 31, 2010 are as follows:

Sr. No	Name of Machinery	No. of Units
Nani Chirai unit		
1	Tape Plants	7
2	Circular Looms	183
3	Automatic Cutting Printing Machine	4
4	Automatic Cutting And Sewing Machine	1
5	Manual Printing Machine	11
6	Lamination Plant	3
7	Stitching Machines	157
8	Belt Cutting Machine	1
9	Needle Looms	14
10	Chilling Plant	5
11	Air Compressor	9
12	Multilayer Plant	3
13	Monolayer Plant	2
14	Automatic Bag On Roll	1
15	Roto Gravure Printing Machine	4
16	Giant Centre Sealing Machine	1
17	Lamination Machine	2
18	Pouch Making Machine	10
19	Multifilament Spinning Plant	1
20	Twisting Machine	7
21	Recycling Machine	3
22	Boiler	1



Sr. No	Name of Machinery	No. of Units
24	Under Water Palletizer	1
25	High Speed Heater/Cooler Mixer	1
26	Pulverizer	1
27	Strand Pelletizer	1
28	Twin Screw Extruder Compounding Line With High Speed Mixer	2
29	Transformer	2
30	Cooling Tower	8
31	VCB -11KVA HT Line	2
32	Bailing Press	6
33	DG Set	1
Laboratory equipments		
1	Tensile Testing Machine	5
2	Weight Scale	3
3	Gauge Meter	5
4	UV Tester	1
5	MFI Tester	1
6	Thermo Hydro Meter	2
7	Dart Impact Tester	1
8	Radiometer	1

Sr. No	Name of Machinery	No. of Units
Rajpur Unit		
1	Tape Plants	3
2	Circular Looms	83
3	Needle Loom	5
4	Manual Printing Machine	3
5	Stitching Machines	118
6	Lamination Plant	1
7	Chilling Power Plant	1
8	Air Compressor	3
10	Twisting Machine	1
11	Transformer	1
12	Cooling Tower	2
13	Water softening plant	1
14	Heat Exchanger	2
15	ACB	3
16	Bailing Press	3
17	DG Set	1
18	Hydraulic Hand Pallet Truck	7
19	Automatic Fabric Cutting M/C	1
20	Automatic Cutting M/C Webbing Marking	1
21	Braiding Machine	2
Laboratory equipment		
1	Tensile Testing Machine	2
2	Load Testing Machine	1
3	Weight Scale	10



Sr. No	Name of Machinery	No. of Units
4	Gauge Meter	3
5	UV Tester	1
6	MFI Tester	1
7	Thermo Hydro Meter	1
8	Dart Impact Tester	1

The details of major machineries owned by our wholly owned subsidiary, Oswal Extrusion Limited as on October 31, 2010 are as follows:

Sr. No	Name of Machinery	No. of Units
KASEZ unit		
1.	Looms	16
2.	Stitching machines	167
3.	Tape Plant	1
4.	Various other machines supporting the production process	40
Santej Unit		
1.	Sulzer Looms	53
2.	Tape Plants	2
3.	Beamer	1
4.	Chilling Plant	1
5.	Reforming machine	1
6.	Various other machines supporting the production process	17

The details of the plant and machinery proposed to be purchased have been mentioned under the section “*Objects of the Issue*” on page 40 of this Draft Red Herring Prospectus.

Infrastructure Facilities

Raw Material

The major raw material used by our Company are Poly Propylene (PP), HDPE, LDPE, LLDPE which are sourced from vendors such as Reliance Industries Limited, Haldia Petrochemical Limited, Saudi Basic Industries Corporation (SABIC) – Saudi Arabia, Gas Authority of India Limited to name a few.

Labour

As of October 31, 2010, our Company has employed permanent workers and workers and supervisors on contractual basis. Our units are located at Nani Chirai, Kutch and Rajpur, Mehsana where required manpower is easily available in nearby places.

Water

Our requirement of water is very less in manufacturing process of packaging products. The existing requirement of water at about 75 KL per day is met from own borewell and from Gujarat Water Supply & Sewerage Board (GWSSB). Post expansion, additional requirement of water is estimated at 100 KL per day, which is proposed to be sourced from Gujarat Water Supply & Sewerage Board.

Electricity

The total requirement of electricity at Nani Chirai is being supplied by Paschim Gujarat Vij Company Limited (earlier known as Gujarat Electricity Board) and at Rajpur, Mehsana by Uttar Gujarat Vij Company Limited. We have a permission to use 3500 KVA per month of power for our Nani Chirai unit and 1000 KVA of power at



Rajpur unit. In addition to the same company has D. G. Set as a standby arrangement to meet the emergency power requirement of up to 875 KVA per month.

Pollution Control

Our manufacturing process namely extrusion, weaving, stitching and printing does not engage any air, water or noise pollution. We do not have any emissions or discharges from the plant / processes which have any adverse impact on environment.

We conduct our business in accordance with the following environmental related matters:

- Compliance with statutory norms and requirements
- environmental management practices
- clean and healthy environment for our staff and workers

Quality Policy & Control Measures

As manufacturer and suppliers of HDPE / PP woven products, we have committed ourselves to meet customers' expectation in products and service quality. In the process, we are committed to comply with the requirement of ISO: 9001: 2008 standards and continual improvement.

Our Quality management systems are accredited with ISO-9001:2008 Certification. We have a quality control laboratory with range of testing facilities. We maintain strict quality control measures for complying with the customer's requirement. We have internalized quality control management systems and quality improvement systems in all our plants.

Our Company has in-house testing facilities to test parameters related to woven sacks manufacturing as per BIS and other standards specified by our customers to ensure quality performance of products being manufactured by our Company. Our Company has well-established quality testing process supported by quality-testing laboratory which has all types of equipments required for checking quality of HDPE/PP woven sacks and bags in line with Indian and International standards.

The equipments used in various quality tests include:

1. Reeling Machine and Weighing Scale
2. Measuring Tape
3. Template and Weighing Machine
4. Tensile Testing Machine
5. UV Testing Machine
6. Test Rig

Some of the major tests conducted by our quality control and assurance division are elaborated hereunder;

- i) **Tape Testing:** Six samples are drawn at random from each tape line and tested for tape denier, tape width, breaking load and elongation at break. This procedure is repeated three times. Results are immediately sent to operating staff. In the rare event of any deviations from set specifications, the operating staff is advised to keep the nonconforming material separately and take the necessary corrective actions. Fresh samples are drawn within 45 minutes to one hour for retesting. The operating staff checks denier at least twice in a shift. The non-conforming material is put to alternative usage only after due clearances from the chief of the manufacturing department.
- ii) **Fabric Testing:** Whenever a loom is loaded, the fabric is checked for correct type of tape, mesh and fabric width. The operating staffs checks, fabric width and other visual parameters from time to time and shift supervisor does it at least twice a shift. The quality control staff does it once in a shift for all the looms. At the time of trolley changeover, a sample is drawn for testing of fabric GSM and tensile strength.
- iii) **Laminated Fabric Testing:** Operating staff is supposed to ensure proper coating quality and thickness. As soon as a laminated roll is made, a sample is sent for testing tensile properties and GSM of the fabric to quality control laboratory. During consumption of such a fabric a sample is drawn after each 1000mtrs/1000 cut pieces and again tested for tensile properties. All non-conforming materials are kept separately with proper identification for suitable disposal.



- iv) **Cutting Test:** Cut pieces are checked for weaving defects, lamination defects (if any), straight cutting, fraying of cut edges, correct cut length, etc. by operating staff as well as quality control staff.
- v) **Stitching and Printing Test:** All machines are checked for number of stitches, correct fold and size of stitched bags. Samples are drawn in each shift from each machine for checking of seam strength. Printing quality is continuously monitored to ensure defect free printing. Printing rejects are kept separately for suitable disposal. Samples from printing rejects are randomly drawn for complete destructive testing of all bag parameters in each shift.
- vi) **Drop Test:** Periodic drop tests, as per relevant standards are carried out using designated materials to ensure superior bag performance.
- vii) **U V Testing:** Whenever specified, samples are tested for UV stability using accelerated weather testing.
- viii) **Finished Goods, Pre Shipment Inspection:** All finished goods are tested as per laid down procedures and standards before being cleared for dispatch by Quality Control. Incoming materials like stitching threads, printing inks, Kraft paper etc. are tested for quality parameters to ensure use of only good quality inputs. The entire system operates in a closed loop, i.e., plan, set, manufacture and test.

Research and Development

We lay emphasis on research and development continuously to optimize performance and bring commercial advantages to our Company thereof. Our team of qualified people innovate design and implement products, ideas and processes.

We believe that the technology platform and ability to evolve new processes and products shall keep us ahead of competition and give opportunity to bring new products to reap the benefit of growing demand and applications of the product. Our cost optimization programme is governed by product re-engineering and development of newer products to offer better performance. We have dedicated team that is focused on new products development

Major Customers

We supply our products domestically and export to more than 30 countries.

Some of our major global customers are Storsack group, Cliffe, Lowe's, Flexcon, etc. Some of our domestic customers are Ultratech Cements Limited, Sanghi Cement Limited, Hipolin, IFFCO (Indian Farmers Fertiliser Cooperative Limited), IOCL (Indian Oil Corporation Limited), Tata Chemicals, Jubilant Organics Limited, GHCL, Shree Cements Limited, Triveni Sugars Limited etc.

Export Obligations

Our Company has purchased machineries under EPCG facility for the Flexible Packaging products. 50% Export Obligation is to be fulfilled in the first 6 years and the balance in the 7th & 8th year. In case if our Company is not able to fulfill the said obligations, we may have to pay the duty plus interest along with penalty.

Our Company's outstanding export obligation as on October 31, 2010 is ₹ 415.75 Lacs which is to be accomplished before the due date of export obligation.

Sr. No.	License No.	License Date	Export Obligation (FOB) (₹ Lacs)	Due date of Obligation	Export Obligation fulfilled (₹ Lacs)	Balance Export Obligation (₹ Lacs)
1	3730000129	November 10, 2009	55.20	November 9, 2017	Nil	55.20
2	3730000130	November 10, 2009	51.13	November 9, 2017	Nil	51.13
3	3730000131	November 10, 2009	39.99	November 9, 2017	Nil	39.99
4	3730000132	November 13, 2009	148.59	November 12, 2017	Nil	148.59
5	3730000133	November 13, 2009	9.91	November 12, 2017	Nil	9.91



Sr. No.	License No.	License Date	Export Obligation (FOB) (₹ Lacs)	Due date of Obligation	Export Obligation fulfilled (₹ Lacs)	Balance Export Obligation (₹ Lacs)
6	3730000134	January 19, 2010	41.42	January 18, 2018	Nil	41.42
7	3730000135	March 11, 2010	14.72	March 10, 2018	Nil	14.72
8	3730000136	March 11, 2010	28.71	March 10, 2018	Nil	28.71
9	3730000137	March 11, 2010	26.08	March 10, 2018	Nil	26.08
		Total	415.75			415.75

Our Marketing Strategy

Our marketing strategy is based on the product type and end user segment. The marketing strategy is a blend of direct marketing and internet. Our Company emphasizes on the personal marketing and technical counseling. We provide multi-product packaging solutions to our customers, which creates value for our product as it allows giving better solutions to the needs of packaging under one roof.

Our Company produces and sells our products to the industries like cement, fertilizer, agro commodities, food products, pharma and chemical. Our marketing department closely tracks the growth and future plans of companies in such industries. Our marketing team then analyses such data at regular interval and accordingly formulates our marketing and business development plan. Our marketing team is in regular contact with the end user industry personnel for their existing and future requirement of packaging.

The marketing department pursues the tenders floated by the fertilizer companies meticulously, so that no tender notification escapes from the attention of the Company. Our Company is emphasizing on exclusive contracts for their packaging requirement with various customers.

We export to various countries like England, France, Netherlands, Germany, Dubai, Turkey etc. With the growing export opportunities, our Company may plan to open overseas branches to cater to the international demand. The products of our Company are marketed in the trade fairs at national as well as international levels. Our Company's core focus is to produce quality products, make timely deliveries and increase production volume to meet the growing need of our customers.

As on October 31, 2010, the total orders in hand for various products of ours in our Company stood at ₹ 5,886.26 Lacs and that in our subsidiary was ₹ 2929.89 Lacs.

We have received Expression of interest from Shree Cements for supply of 60 million pieces of block bottom valve bags, the finished product that we are now venturing into through this Issue.

Our Suppliers

We have developed long term relationships with our suppliers and purchase the required raw material from these suppliers. The major raw materials used by our Company are High Density Polyethylene (HDPE) and Polypropylene (PP) which are sourced indigenously from vendors such as Reliance Industries Limited, Haldia Petrochemical Limited, Indian Oil Corporation Limited, Exxon Mobil, Gail India Limited etc. and imported from Saudi Basic Industries Corporation (SABIC) – Saudi Arabia, Basel Asia Pacific to name a few.

Particulars	(% of Raw Material consumption)		
	Fiscal 2010	Fiscal 2009	Fiscal 2009
Top 1 Supplier	19.06%	26.15%	37.29%
Top 3 Suppliers	45.67%	62.74%	73.77%
Top 5 Suppliers	61.18%	77.92%	78.62%

Collaboration

We have not entered into any technical, marketing or financial collaboration.



Competition

The packaging industry is highly fragmented and unorganized and to a certain extent localized. However, economies of scale accrue to a few players. We face competition from U Flex, Paper Products Limited, Jumbo bag Limited, Jai Corp, Positive Packaging Limited, Veer Plastics, Gujarat Dyes Stuff, Mayur Polymers, Flexituff International, Neo Corp Radha Madhav Corporations, Uma Converter, Kanpur Plastics Limited, KCP Karur Limited, etc. However our Company has some advantage over the competition in terms of product range, marketing and relationships with our clients. To counter further competition, we are proposing expansion of our business activity so as to achieve diverse product portfolio, economies of scale and cost competitiveness.

Exports

In Fiscal 2010 our products were exported to 32 countries. The table below gives a country wise break-up of our export sales:

(₹ in Lacs)				
Sr. No.	Country	2007-08	2008-09	2009-10
1.	United Kingdom	2276.75	3290.75	1941.73
2.	Netherlands	297.92	1709.56	1359.04
3.	France	488.35	893.54	1277.79
4.	Italy	239.90	984.83	621.51
5.	USA	0.00	651.18	614.01
6.	Spain	66.74	0.00	405.12
7.	Portugal	0.00	0.00	387.08
8.	Brazil	0.00	0.00	257.81
9.	Espana	55.19	20.70	206.70
10.	Israel	0.00	28.89	203.46
11.	Ireland	149.10	188.41	144.33
12.	Sweden/ Denmark	84.85	37.70	118.26
13.	UAE	490.08	167.07	116.89
14.	Australia	78.92	84.32	104.44
15.	Argentina	0.00	0.00	101.41
16.	Helsingborg	0.00	0.00	60.56
17.	Canada	0.00	0.12	53.05
18.	South Africa	0.00	16.67	51.69
19.	Slovenia	43.78	50.76	45.91
20.	Uruguay	0.00	44.93	34.50
21.	Germany	149.23	43.55	33.10
22.	Greece	88.63	25.59	31.40
23.	Estonia	0.00	9.36	31.11
24.	Romania	0.00	0.00	29.61
25.	Austria	0.00	0.00	21.86
26.	Switzerland	0.00	0.00	17.05
27.	Birmingham	0.00	0.00	15.15
28.	Denmark	22.09	34.71	0.00
29.	Ukraine	0.00	1.51	0.00
30.	Belgium	5.79	0.00	0.00
31.	China	1.20	0.00	0.00
32.	Mauritius	19.95	0.00	0.00
33.	Philippines	20.95	0.00	0.00



Sr. No.	Country	2007-08	2008-09	2009-10
	Grand Total	4579.41	8284.14	8284.55

Information Technology

We are in the process of developing our own ERP software for our business requirements. We have already developed and implemented material management and sales and distribution module using ASP.NET. Our material management and HR module are already live and others modules like production are under testing. Once this ERP software is implemented, we believe that it would enable us to optimize our resource planning and allocation. This software will give direct access to our customers to monitor the status of their orders and other necessary information. This software will help us to reduce our manpower cost and will generate various MIS reports.

Intellectual Property

We have applied for and obtained from the Trade Marks Registry, Ahmedabad vide certificate number 555942 for trademark registration of our logo under registration number 1344244 on March 14, 2005 under the Trade Marks Act 1999 in class 17.

We have obtained from the Trade Marks Registry, Ahmedabad vide certificate number 684178 for trademark registration of the mark “Plastene” under registration number 1433459 on March 22, 2006 under the Trade Marks Act 1999 in class 22.

For further details, please refer to the section titled “*Licences and Approvals*” beginning on page 203 of this Draft Red Herring Prospectus.

Insurance

Our Company has insurance coverage, which we consider adequate to cover all normal risks associated with the operation of the business. The insurance covers the plant and machinery, building, vehicles, earthquake, fire and special perils.

We generally maintain insurance covering our assets and operations at levels and believe it to be appropriate. We also maintain workmen’s compensation policies for our permanent employees.

Our Company has taken insurance to cover different risks for assets in different locations. The details of our insurance coverage are given below:

Sr. No.	Nature of Policy	Insure with	Description	Policy No.	Expiry date	Sum Assured (₹ in Lacs)
1.	Marine Open Cover	Bajaj Allianz General Insurance Company Limited	Plastic woven bags, FIBC Tarpaulin, Multi Layer & Mono Layer, All Bags (Bhachau to anywhere in World)	OG-11-2219-1006-00000001	June 4, 2011	133.30
2.	Marine Open Policy	IFFCO-TOKIO General Insurance Company Ltd	Machineries & its Parts, coverage from anywhere in India to anywhere in India of purchased machinery.	21584568	October 17, 2011	200
3.	Marine Open Policy	United India Insurance Company Limited	Import of Machineries from anywhere in world to Nanichirai.	060200/21/09/02/00000534	January 21, 2011	200
4.	Marine Cargo Open Policy	United India Insurance Company	PP HDPE HM, LLDPE, PP LAM, LLDPE LAM, LDPE LAM, LLDPE	060200/21/09/02/00000440	December 18, 2010	1,900



Sr. No.	Nature of Policy	Insure with	Description	Policy No.	Expiry date	Sum Assured (₹ in Lacs)
		Limited	FILM, Plastic materials and materials pertaining to insured business (Transport from anywhere in world to Nani Chirai).			
5.	Marine Cargo Open Policy	United India Insurance Company Limited	Finished goods (Woven Sacks, FIBC, Tarpaulin , multilayer& Mono layer Bags) & other items pertaining to the Company's trade (For Goods From Kachchh to anywhere in India)	060200/21/09/02/00000439	December 16, 2010	19,500
6.	Marine Cargo Open Policy	New India Assurance Company Ltd	Finished plastic goods Woven Sack, FIBC, multilayer) & other items from and to anywhere in India	211600/21/10/02/000001350	May 18, 2011	1,800
7.	Marine Cargo Open Policy	TATA AIG General Insurance Co Limited	Upon consignment said to contain Finished Goods(Woven Sacs, FIBC, Tarpaulin, Fabrics-Laminated/Non Laminated, Multilayer & Monolayer Bags,Multifilament yarn and other product items pertaining)	0830006095	September 16, 2011	316.28
8.	Cash in Transit	The New India Assurance Co. Limited	1. Cash in transit 2. Cash in transit at factory in Rajpur.	211600/48/09/07/00002102	February 7, 2011	491
9.	Cash in Transit	The New India Assurance Co. Limited	1. Cash in transit 2. Cash in transit at factory in Nanichirai	211600/48/09/07/00002103	February 7, 2011	538
10.	Standard Fire and Special Perils Policy	The New India Assurance Co. Limited	Furniture, fixtures and fittings from Earthquake (fire and Shock) at our registered office	211600/11/09/11/00003870	March 24, 2011	17.11
11.	Standard Fire and Special Perils Policy	The New India Assurance Co. Limited	Building from Earthquake (fire and Shock) at Situated at Ground Floor at our registered office	211600/11/09/11/00003869	March 24, 2011	100
12.	Standard Fire and Special Perils Policy	The New India Assurance Co. Limited	Building and Plant & Machineries and stocks located at Rajpur unit	211600/11/09/11/00002619	December 9, 2010	2306
13.	Standard Fire and Special Perils Policy	The New India Assurance Co. Limited	Building, furniture, stocks, fixtures and fittings, Plant and Machineries installed at Survey No. 317/1317/2,N.H.BA, Varsanachokdi	211600/11/09/11/00003582	March 3, 2011	15,031



Sr. No.	Nature of Policy	Insure with	Description	Policy No.	Expiry date	Sum Assured (₹ in Lacs)
			Gandhidham & Survey No. 315/1,315/2,316 Nanichirai by endorsement.			
14.	Workmen Compensation Policy	The New India Assurance Co. Limited	Workmen's Compensation for workers at Rajpur Unit	211600/36/09/01/00000958	January 27, 2011	N.A.
15.	Workmen Compensation Policy	The New India Assurance Co. Limited	GP Rastaappati Kavach with extension for Hospitalisation expenses arising out of accident in course of employment for workers at Rajpur Unit.	211600/48/09/60/00002014	January 27, 2011	23.00
16.	Workmen Compensation Policy	The New India Assurance Co. Limited	GP Rastaappati Kavach with extension for Hospitalisation expenses arising out of accident in course of employment for workers of Nani Chirai Unit.	211600/48/09/60/00002154	February 13, 2011	246
17.	Workmen Compensation Policy	The New India Assurance Co. Limited	Workmen's compensation for workers of Nani Chirai unit.	211600/36/09/01/00001022	February 13, 2011	N.A.
18.	Commercial General Liability	National Insurance Company Limited	Commercial General Liability	260400/46/10/8700000034	April 26, 2011	500
19.	Multi Buyer Exposure Policy	Export Credit Guarantee Corporation of India Limited	Commercial and Political Risks on Buyer and LC Opening Bank	0030004454	February 25, 2011	90% of aggregate loss limit extending up to 1200 and other than above addition al limits for our customers, BaoBag and LG Sourcin g Inc.
20.	Contractors Plant and Machinery Insurance	New India Assurance Company Ltd	Voltas Forklift ENG.NO A-15275, k09155288	211600/44/09/07/30000150	January 7, 2011	7.01
21.	Vehicle insurance	Bajaj Allianz General	Tata Indigo car bearing Registration No.	0G-11-2219-1801-00001025	July 3, 2011	3



Sr. No.	Nature of Policy	Insure with	Description	Policy No.	Expiry date	Sum Assured (₹ in Lacs)
		Insurance Company Ltd	GJ12J4133			
22.	Vehicle insurance	Bajaj Allianz General Insurance Company Ltd	Maruti Esteem bearing Registration No. GJ12J3541	OG-11-2219-1801-00000075	April 18, 2011	2.60
23.	Vehicle insurance	New India Assurance Company Ltd	Maruti Suzuki Wagon R bearing Registration No. GJ-12-j-5652	2116003109010 0213381	January 30, 2011	2
24.	Vehicle insurance	Bajaj Allianz General Insurance Company Ltd	Tata Half Deck Load Body	OG-11-2204-1803-00000425	June 20, 2011	3.20
25.	Vehicle insurance	Bajaj Allianz General Insurance Company Ltd	Honda Activa bearing Registration No. GJ1FD4351	OG-11-2219-1802-00000953	June 25, 2011	0.19
26.	Contractors Plant and Machinery Insurance	Bajaj Allianz General Insurance Company Ltd	Diesel Operated- Voltas Fork Lift Truck Model No. DVX 25 FC BC HVT 1925 with Euro Engine, Capacity 2500 kgs@500 MM LC	OG-10-2219-0410-00000007	March 29, 2011	6.24
27.	Vehicle Insurance	New India Assurance Company Ltd	Hero Honda CD 100 bearing Registration No. GJ-12-AN-3006	2116003109010 0213646	January 21, 2011	0.15
28.	Vehicle Insurance	Bajaj Allianz General Insurance Company Ltd	TATA STD bearing Registration No. GJ12T4713	OG-11-2219-1812-00000001	April 14, 2011	7.75
29.	Vehicle Insurance	Bajaj Allianz General Insurance Company Ltd	Chevrolet Optra bearing Registration No. GJ12AE1836	OG-11-2219-1801-00000019	April 1, 2011	4.5
30.	Vehicle Insurance	Bajaj Allianz General Insurance Company Ltd	Mahindra & Mahindra Tourister bearing Registration No. GJ12T4619	OG-11-2219-1812-00000006	June 24, 2011	2.1
31.	Vehicle Insurance	IFFCO-TOKIO GENERAL INSURANCE CO. LTD	Bajaj CT 100 bearing Registration No. GJ01FC8399	1-FCDHY5	November 10, 2011	0.17
32.	Vehicle Insurance	Bajaj Allianz General Insurance Company Ltd	Maruti Alto bearing Registration No. GJ12AE5574	OG-11-2219-1801-00000883	June 11, 2011	2.4
33.	Standard Commercial Vehicle – Liability Only Policy	New India Assurance Company Ltd	Voltas Fork Lift (This Policy is for Third party coverage for Fork Lift covered under 211600/44/09/07/30000 150)	211600/31/09/0 2/00211834	January 1, 2011	N.A.
34.	Contractors Plant and	New India Assurance	Voltas Fork Lift	211600/44/09/0 7/30000167	January 27, 2011	7.01



Sr. No.	Nature of Policy	Insure with	Description	Policy No.	Expiry date	Sum Assured (₹ in Lacs)
	Machinery Insurance	Company Ltd				
35.	Standard Commercial Vehicle – Liability Only Policy	New India Assurance Company Ltd	Voltas Fork Lift (This Policy is for Third party coverage for Fork Lift covered under 211600/44/09/07/30000 167)	2116003 1090200211835	January 1, 2011	N.A.
36.	Contractors Plant and Machinery Insurance	New India Assurance Company Ltd	Voltas Fork Lift	211600/44/09/07/30000152	January 7, 2011	7.01
37.	Standard Commercial Vehicle – Liability Only Policy	New India Assurance Company Ltd	Voltas Fork Lift (This Policy is for Third party coverage for Fork Lift covered under 211600/44/09/07/30000 152)	2116003109020 0211836	January 1, 2011	N.A.
38.	DG Set Policy	The New India Assurance Company Limited	Caterpillar 725 KVA(DG SET) Break Down	2123004410510 0200003	September 3,2011	47.05
39.	Vehicle Policy	Bajaj Allianz	Bajaj Platine GJ-02-AK-3763	OG-10-2219-1802-00001692	December 21,2010	0.23
40.	Vehicle Policy	IFFCO TOKIO	Hero Honda CD DLX-GJ-2AQ-2405	1-E5GAYM	September 29, 2011	0.32
41.	Vehicle Policy	IFFCO TOKIO	Hero Honda CD DLX-GJ-2AQ-2384	1-E5FSWU	September 29, 2011	0.32

Human Resource

Our senior management team consists of experienced people with diverse skills in manufacturing, engineering, international business and finance.

We believe that our employees are the key to the success of our business. We focus on hiring and retaining employees and workers who have prior experience in the packaging industry. We have a policy of providing the necessary training to our new employees and workers. We view this process as a necessary tool to maximize the productivity of our employees. Our work force consists of: (i) our permanent employees; and (ii) workers who are employed on a contractual basis.

At present we have the total strength of 1135 permanent employees (including workmen) in various departments. The details of which are given as below:

Sr. No.	Category	Number of Employees
1	Finance & accounts personnel	39
3	Technical personnel	125
4	Marketing personnel	12
5	Administrative staff	42
6	Supervisors & incharges	189
7	Skilled and unskilled workers	728
	Total	1135



Out of the total 1135 permanent employees 970 employees are employed at Nani Chirai unit, 117 employees are employed at Rajpur unit and 48 employees are employed at our Ahmedabad office.

We have not entered into any collective bargaining agreements with our employees. We have not entered into any union agreement with our workmen. We have not experienced any material strikes, work stoppages, labour disputes or actions by or with our employees, and we have good relationship with our employees. We seek to adopt an open culture and a participative management style, to enable us to maximize the benefits from the knowledge and skills of employees.

PROPERTY

The following are the details of immovable properties held by the Company as on the date of this Draft Red Herring Prospectus.

Sr. No.	Address of Property	Details of Vendor/Owners	Particulars	Purpose	Area in Sq meters
1.	Survey no. 317/1 Mouje: Nani Chirai Taluka: Bhauchau Dist: Kutch, Gujarat	Bharatkumar Tejabhai Khataria	Freehold land	Factory	28,555
2.	Survey no. 317/2 Mouje: Nani Chirai Taluka: Bhachau Dist: Kutch, Gujarat	Bharatkumar Tejabhai Khataria	Freehold land	Factory	16,770
3.	Survey No :316 Mouje : Nani Chirai Taluka: Bhachau Dist : Kutch, Gujarat	Vipul Viddhaldas Anam	Freehold land	Factory	4,290.42
4.	Ground Floor, H.B. Jirawala House, 13, Nav Bharat Society, Opp. Punchshil Bus Stand, Usmanpura, Ahmedabad 380 013 , Gujarat	Hundia Association	Freehold land	Registered office	200.67
5.	Survey No. 1552/1 Paiki 2 Mouje Rajpur Taluka: Kadi Dist: Mehsana, Gujarat	Jasco Pumps Private Limited	Freehold land	Factory	5,303
6.	Survey No. 1551 Mouje Rajpur Taluka: Kadi, Dist: Mehsana	Jasco Pumps Private Limited	Freehold land	Factory	10,218

Note: All Freehold Properties mentioned above is mortgaged with Banks as security against various credit facilities availed from Banks.

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.

Health, Safety and Environment

We comply with the applicable health, safety and environmental regulations and also maintain adequate fund reserves to meet claims relating to workmen's compensation, payment of group medical insurance and premiums for personal accident insurance policies.

Our environmental management policy requires compliance with local, state and central laws and regulations concerning environmental protection and related matters. Environmental legislation in India includes the Environment Protection Act, 1986, as amended, the Water (Prevention and Control of Pollution) Act, 1974, as amended and the Air (Prevention and Control of Pollution) Act, 1981, as amended.



Intellectual Property

For details of our intellectual properties, please refer to “*Licenses and Approvals*” on page 203 of this Draft Red Herring Prospectus.

Indebtedness

For details of our indebtedness, refer to the section titled “*Financial Indebtedness*” on page 192 of this Draft Red Herring Prospectus.



REGULATIONS AND POLICIES

We are engaged in the business of manufacturing of packaging materials, namely, Jumbo bags (FIBC), Tarpaulin, Flexible Packaging for Food/ Pharma / Chemical, Master batches, Fillers, Laminates and Woven Sacks

Environmental Laws

Manufacturing projects must also ensure compliance with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974 (“**WPA**”), the Air (Prevention and Control of Pollution) Act, 1981 (“**APA**”) and the Environment Protection Act, 1986.

The WPA aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters; and laying down standards for treatment of trade effluents to be discharged. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board.

The Central and State Pollution Control Boards constituted under the WPA are also to perform functions as per the APA for the prevention and control of air pollution. The APA 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.

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. The purpose of the Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws, such as Water Act and Air Act. It includes water, air and land and the interrelationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

Consent for operation of the plant under the APA

The Air (Prevention and Control of Pollution) Act 1981 has been enacted to provide for the prevention, control and abatement of air pollution. The statute was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding Pollution Control Boards in the state.

Consent for operation of the plant under the WPA

The Water Act was enacted in 1974 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 Act requires that approvals be obtained from the corresponding Pollution Control Boards in the state.



Water (Prevention and Control of Pollution) Cess Act, 1977

The Water Cess Act 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.

Intellectual Property

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

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.

Income-tax Act, 1961

The Income Tax Act, 1961 deals with the taxation of individuals, corporates, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses.

Service Tax

Chapter V of the Finance Act 1994 (as amended), and Chapter V-A of the Finance Act 2003 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 ("CST")

The main object of this 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.

Standards of Weights and Measures Act, 1976

This legislation and the rules made there under apply to any packaged commodity that is sold or distributed. It provides for standardization of packages in specified quantities or numbers in which the manufacturer, packer or distributor shall sell, distribute or deliver some specified commodity to avoid undue proliferation of weights,



measures or number in which such commodities may be packed. Any person intending to pre-pack or import any commodity for sale, distribution or delivery has to make an application to the Director of Legal Metrology for registration.

Standards of Weights and Measures Enforcement Act, 1985

The Standards of Weights and Measures Enforcement Act, 1985 regulates the classes of weights and measures manufactured, sold, distributed, marketed, transferred, repaired or used and the classes of users of weights and measures. The Act was passed with a view to regulating and modernizing the standards used in India based on the metric system. The units of weight which are sought to be used in day to day trade are required to be periodically inspected and certified by the designated authorities under this act for their accuracy

Value Added Tax ("VAT")

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.

Approvals from Local Authorities

Setting up of a Factory or Manufacturing/Housing unit entails the requisite Planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents from the state Pollution Control Board(s), the relevant state Electricity Board(s), the State Excise Authorities, Sales Tax, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

Industrial (Development and Regulation) Act, 1955

The Industrial (Development and Regulation) Act, 1951 has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

Foreign Trade (Development and Regulation) Act, 1992

This statute seeks to increase foreign trade by regulating the imports and exports to and from India. This legislation read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

Labour Laws

India has stringent labour related legislation. We are required to comply with certain labour and industrial laws, which includes the Industries (Development and Regulation) Act, 1951, Industrial Disputes Act 1947, the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972, the Payment of Wages Act, 1936 and the Factories Act, 1948, amongst others.



The Factories Act, 1948

The Factories Act, 1948 is a social legislation which has been enacted to regulate the occupational safety, health and welfare of workers at work places. This legislation is being enforced by the Government through officers appointed under the Act i.e. Inspectors of Factories, Deputy Chief Inspectors of Factories who work under the control of the Chief Inspector of Factories and overall control of the Labour Commissioner. The ambit of operation of this Act includes the approval of Factory Building Plans before construction/extension, investigation of complaints with regard to health, safety, welfare and working conditions of the workers employed in a factory, the maintenance of registers and the submission of yearly and half-yearly returns.

Payment of Wages Act, 1936 ("Wages Act")

Wages Act applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than ₹ 10,000. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

The Minimum Wages Act, 1948 ("Minimum Wages Act")

Minimum Wages Act was enacted to provide for minimum wages in certain employments. Under this Act, the Central and the State Governments are the authorities to stipulate the scheduled employment and to fix minimum wages. The Act contains list of Agricultural and Non Agricultural employment where the prescribed minimum rate of wages is to be paid to the workers. The minimum wages are calculated and fixed based on the basic requirement of food, clothing, housing required by an average Indian adult.

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952

The Act is applicable to factories employing more than 20 employees and may also apply to such establishments and industrial undertakings as notified by the Government from time to time. All the establishments under the Act are required to be registered with the Provident Fund Commissioners of the State. Also, in accordance with the provisions of the Act the employers are required to contribute to the Employees' Provident Fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. As per the provision of the Act, employers are to contribute 12% of the basic wages, dearness allowances and remaining allowances (if any) payable for the time being to the employees. A monthly return in Form 12 A is required to be submitted to the commissioner in addition to the maintenance of registers by the employers.

Payment of Gratuity Act, 1972

A terminal lump sum benefit paid to a worker when he or she leaves employment after having worked for the employer for a prescribed minimum number of years is referred to as "gratuity". The provisions of the Act are applicable to all the factories. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A and thereafter whenever there is any change in the name, address or change in the nature of the business of the establishment a notice in Form B has to be filed with the authority. The Employer is also required to display an abstract of the Act and the rules made there-under in Form U to be affixed at the or near the main entrance. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made under Payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 is applicable to every establishment employing 20 or more employees. The said Act provides for payment of the minimum bonus to the employees specified under the Act. It further requires the maintenance of certain books and registers such as the register showing computation of the allocable surplus; the register showing the set on and set off of the allocable surplus and register showing the details of the amount of Bonus due to the employees. Further it also require for the submission of Annual Return in the prescribed form (FORM D) to be submitted by the employer within 30 days of payment of the bonus to the Inspector appointed under the Act.



Contract Labour (Regulation and Abolition) Act, 1970

The purpose of Contract Labour (Regulation and Abolition) Act 1970, is to regulate the employment and protect the interests of the workers who are hired on the basis of individual contracts in certain establishments. In the event that any activity is outsourced, and is carried out by labourers hired on contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards provident fund etc.

Employment (Standing Orders) Act, 1950

The Industrial Employment (standing orders) Act requires employers in industrial establishments to formally define conditions of employment under them. It applies to every industrial establishment wherein 100 (reduced to 50 by the Central Government in respect of the establishments for which it is the Appropriate Government) or more workmen are employed. The Act calls for the submission of such conditions of work to the relevant authorities for their approval.

The Equal Remuneration Act, 1976 ("Equal Remuneration Act") and Equal Remuneration Rules, 1976

The Constitution of India provides for equal pay for equal work for both men and women. To give effect to this provision, the Equal Remuneration Act, 1976 was implemented. The Act provides that no discrimination shall be shown on the basis of sex for performing similar works and that equal remuneration shall be paid to both men and women when the same work is being done.

Employees State Insurance Act, 1948

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments where 20 or more persons are employed. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

The Maternity Benefit Act, 1961 ("Maternity Act")

The purpose of Maternity Act 1961 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 payment of maternity benefits, medical bonus and enacts prohibition on dismissal, reduction of wages paid to pregnant women etc.

Registrations under the applicable Shops and Commercial Establishments Acts of the respective States in which our Company has an established place of business/ office ("Shops Act")

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops ("CIS") and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner

Regulation of Foreign Investment in India

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. Further, FIIs may purchase shares and convertible debentures of an Indian company under the portfolio investment scheme through registered brokers on recognized stock exchanges in India. Regulation 1 (4) of Schedule II of the FEMA Regulations provides that



the total holding by each FII or SEBI approved sub-account of an FII shall not exceed 10% of the total paid-up equity capital of an Indian company or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs and sub accounts of FIIs added together shall not exceed 24% of the paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24% may be increased up to the statutory ceiling as applicable, by the Indian company concerned passing a resolution by its board of directors followed by the passing of a special resolution to the same effect by its shareholders.



HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated on October 16, 1998 as “Oswal Agloimpex Private Limited” with the Registrar of Company, Gujarat, Dadra and Nagar Haveli vide Registration No. 04-34861. It was converted in to public limited company vide special resolution passed at the Extra Ordinary General Meeting of our Company held on April 17, 2006 and consequently the name was changed to “Oswal Agloimpex Limited”, vide fresh certificate of incorporation dated May 24, 2006 and thereafter the name of our Company was changed to “Plastene India Limited” vide fresh certificate of incorporation dated January 2, 2007 to reflect wider activities of our Company.

Changes in Registered Office

Effective date of change in address of Registered Office	Address of Registered Office	Reason for Change
October 16, 1998	Shed No. 285, Sector 2, Kandla Free Trade Zone, Gandhidham, Kutch, Gujarat, India	Registered office at the time of Incorporation
September 1, 1999	Plot No. 4/11, Sector 2, Kandla Free Trade Zone, Gandhidham, Kutch, Gujarat, India	Administrative Convenience
September 15, 2004	Survey No. 317, Plot No. 1, National Highway No. 8A, Village Nani Chirai, District Kutch, Gujarat, India	Administrative Convenience
January 2, 2006	H.B. Jirawala House, 13, Navbharat Society, Opposite Panchshil Bus Stand, Usmanpura, Ahmedabad, Gujarat, India	Administrative Convenience

Our Main Objects

The main objects of our Company as contained in the Memorandum of Association are as set forth below:

1. To carry on business of buying, trading, or otherwise dealing in plastics, plastic agglomerates and all kinds of plastic products and plastic materials including thermosetting and thermoplastic materials, styrene, polystyrene, vinyl chloride, poly vinyl chloride, polyethylene, polyolefin's, vinyl acetate and copolymers of one or more of the above and/or acrylics and polyesters, polycarbonates and polyether's and epoxy resins and composition silicon resins and compositions, P-F, U-F and other thermosetting resins and moulding compositions, nylons, Rilsan and similar thermoplastics, moulding compositions including prefabricated sections and shapes, cellulosic plastics and adoption of all processes including blow moulding injection, extrusion compression vacuum forming, fabrication, coating, brushing, spraying, laminating, dipping or any other application, by any method whatsoever.
2. To carry on the business of dealers in plastic tubes and tyres and films and moulded goods of all kinds and for all purposes and in bottles, containers, tubes, wrapping materials and plastic products, transmission belts and conveyors, and similar industrial articles, pipes, tubes, hoses, containers, vessels, tanks 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.
3. To carry on either on its own account or on account of others the business as manufacturers and printers of packages, boxes, bags wrappers, tapes, films, sheets, laminates, boards, woven bags and other packing materials, made fully or partially of jute, plastic, card board, corrugated sheets, cloth hessian, timber, teak, plywood, metal PVC or other synthetic, chemical, petrochemical and fibrous or natural products.

The existing and proposed activities of our Company are within the scope of the objects clause of the Memorandum of Association.

For details relating to our business, description of our activities, services, products, location of plants, capacity/facility creation, marketing, competition, markets of each segment, *inter alia*, please refer to the chapters titled “**Business Overview**” and “**Industry Overview**” on pages 68 and 63 of this Draft Red Herring Prospectus, respectively.

Amendments to the Memorandum of Association



Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of Amendment	EGM/ AGM	Amendments
November 2, 1998	EGM	Increase in the authorized share capital of our Company from ₹ 5 Lacs divided into 50,000 Equity Shares of ₹ 10 each to ₹ 30 Lacs divided into 3,00,000 Equity Shares of ₹ 10 each.
October 18, 2001	EGM	Increase in the authorized share capital of our Company from ₹ 30 Lacs divided into 3,00,000 Equity Shares of ₹ 10 each to ₹ 50 Lacs divided into 5,00,000 Equity Shares of ₹ 10 each.
September 06, 2004	EGM	Increase in the authorized share capital of our Company from ₹ 50 Lacs divided into 5,00,000 Equity Shares of ₹ 10 each to ₹ 200 Lacs divided into 20,00,000 Equity Shares of ₹ 10 each.
October 30, 2004	EGM	Sub-division of 20,00,000 Equity Shares of ₹ 10 each aggregating to ₹2,00,00,000 into 2,00,00,000 Equity Shares of ₹1 each aggregating to ₹2,00,00,000
April 17, 2006	EGM	1) Conversion of our Company from Private Limited to Public Limited 2) Substitution of the clause V of the Memorandum of Association of our Company for consolidation of the 10 shares each of ₹1 aggregating to ₹ 2,00,00,000 into 1 Equity Share each of ₹ 10. aggregating to ₹ 2,00,00,000
October 20, 2006	EGM	Increase in the authorized share capital of our Company from ₹ 200 Lacs divided into 20,00,000 Equity Shares of ₹ 10 each to ₹ 1600 Lacs divided into 1,60,00,000 Equity Shares of ₹ 10 each.
December 23, 2006	EGM	Change in name of our Company from Oswal Agloimpex Limited to Plastene India Limited
March 1, 2008	EGM	Increase in the Authorized Share Capital of our Company from ₹ 1600 Lacs divided into 1,60,00,000 Equity Shares of ₹ 10 each to ₹ 3600 Lacs divided into 3,60,00,000 Equity Shares of ₹ 10 each.

Major events in the history of our Company

Year	Achievements
1998	Incorporation of our Company as a Private Limited company
	Admitted as a partner in M/s. Oswal Polymers
	Acquired the Polymer division of M/s. Oswal Polymers on its dissolution
2003	Export Excellence Award by Kandla Special Economic Zone (KASEZ) for top export performance during 2002-03 under SSI, agro/ plantation product category
2005	Commenced manufacturing of flexible packaging products and small sacks at Nani Chirai, Kutch for manufacturing woven sacks for cement and fertilizer and gradually covered other products like tarpaulin, laminates, flexible packaging for food / pharma / chemical with an installed capacity of 21,000 M.T. p.a.
2006	Conversion of our Company from Private Limited to Public Limited Company
	Obtained ISO 9001:2000, BVQI Certificate
2007	Obtained a supply contract from Sanghi Industries Limited for supply of cement bags. Our turnover crossed 10000 Lacs in 2 nd year of operation of Nani Chirai unit.
	Received a highest tender from IFFCO to supply the laminated woven sacks
	Oswal Extrusion Limited became a wholly owned subsidiary of our Company
	Our Company rated by “Business World Magazine” as India’s best performing Mid-sized company during 2006-07
	Set up new facility for manufacturing Jumbo bags and woven sacks at Rajpur, Mehsana
2008	Export Excellence award by All India Flat Tape Manufacturer Association (AAFTMA) on 33 rd Annual Session held at Agra in February 2008 in large scale sectors for export of woven sacks and fabrics
	Awarded the status of Star Export House by Ministry of Commerce and Industry, Government of India
	Participated in PLASTINDIA 2009, 7 th International Plastic Exhibition and Conference, New Delhi



Year	Achievements
2009	Participated in Interpac in Dusseldorf (Germany), one the biggest exhibition in packaging.
	Export Promotion Council for EOUs & SEZs (EPCES) export awards for 2007-08 to Oswal Extrusions Limited for best SEZ (SSI – Plastic Products)
	Inauguration of 100% EOU unit-II at Santej by Oswal Extrusion Limited (100% Subsidiary Company)
	Export Excellence award by All India Flat Tape Manufacturer Association (AAFTMA) on 34 th annual session held at Jaipur in October 2009 in large scale sectors for export of woven sacks and fabrics Awarded as GAIL's Top Customer Award (Ranked 8) for 2008-09 Our Company has increased its combined production capacity to 55,000 MTPA.
2010	Participated in Plastmaegan in Mexico city Opened a step down subsidiary Oswal Portugal LDA in Portugal Adoption of the ESOP Scheme Teamwork 2010 by our Company

Our History

Our Company was originally incorporated on October 16, 1998 as “Oswal Agloimpex Private Limited” with the Registrar of Company, Gujarat. On October 29, 1998, our Company was inducted as a partner in M/s. Oswal Polymers, a partnership firm of the Champalal group. The partnership firm was carrying out the business of manufacturing, trading and export in plastic materials and scrap including the business of plastic recycling.

Vide a Memorandum of Dissolution dated December 11, 1998 the aforesaid partnership firm was dissolved with effect from December 1, 1998. We decided to carry on the business of the dissolved firm and therefore all the assets and liabilities of the dissolved firm was taken over by us and in consideration we issued 1,00,000 Equity Shares of ₹ 10 each to all the partners of M/s. Oswal Polymers.

Our company is a flagship company of Champalal Group of Gandhidham. Champalal G. Parekh and Prakash H. Parekh, the Promoters of our Company have started the business of manufacturing of Jumbo bags (FIBC), tarpaulin, flexible packaging for food/ pharma/ chemical, Masterbatches, fillers, laminates and woven sacks with a production capacity of 21,000 M.T. per annum.

Prakash H. Parekh, one of the Promoters of our Company, has more than ten years of experience in plastics and packaging industry. He is a member of Indian Flexible Intermediate Bulk Containers Associations (IFICA).

In addition to the Polymer division acquired by our Company from Oswal Polymers at the time of its dissolution, our Company started flexible packaging unit in the year 2005 at Nani Chirai, in Kutch district of Gujarat for manufacturing woven sacks for cement and fertilizer and gradually covered other products like Jumbo bags, tarpaulin, laminates, flexible packaging for food/ pharma / chemical.

Our Company decided to focus on manufacturing of flexible packaging products to capitalise on the growth opportunities prevailing in the industry and simultaneously disposed off the polymer division in January 2007. Flexible packaging business had potential growth opportunities as well as the better profit margin in comparison with the polymer division.

In the year 2007, our Company set up a second manufacturing unit at Rajpur and started the expansion for the existing unit at Nani Chirai. The expansion was completed in the year 2009 and our Company now has a combined installed capacity of 55,000 MTPA.

There have been no lock-outs or strikes in our Company since incorporation.

For details relating to our Company's business activities, location of plants, products, marketing, competition, major suppliers and customers please refer to the chapter “**Business Overview**” on page 68.

As of the date of this Draft Red Herring Prospectus, there are 90 members of our Company. For more details on shareholding of members, please refer to chapter titled “**Capital Structure**” beginning on page 22 of this Draft Red Herring Prospectus.



Technology

Our manufacturing facilities are equipped with the modern machineries and technologies to get higher output and better quality of the finished products. Our manufacturing facilities machineries are imported from Switzerland and China to reduce material gauze variations and to get high quality end products consistently. Our roto gravure printing machine has enabled us to deliver better quality of our products. We also have automatic cutting and sewing machine specifically imported from Botheven – Taiwan which enables us to reduce the manpower requirement for manufacturing of woven sacks. We also have latest twin screw extruder technology which helps us to make better quality masterbatches. We also have procured a Multifilament Yarn Plant from SML, Portugal which enables us to manufacture multifilament yarn in-house and enables us to reduce the overall cost of production.

Raising of capital by our Company

Other than as disclosed under the chapters “*Capital Structure*” and “*Financial Indebtedness*” on pages 22 and 192 respectively of this Draft Red Herring Prospectus, we have not raised any capital either in the form of equity or debt.

Time and Cost Overruns

As on date of this Draft Red Herring Prospectus, there has been no time and cost overruns in the implementation of our projects.

Default/ rescheduling of borrowings with financial Institutions/ Banks

Our Company has not defaulted/ rescheduled any loans/ borrowings with any financial institution/ bank. We have not converted our loans into equity.

Lock-out, Strikes etc

There have been no lock-outs, strikes etc. during the last five years preceding the date of this Draft Red Herring Prospectus.

Injunctions or restraining orders

Our Company is not operating under any injunction or restraining order.

Changes in the activities of our Company during the last five years

There have been no changes in the activities undertaken by our Company during a period of five (5) years prior to the date of filing of this DRHP which may have had a material effect on the profits or loss of our Company or affected our business including discontinuance of lines of business, loss of agencies or markets and similar factors.

Subsidiaries of our Company

We have one subsidiary by the name of Oswal Extrusion Limited and one step down subsidiary Oswal Extrusion LDA (Portugal).

1. Oswal Extrusion Limited

Corporate information

Oswal Extrusion Limited was incorporated on December 31, 2004 under the Companies Act and it received its certificate of commencement of business on January 25, 2005. It has its registered office at H.B. Jirawala House, 13, Nav Bharat Society, Opp. Panchshil Bus Stop, Usmanpura, Ahmedabad – 380 013. Oswal Extrusion Limited is an unlisted company.

Oswal Extrusion Limited has been authorised by its Memorandum of Association to carry on the business to manufacture, produce, process, convert, commercialise, design, develop, distribute, laminate, knit coat, dye blend, fabricate, prepare, promote, supervise, supply, import, export, buy, sell, use, turn to account, collaborate,



display, barter, pack, repack, jobwork, mix, modify, market operate and to act as agents concessionaries manufacturers, representatives, stockiest, franchisees, collaborators, distributors, suppliers, promoters, wholesalers, retailers, consignors, job workers, otherwise to deal in all sizes, varieties, colours, capacities modalities, specifications, descriptions and applications of bags, sacs, woven sacks bags, HDDP/PP bags, jumbo bags, water tanks, plastic jars, drums, carpets, covers and other allied items made of one or more materials like HDPE, LLDPE, LDPE, PVC, PP, tarpauline, all kinds of plastics and polymers yarn, recycled plastics HDDP, monofilament yarn, tape, films, co-extruded films, collapsible tubes and sheets, laminating materials, thermostating, thermoplastics, Teflon plastics. It is currently engaged in the business of manufacturing and export of woven bags, Jumbo bags and tarpaulin.

Board of Directors

The present Board of Directors of Oswal Extrusion Limited comprises of Siddharth S. Parekh, Chetan S. Parekh and Ranjan K. Samantray.

Capital Structure

	Number of Shares
Authorised capital	50,00,000
Issue subscribed and paid-up capital	12,78,174

Shareholding pattern

Our Company holds 12,78,174 equity shares, aggregating to 100% of the issued equity share capital of Oswal Extrusion Limited. The Shares are held jointly with certain other investors as mentioned below:

Name of the Shareholder	Number of Shares (Equity shares of ₹10 each)	Percentage of Shareholding
Plastene India Limited	9,00,000	70.41%
Plastene India Limited jointly with Neetu D Parekh	10,000	0.78%
Plastene India Limited jointly with Madhu P. Parekh	58,174	4.55%
Plastene India Limited jointly with Prakash H. Parekh	1,60,000	12.52%
Plastene India Limited jointly with Chetan Parekh	50,000	3.91%
Plastene India Limited jointly with Manisha C Parekh	80,000	6.26%
Plastene India Limited jointly with Deepak Parekh	10,000	0.78%
Plastene India Limited jointly with Siddharth Parekh	10,000	0.78%
Total	12,78,174	100.00

Financial performance

The summary of standalone audited financial information of OEL for the last three Fiscals are as follows:

(in ₹ Lacs)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Share Capital (par value ₹10 per equity share)	87.82	87.82	87.82
Share Application Money	301.00	0.00	0.00
Reserves and Surplus (excluding revaluation reserve if any)	1,992.54	1,413.35	731.43
Total Income	11,664.06	6,662.76	5,494.34
Profit/(Loss) after Tax	579.19	682.02	389.65
Earnings Per Share (EPS) (in ₹)	65.95	77.66	44.37
Profit and Loss Account (debit balance)	0.00	0.00	0.00
Miscellaneous Expenditure (to the extent not written off)	3.48	0.36	0.73
Networth	2,377.88	1500.81	818.52
Net Asset Value (NAV) per share (in ₹)	270.76	170.90	93.21

**2. Oswal Extrusion LDA (Portugal)****Corporate information**

The company was incorporated on December 15, 2009 under the laws of Portugal. It has been given a legal number 509 246 460. It has its registered office at Edificio copenhagen, 8 H, Parque Industrial, 7080-341, Vendas Novas. Oswal Extrusion LDA is an unlisted company.

It is engaged in the business of selling and processing plastics or textiles industry and related activities.

Board of Director

The present Board of Directors of Oswal Extrusion LDA comprises of Siddharth Parekh and Chetan Parekh.

Capital Structure

	In Euros
Authorised capital (Quotas)	5,000
Issued, subscribed and paid-up capital (Quotas)	5,000

Shareholding pattern

Oswal Extrusion Limited, a wholly owned subsidiary of our Company holds [•] quotas, aggregating to 100% of the issued quotas of Oswal Extrusion LDA.

<i>Name of the Members</i>	<i>Number of Quotas</i>	<i>Percentage of Shareholding</i>
Oswal Extrusion Limited	5,000	5,000
Total	5,000	100.00

Financial performance

The summary audited financial information of Oswal Extrusion LDA for the last three Fiscals are as follows:

(in ₹ in Lacs)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Share Capital (par value ₹10 per equity share)	3.03	Nil	Nil
Reserves and Surplus (excluding revaluation reserve if any)	Nil	Nil	Nil
Total Income	Nil	Nil	Nil
Profit/(Loss) after Tax	Nil	Nil	Nil
Earnings Per Share (EPS) (in ₹)	Nil	Nil	Nil
Profit and Loss Account (debit balance)	Nil	Nil	Nil
Miscellaneous Expenditure (to the extent not written off)	Nil	Nil	Nil
Networth	3.03	Nil	Nil
Net Asset Value (NAV) per share (in ₹)	Nil	Nil	Nil

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 this Draft Red Herring Prospectus. For further details, please refer to the chapter titled “**Financial Statements**” on page 137 of this Draft Red Herring Prospectus.

Sales or purchases exceeding 10% in aggregate of the total sales or purchases of our Company



Except as stated in the Annexure titled “**Financial Statements – Restated Standalone Related Party Transactions**” in chapter titled “**Financial Statements**” beginning on page 155 of this Draft Red Herring Prospectus, there are no sales or purchases between our subsidiary exceeding 10% in aggregate in value of the total sales or purchases of our Company.

Shareholders agreement

As of date of this Draft Red Herring Prospectus, our Company has not entered into any shareholders agreement.

Other Material Agreements

As of date of this Draft Red Herring Prospectus, our Company has not entered into any material agreement other than in the ordinary course of business.

Strategic Partners

As of date of this Draft Red Herring Prospectus, our Company has no strategic partners and is not part of any strategic partnerships.

Financial Partners

As of date of this Draft Red Herring Prospectus, our Company has no financial partners.



OUR MANAGEMENT

Board of Directors

The Articles of Association of our Company, subject to provisions under section 252 and 259 of the Companies Act, 1956, require us to have not less than three (3) and not more than twelve (12) Directors. As on the date of this Draft Red Herring Prospectus, we have four (4) Directors on our Board, which include our Chairman, Managing Director (Executive Director) and two (2) Independent Directors.

The following table sets forth the current details of the Board of Directors as on the date of this Draft Red Herring Prospectus:

Name, Designation, Occupation, Term and DIN	Address	Date of Appointment as Director and Term	Age (years)	Other Directorships
Mr. Champalal G Parekh <i>Chairman</i> Occupation: Business Term: Liable to retire by rotation DIN: 00199884	Plot No. 179, Sector - 4, Gandhidham – 370 201, Gujarat, India	Appointed as Director pursuant to the Board Resolution dated September 08, 2004 and Shareholders' resolution dated September 30, 2004.	74	1. Ankur Chem. Food Limited 2. YMP Machineries Private Limited 3. Oswal Lumber Private Limited 4. Oswal Commodities Private Limited 5. Doongursee Salt Works Private Limited
Mr. Prakash H. Parekh <i>Managing Director (Executive Director)</i> Occupation: Business Term: Liable to retire by rotation DIN: 00158264	7/B, Sumatinagar, Usmanpura, Ahmedabad – 380013, Gujarat, India	Appointed as Director pursuant to the Board Resolution dated September 08, 2004 and Shareholders' resolution dated September 30, 2004. Appointed as Managing Director of our Company pursuant to Board Resolution dated November 25, 2006. His remuneration was fixed vide Shareholders' resolution dated December 23, 2006 for a period of 5 years w.e.f April 1, 2006 to December 22, 2010. This has	37	1. Plastene Infrastructure Limited 2. Plaspac Synthetics Private Limited 3. Plastene Polyfilms Limited



Name, Designation, Occupation, Term and DIN	Address	Date of Appointment as Director and Term	Age (years)	Other Directorships
		however been revised vide ordinary resolution passed by the members of our Company at the 11 th Annual General Meeting held on September 30, 2009.		
Major (Retd.) Parvesh Chandar Suri <i>Independent Director (Non-Executive)</i> Occupation: Business Term: Liable to retire by rotation DIN: 01861687	A-3, Navroj Apartments, Dafnala Shahibaug, Ahmedabad – 380 004, Gujarat, India	Appointed as Director pursuant to the Board Resolution dated November 12, 2007 and Shareholders' resolution dated September 30, 2008.	68	<i>Nil</i>
Mr. Mahesh Bhandari <i>Independent Director (Non-Executive)</i> Occupation: Service Term: Liable to retire by rotation DIN: 01115263	502 Aadeshwar Apartments, Sayani Marg, Prabhadevi, Mumbai – 400 025, Maharashtra, India	Appointed as a Director pursuant to the Board Resolution dated August 6, 2010 and Shareholders' resolution dated September 20, 2010.	50	1. Tapi Prestressed Pipes Limited 2. Sankhya Infotech Limited 3. Companhia Carvoeira De Samoa, LDA.

All our Directors are Indian citizens.

Brief profile of the Directors of our Company

Mr. Champalal G. Parekh, aged 74 years, is the executive Chairman and Director of our Company. He has over 57 years of experience in trading and manufacturing of various commodities and merchandise and in the plastic industry. He has served as the President of the Gandhidham Chamber of Commerce and Industry from 1972 to 1974, 1982 to 1984, 1985 to 1986 and 1988 to 1989. He is currently the Managing Director of Gandhidham Merchantile Co-operative Bank. He has been a Trustee on the Board of Kandla Port Trust from 1975 to 1978 and again from 1992 to 1996. He was also the Chairman of the Shri Jain Swetambar Murtipujak Nakoda Parshvanath Trust Mandal from 2002 to 2006.

Mr. Prakash H. Parekh, aged 37 years, is the Managing Director of our Company. He has over 12 years of experience in the plastic industry. He holds a bachelors degree in Chemical Engineering from Gujarat University and has done his SAP (System Administration Procedure) from Monesh University, Australia in the year 1998. He was instrumental in establishing the project of flexible packaging Plant within a short span from acquiring land to installation of machineries and commercial production. He is the member of Indian Flexible Intermediate Bulk Containers Associations (IFICA). He was appointed as a Managing Director of our Company on December 23, 2005.



Major (Retd.) Parvesh Chander Suri, aged 68 years, is a Non-Executive and Independent Director of our Company. He is a retired Major of the Indian Army. He is a Civil Engineer from College of Military Engineering and also holds a bachelor degree in law from Gujarat University. He had been a commissioned officer in the Indian Army for around 24 years. He is associated with our Company since November 12, 2007 and has worked with various commercial organisations inter alia Vadilal Ice Cream, Rajasthan Hospitals and Audi Dychem holding the senior positions.

Mr. Mahesh Bhandari, aged 50 years, is a Non-Executive and Independent Director of our Company. He holds a bachelors degree in commerce from Somani College of Commerce, University of Jodhpur. He also holds a bachelors degree in law from University of Jodhpur. He is a fellow member of the Institute of Chartered Accountants in India and is also a licenced Certified Public Accountant from American Institute of Certified Public Accountants, USA. He has completed his Master's Degree of Science in Management from the Arthur D. Little School of Management, Massachusetts, Boston, USA. He is associated with our Company since August 6, 2010. Mr. Bhandari has been associated with Aditya Birla Group, the Continental Beverages, Arthur D. Little Inc., Tata Group (Tata Consultancy Services and Tata Power Company), Essel Group etc.

Relationship between Directors inter-se

Mr. Champalal G. Parekh is the grandfather of Mr. Prakash H. Parekh. Apart from this, none of the directors are related to each other.

Arrangements and understanding with major shareholders, customers, suppliers or others

Our Company has not entered into any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the Directors was selected as a director or member of senior management.

Details of service contracts of the Directors for benefits upon termination of employment

There is no service contract entered into by our Company with any Director for the provision of benefits or payments of any amount upon termination of employment.

Borrowing powers of the Board

Pursuant to a resolution passed by our shareholders at the Extra Ordinary General Meeting held on October 20, 2006 and in accordance with the provisions of Section 293(1) (d) of the Companies Act, our Board has been authorised to borrow any sum or sums of money from time to time at its discretion for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid up capital of our Company and its free reserves (that is to say, reserve not set apart for any specific purpose) by a sum not exceeding ₹ 3000 Lacs (Rupees Three thousand Lacs only) over and above the paid up capital and free reserves of our Company.

Compensation of Managing Director

Prakash H Parekh was appointed as a Managing Director of our Company with effect from December 23, 2005 for a period of five years commencing from December 23, 2005 to December 22, 2010 without remuneration vide resolution passed by the Board of Directors in their meeting held on December 23, 2005. After the conversion of our Company into public limited company, the members of our Company at their Extra Ordinary General Meeting held on December 22, 2006 approved the payment of remuneration to Mr. Prakash H. Parekh with effect from April 01, 2006. The remuneration paid was further revised vide ordinary resolution passed by the members of our Company at the 11th Annual General Meeting held on September 30, 2009. Our Company has entered into a Supplemental Agreement dated November 11, 2009 that has revised the terms of remuneration and shall valid upto December 22, 2010.

Salary	₹ 1,50,000 per month
Perquisites	(i) Housing: Our Company shall provide furnished accommodation to the Managing Director. Our Company shall provide equipment and appliances, furniture, fixtures and furnishing at the residence of the Managing Director. Our Company shall reimburse the expenses of maintenance, electricity, servants etc.



	<p>(ii) Leave Travel Concession: Our Company shall provide leave travel fare for the Managing Director and his family once in a year as per the rules of the Company.</p> <p>(iii) Personal Accident Insurance: Our Company shall pay/reimburse Personal Accident insurance Premium upto ₹5,000 for the Managing Director.</p> <p>(iv) Club Fees: Our Company shall reimburse annual membership fees for a maximum of two clubs.</p> <p>(v) Other Allowances: Subject to overall limit on remuneration mentioned herein below, the Managing Director may be given other allowances, benefits and perquisites as the Board of Directors (which includes any committee thereof) may from time to time decide.</p> <p>The aggregate value of perquisites for (i) to (v) above for each year shall be computed as per the provisions of Income-tax Act, 1961. In case of benefits for which no specific rule of valuation is provided under the Income-tax Act, the perquisites value of such benefit shall be taken at actual cost.</p> <p>(vi) Medical Reimbursement: Medical Expenses actually incurred for self and family shall be reimbursed by our Company subject to maximum of ₹1, 50,000 p.a.</p> <p>Perquisites shall be valued as per Income-tax Rules, wherever applicable, and in the absence of any such Rules, perquisites shall be valued at actual costs.</p>
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Remuneration including commission on profits paid to our Executive Directors for Fiscal 2010

(in ₹)

Name of Director	Remuneration paid	Contingent or deferred compensation accrued for Fiscal 2010
Prakash H. Parekh (Managing Director)	17,15,800	Nil

Compensation of our non-executive Directors

We do not provide any compensation to any of our non-executive Directors.

Board Procedure

Our Company has held Board meetings as per the provisions of the Companies Act and has maintained minutes of the meetings thereof.

Shareholding of our Directors[#]:

The details of the shareholding of our Directors are as under:

Sr. No.	Shareholder	No. of Equity Shares	Percentage of Post Issue
1.	Champalal G Parekh*	10,22,100	4.05
2.	Prakash H Parekh**	30,66,450	8.58
	Total	40,88,550	12.63

* Champalal G. Parekh (1st joint holder) also holds 65,000 Equity Shares jointly with Reshmidevi Parekh

** in addition to the 30,66,450 Equity Shares as mentioned above Prakash H. Parekh also holds 14,36,500 Equity Shares jointly with Madhu P. Parekh who is the 1st holder

[#] No Stock options have been granted to any of our Directors under the Teamwork 2010

Our Directors are not required to hold any qualification shares.



For details regarding Equity Shares held by the Promoters and their families and entities controlled by them, please refer the chapter titled “**Capital Structure**” beginning on page 22 of this Draft Red Herring Prospectus.

Except as stated herein below none of our Directors are/ were directors of any company whose shares were suspended from trading by Stock Exchange(s) or under any order or directions issued by the stock exchange(s)/ SEBI/ other regulatory authority during my association with the said company in the last 5 years:

Sr. No.	Name of Director	Name of the companies	Listed On (name of Stock Exchange)	Term of Director (in what capacities)	Date of Suspension on (Name of Stock Exchange)	Period of suspension (Reason for suspension *)	Whether suspension revoked (specify date)	Whether presently associated with the Companies
1.	Champalal G. Parekh	<i>Nil</i>						Not Applicable
2.	Prakash H. Parekh	<i>Nil</i>						Not Applicable
3.	Major (Retd.) Parvesh Chander Suri	<i>Nil</i>						Not Applicable
4.	Mahesh Bhandari	<i>Nil</i>						Not Applicable

Further except as mentioned below, none of our Directors are/ were directors of any entity, whose shares were delisted from any stock exchange(s) or under any order or directions issued by the stock exchange(s)/ SEBI/ other regulatory authority during the period of his association with it as a director:

Sr. No.	Name of the Director	Name of the companies	Listed On (name of SE)	Term of Director (in what capacities)	Date of Delisting on (Name of SE)	Whether Compulsory/ Voluntary	Reason for Delisting	Whether Relisted (Y/N) [Date of Relisting]
1.	Champalal G. Parekh	<i>Nil</i>						Not Applicable
2.	Prakash H. Parekh	<i>Nil</i>						Not Applicable
3.	Major (Retd.) Parvesh Chander Suri	<i>Nil</i>						Not Applicable
4.	Mahesh Bhandari	<i>Nil</i>						Not Applicable

Interest of Directors

All the Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them and/or by their friends and relatives in our Company or allotted to them in the present Issue in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors may also be regarded as interested in the Equity Shares, if any, held or that may be subscribed by and allocated to the companies, firms and trusts, if any, in which they are interested as directors, members, partners, and / or trustees.

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

Our Directors have no interest in any property acquired by our Company within two years of the date of this Draft Red Herring Prospectus or proposed to be acquired by it.



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

The Directors of our Company have not paid or agreed to pay any sum to any person or to the firm or company, in which he is a member, in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise for services rendered by him or by the firm or company, in connection with the promotion or formation of our Company.

Employee Stock Options Scheme

For details of the Teamwork 2010 and conversion of options granted to our Directors and key managerial personnel, please refer to the chapter titled “*Capital Structure*” on page 22 of this Draft Red Herring Prospectus.

Bonus and/or profit sharing plan for the Directors

We do not have a policy for the payment of bonus to our executive directors.

Changes in the Board of Directors for the last three years

The following changes have occurred in the Board of Directors in the last three years

Name of Director	Date of Appointment/ Resignation	Reasons for change
Pathik C. Shah	May 1, 2008	Appointment
Saurabh G. Amin	October 1, 2009	Resignation
Gyanchand T. Singhvi	November 12, 2009	Resignation
Poonamchand Jain	November 12, 2009	Appointment
Pathik C. Shah	February 23, 2010	Resignation
Poonamchand Jain	January 1, 2010	Resignation
Mahesh Bhandari	August 6, 2010	Appointment

Corporate Governance

The provisions of the Listing Agreement to be entered into with BSE and NSE and the SEBI ICDR Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company’s Equity Shares on the Stock Exchanges. As of the date of this Draft Red Herring Prospectus, our Company has taken steps to comply with the provisions of Clause 49 of the Listing Agreements of the Stock Exchanges, including with respect to the appointment of independent directors, the constitution of the Audit and Shareholders / Investors Grievance Committee. The Board of Directors consists of a total of four directors of which two are independent directors, which constitutes 50% of our Board of Directors. This is in compliance with the requirements of Clause 49. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges on listing.

In terms of Clause 49, our Company has already appointed independent Directors and constituted the following committees:

a. Audit Committee

Our Board of Directors constituted an Audit Committee, pursuant to the provisions of Section 292A of the Companies Act and Clause 49 of the Listing Agreement. The Audit Committee was constituted pursuant to the resolution passed by the Board of Directors at its meeting held on March 01, 2007 and has been subsequently reconstituted on September 21, 2010. The Audit Committee comprises of the following members:

Sr. No.	Name of the Director	Designation	Status
1.	Mahesh S. Bhandari	Chairman	Independent Director
2.	Major (Retd.) Parvesh Chander Suri	Member	Independent Director



3.	Prakash H. Parekh	Member	Managing Director
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The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of our Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

Terms of reference / scope of the Audit Committee are:

The powers of the Audit Committee are as under:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee shall include the following:

- Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - 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
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 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.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**b. Remuneration Committee**

The Remuneration Committee was constituted pursuant to the resolution passed by the Board of Directors at its meeting held on November 25, 2006 and was subsequently reconstituted on September 21, 2010. The Remuneration Committee comprises of the following members

Sr. No	Name of the Director	Designation	Status
1.	Mahesh S. Bhandari	Chairman	Independent Director
2.	Major (Retd.) Parvesh Chander Suri	Member	Independent Director
3.	Prakash H. Parekh	Member	Managing Director

The terms of reference / scope of the Remuneration Committee are as follows:

- To recommend/ review the remuneration of whole time Directors, including the Managing Directors on the basis of their performance and defined assessment criteria;
- To ensure that the remuneration policy of our Company is directed towards rewarding performance based on periodic basis;
- To ensure that the remuneration policy is in consonance with the existing industry practice and market trend;
- To ensure that senior management are fairly rewarded for their individual contribution to our Company's overall performance;
- To determine all the elements of remuneration package of all Directors i.e. salary, benefits, bonuses, stock options, pensions etc;
- To determine component and performance linked incentives along with the performance criteria, if any; and
- To determine service contracts, notice period and severance fees.

c. Shareholder and Investors Grievance Committee

The shareholders and Investors Grievance Committee constituted pursuant to the Board meeting held on May 30, 2007 is responsible for the redressal of shareholders' and investors' grievance. The terms of reference and composition of the shareholder and Investors Grievance Committee was changed pursuant to the Board meeting held on November 12, 2009 and has now been reconstituted pursuant to the Board meeting dated September 21, 2010. The shareholder and Investor Grievances Committee comprises of the following members:

Sr. No	Name of the Director	Designation	Status
1.	Mahesh S. Bhandari	Chairman	Independent Director
2.	Major (Retd.) Parvesh Chander Suri	Member	Independent Director
3.	Prakash H. Parekh	Member	Managing Director

Mrs. Nisha Jha is the compliance officer of the Committee and has been authorised to approve transfer of securities of our Company.

The terms of reference / scope of the Shareholders' and Investors' Grievance Committee are as follows:

- Monitor the efficiency and effectiveness of the processes for the discharge of various obligations towards the investors as covered in the Companies Act / SEBI Regulations and the Listing Agreement
- Monitor the discharge of obligations relating to disclosures & information flow relating to transfer, transmission, split, consolidation, duplicate share certificates, vesting of corporate actions & book closures within specified time lines.
- Nomination of Compliance Officer and reporting on complaints / non discharge of obligations and their redressal.
- to consider and approve requests for transfer and transmission of securities of our Company;
- to consider and approve requests for dematerialization / rematerialisation of share certificates;
- to consider and approve requests for issue of fresh share certificates on replacement, sub-division/consolidation, issue of duplicate share certificates on loss, whether by theft, misplacement or otherwise;
- to monitor the matters of litigation related to shareholders and take decisions relating thereto;
- to look into redressal of shareholders compliant related to transfer/transmission of shares, non-receipt of share certificates, balance sheets, declared dividends;
- to oversee the performance of the registrar and transfer agents;
- to recommend the measures for overall improvement in the quality of investor services;



(xi) such other activities resulting from statutory amendments/modifications from time to time.

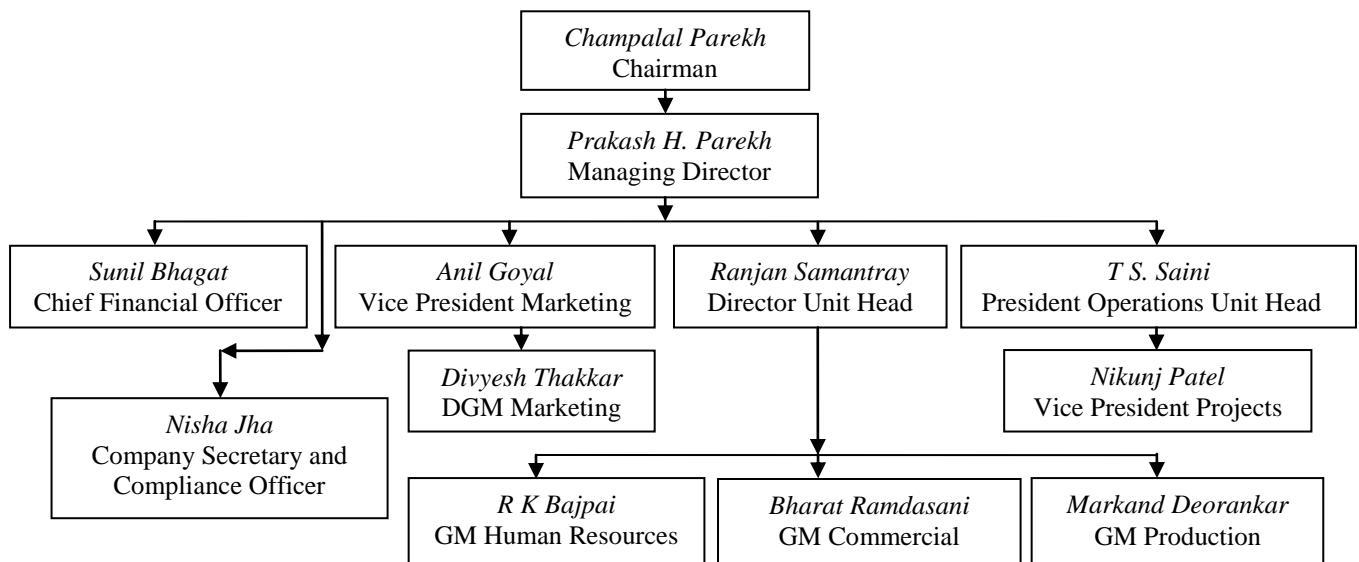
Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

We will comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the Stock Exchanges, NSE and BSE. Nisha Jha, Company Secretary and Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Guarantees given by our Promoters

Except as disclosed in the section "**Financial Indebtedness**", our Promoters have not given any personal guarantees in relation to any of the debt obligations of our Company.

Managerial Organizational Structure



Key Managerial Personnel

Our Company is managed by the Board of Directors, assisted by qualified professionals. The details of key managerial personnel of our Company are as follows:

Sr. No.	Name	Age (in years)	Designation	Amount payable in the current Fiscal (in ₹)
1.	Ranjan Samantray	40	Director and Unit Head	9,00,000
2.	Taranjit Saini	44	President Operation and Unit Head	7,20,000
3.	Anil Goyal	33	Vice President – Commercial	6,00,000
4.	Nikunj Patel	38	Vice President – Projects	5,00,000
5.	Sunil Bhagat	37	Chief Financial Officer	10,00,000
6.	Nisha Jha	25	Company Secretary and Compliance Officer	3,36,000
7.	Makarand Deorankar	41	General Manager – Production	6,12,000
8.	Rajesh Kumar Bajpai	51	General Manager – Human Resources	8,50,000
9.	Bharat Ramdasani	38	General Manager – Commercial	7,00,000
10.	Divyesh Thakkar	35	Deputy General Manager – Marketing & Sales	6,00,000



The details regarding our key managerial personnel are as follows:

Mr. Ranjan Samantray, aged 40 years, is the Technical Director of our Company and Unit head of our Nani Chirai unit. He holds a Bachelor's degree with Honours in Chemistry from Utkal University. He has done Post Graduate Diplomas in Plastics Processing Technology and Management (Operations) with over 12 years of expertise in plastic technology. He joined our Company on January 15, 2005 and is responsible for leading technological advancement and implementing the same for attaining quality production in woven sacks, fillers, master batches and multi filament yarn. He was previously associated with Rajasthan Synthetic Industries Limited, K. G. Petrochem Limited, Paharpur Plastics and Gopala Polyplast Limited. The remuneration paid to him for the Fiscal 2010 was ₹ 7, 08,251.

Mr. Taranjit Singh Saini, aged 44 years, is the President, Operations and Unit Head of Rajpur unit of our Company. He holds four years advance diploma in Tool Engineering and a Masters Degree in Business Administration from Varanasi Sanskrit Vishwavidyalaya. He joined our Company on April 1, 2010 and is responsible for developing and improving the production process and for managing our Rajpur unit. Prior to joining our Company, he was associated with Atma Plastics Private Limited, PAM Raffia Limited, Veer Plastics Private Limited, Bajaber Packaging Limited, Tanzania, Karan Synthetics India Private Limited and Mayur Woven Sacks. Since he joined our Company in April 2010, no remuneration was paid to him in Fiscal 2010

Mr. Anil Goyal, aged 33 years, is the Vice President (Marketing) of our Company. He is a Bachelor's of Commerce from Maharshi Dayanad Saraswati University, Ajmer. He has over 12 years of experience in sales and marketing. He joined our Company on April 1, 2006 and is responsible for export sales of woven sacks. He was previously associated with Shri Krishna Shyamsunder and Plasto Processors. He was also self-employed for 2.5 years before joining our Company. The remuneration paid to him for the Fiscal 2010 was ₹ 4, 56,366.

Mr. Nikunj Patel, aged 38 years, is the Vice President -Projects of our Company. He is a diploma holder in Plastic technology. He joined our Company on July 15, 2010 and is responsible for developing and managing new projects and is currently leading the expansion of organization. Prior to joining our Company he was associated with Safe Flex International Limited. Since he joined our Company in July 2010, no remuneration was paid to him in the Fiscal year 2010.

Mr. Sunil Bhagat, aged 37 years, he is Chief Financial Officer of our Company. He is Chartered Accountant by qualification. With an overall experience of 15 years he joined our Company on October 21, 2009. He was previously associated with Rainbow Papers Limited, Gujarat Glass Private Limited, Unimark Remedies Limited, and Aventure Infraspac Limited. The remuneration paid for the Fiscal 2010 was ₹ 3, 68,550.

Mrs. Nisha Jha, aged 25 years is the Company Secretary and Compliance officer of our Company. She has completed her Bachelor's degree in commerce from Gujarat University. She is an associate member of the Institute of Company Secretaries in India. She joined our Company on September 6, 2010, beginning her career with our Company. She is responsible for handling secretarial functions in our Company. Since she joined our Company in September 2010, no remuneration was paid to her in the Fiscal 2010.

Mr. Makarand Deorankar, aged 41 years is the General Manager (Production) in our Company. He has completed his Masters in Science (Mathematics) from Amravati University and MBA from Yashwantrao Chavan Maharashtra Open University. He has an experience of 20 years in the field of production planning. He has joined our Company on June 1, 2006 and is responsible for production planning, scheduling all operations relating to production of woven sacks authorised for quality control and manpower planning at factory. He was previously associated with Superpack. The remuneration paid to him for the Fiscal 2010 was ₹ 4, 89,622.

Mr. Rajesh Kumar Bajpai, aged 51 years is the General Manager – Human Resources of our Company. He is a Bachelor in Science from Rohilkhand University and has completed his Masters in Science (Organic Chemistry). He has also completed Post Graduate Diploma in Business Administration and Personnel Management from Annamalai University. He joined our Company on April 4, 2010 and is responsible for managing and developing entire function across the organization. Prior to joining our Company he was he was associated with Kanasai Chemicals and Industries Limited, Baroda Rayon Corporation, Indokem Limited and renaissance Corporation Limited. Since he joined our Company in April 2010, no remuneration was paid to him in the Fiscal 2010.

Mr. Bharat Ramdasani, aged 38 years, is the General Manager -Commercial. He is a Bachelor in Commerce from Gujarat University. He joined our Company on November 1, 2007 and is responsible for supply chain



management, vendor management logistics arrangements and for all commercial activities involving taxation. He has an experience of 13 yrs. He was previously associated with Zenj Garment Factory, Palmon (UAE) Limited, Euro Fashions, Euro Trousers, Trackline International FZE. He was also the business owner of Avintakar Tours and Travels. The remuneration paid to him for the Fiscal 2010 was ₹ 5,90,953.

Mr. Divyesh Thakkar, aged 35 years, is Deputy General Manager – Marketing in our Company. He is a Bachelor in Science from Gujarat University and has also completed Post Graduation in Management from Tolani Institute. He has experience of 12 years in sales and marketing. He joined our Company on September 1, 2009 and is responsible for setting sector-wise targets and its achievement for woven sacks and developing new customers for woven sacks, leading sales team. He was previously associated with Gopala Polyplast Limited, ING Vyasa Life Insurance Company Limited, ICICI Bank Limited prior to joining our Company. The remuneration paid to him for the Fiscal 2010 was ₹ 3, 27,708.

All our Key Managerial Personnel are permanent employees of our Company.

Relationship between Promoter / Directors and Key Managerial Personnel

None of the Key Managerial Personnel are related to the Promoters/ Directors of our Company. None of the Key Managerial Personnel are related to each other.

Arrangement for selection of directors or members of senior management

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the key managerial personnel is selected as a directors or members of senior management.

Shareholding of Key Managerial Personnel

None of our Key Managerial Personnel hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

Bonus and/or profit sharing plan for the Key Managerial Personnel

There is no profit sharing plan with the Key Managerial Personnel. Bonuses are given as per the bonus given to the other employees of our Company.

Changes in Key Managerial Personnel

There have the following changes in the Key Managerial Personnel of our Company within the last three years of filing of this Draft Red Herring Prospectus

Sr. No.	Name	Designation	Date of Joining	Date of Resignation	Reason of change
1.	Amit Shah	Chief Financial Officer	July 15, 2007	December 28, 2007	Resignation
2.	Joginder Singh Phool	Vice president - Works	August 7, 2007	August 23, 2008	Resignation
3.	Ravi Pandey	General Manager – Corporate HR	June 1, 2006	April 30, 2008	Resignation
4.	Kaushik Kapadia	Company Secretary	December 8, 2004	July 4, 2008	Resignation
5.	Ritesh Kotak	General Manager (Finance)	July 1, 2008	December 31, 2009	Resignation
6.	Divyesh Thakkar	Dy.General Manager(Marketing and Sales)	September 1, 2009	-	Appointment
7.	Sunil Bhagat	General Manager (Accounts)	October 24, 2009	-	Appointment
8.	Rajesh Kumar Bajpai	General Manager – Human Resources	April 4, 2010		Appointment
9.	Nikunj Patel	Vice President (Projects)	July 15, 2010	-	Appointment



Sr. No.	Name	Designation	Date of Joining	Date of Resignation	Reason of change
10.	Nisha Jha	Company Secretary and Compliance Officer	September 6, 2010	-	Appointment

Interest of the Key Managerial Personnel

None of our key managerial personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. All of our key managerial personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares allotted to them on terms of this Issue and the stock options held by them pursuant to the Teamwork 2010.

Except as stated below, none of our Key Managerial Personnel are directors on the board of any of our Group Companies except:

Sr. No.	Name of KMP	Name of Company
1	Ranjan Samantray	Oswal Extrusion Limited

EMPLOYEES

We believe that a motivated and empowered employee base is integral to our competitive advantage. Our Company has 1135 employees as on October 31, 2010 comprising of key managers responsible for our operations, finance and overall administration.

Employee Stock Option Scheme

For details of the Teamwork 2010 and conversion of options granted to our Directors and key managerial personnel, please refer to the chapter titled “*Capital Structure*” on page 22 of this Draft Red Herring Prospectus.

Payment or Benefit to Officers of our Company (non salary related)

Except for the payment of salaries and perquisites and reimbursement of expenses incurred in the ordinary course of business, the equity shares held by them in our Company, the dividend derived therefrom and the transactions as enumerated titled “*Financial Statements*” on page 137 of this Draft Red Herring Prospectus, we have not paid /given any benefit to the officers of our Company, within the two preceding years nor do we intend to make such payment/give such benefit to any officer as on the date of this Draft Red Herring Prospectus.

Except statutory benefits upon termination of their employment in our Company, no officer of our Company is entitled to any benefit upon termination of his employment in our Company.



OUR PROMOTERS AND GROUP COMPANIES

Our Promoters:


The Promoters of our Company are:

1. Mr. Champalal G. Parekh
2. Mr. Prakash H. Parekh
3. Mrs. Madhu P. Parekh
4. Prakash H. Parekh (HUF)


Together Our Promoters.

Details of our Promoters:


1. Mr. Champalal G. Parekh

	<p>Mr. Champalal G. Parekh, 74 years, is the chairman of our Company</p> <p>Voter Identity Card No. GJ/01/005/277026 Passport No. F-8660387 He currently does not have a driving license.</p> <p>For further details please refer to the chapter titled “Our Management” and for details of any outstanding litigation by and against him, please refer to the chapter titled “Outstanding Litigations and Material Developments” beginning on page 109 and 195 respectively of this Draft Red Herring Prospectus.</p>
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2. Mr. Prakash H. Parekh

	<p>Mr. Prakash H. Parekh, 37 years, is the Managing Director of our Company</p> <p>Voter Identity Card No. MVL1535350 Passport No. Z-1025692 Driving License No. 12KBGIM/24242/2000</p> <p>For further details please refer to the chapter titled “Our Management” and for details of any outstanding litigation by and against him, please refer to the chapter titled “Outstanding Litigations and Material Developments” beginning on page 109 and 195 respectively of this Draft Red Herring Prospectus.</p>
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3. Mrs. Madhu P Parekh

	<p>Mrs. Madhu P Parekh, 38 years, holds a bachelors degree in Science (Home Science) from Bangalore University. She has also completed her Diploma in Advanced Computer Programming from Briliants Tutorials, Bangalore. She is a resident of 7/B, Sumatinagar, Usmanpura, Ahmedabad – 380013, Gujarat, India She currently does not hold directorship in any company. She has been involved in overseeing the Human Resources functions in our Corporate Office.</p> <p>Voter Identity Card No. CLJ2526234 Passport No. F 9305833 Driving License No. GJ01/114770/04</p> <p>For further details of any outstanding litigation by and against her, if any, please refer to the chapter titled “Outstanding Litigations and Material Developments” beginning on page 195 of this Draft Red Herring Prospectus.</p>
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4. Prakash H Parekh (HUF)

Prakash H Parekh (HUF) was formed as a hindu undivided family on March 21, 2002 with its office at 201, H.B. Jirawala House, 13, Navbharat Society, Opp. Panchshil Bus Stop, Usmanpura, Ahmedabad – 380 013, India. Mr. Prakash H. Parekh is the karta of the HUF.

The members of Prakash H. Parekh (HUF) are:

1. Prakash H. Parekh
2. Madhu P. Parekh
3. Aman Parekh
4. Anvi Parekh

Declaration

It is confirmed that the Permanent Account Number, Bank Account Number and the Passport Number have been submitted to the Stock Exchanges on which securities are proposed to be listed, at the time of filing this Draft Red Herring Prospectus with them.

Declaration

It is confirmed that the Permanent Account Number and Bank Account Number of Prakash H. Parekh (HUF) have been submitted to the Stock Exchanges on which securities are proposed to be listed, at the time of filing this Draft red herring prospectus with them.

Common Pursuits

Except as stated in this section, none of our Promoters or Directors is involved with one or more ventures which are in the same line of activity or business as that of our Company.

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, if at all and as and when they may arise.

Interests of our Promoters

Our Promoters may be deemed to be interested in the promotion of our Company to the extent of shares held by them and in case of our individual Promoters, also to the extent of shares held by their relatives. Our individual Promoters may also benefit from holding directorship in our Company. As on the date of this Draft Red Herring Prospectus, our Promoters together hold 75,22,500 Equity Shares of our Company

Further, except to the entitlement to dividend on its shares and as stated above and as stated otherwise under the paragraph titled “*Shareholding of our Directors*” in the chapter titled “*Our Management*”, in the chapter titled “*Financial Statements – Restated Standalone Related Party Transactions*”, under the paragraph titled “*Interest of Directors*” in the chapter titled “*Our Management*”, paragraph titled “*Our Properties*” in the chapter titled “*Business Overview*” beginning on pages 109, 137, 109 and 68 of this Draft Red Herring Prospectus, respectively, our Directors do not have any other interests in our Company as on the date of this Draft Red Herring Prospectus.

Related party transactions

Except those transactions mentioned under “*Financial Statements – Restated Standalone Related Party Transactions*” and in the chapter titled ‘*Our Management*’ on page 155 and page 109, respectively, there are no other interests, payments or benefits to our Promoters by our Company.

Payments of benefits to our Promoters during the last two years

Except as stated in the chapter titled “*Financial Statements – Restated Standalone Related Party Transactions*” beginning on page 155 of this Draft Red Herring Prospectus, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Draft Red Herring Prospectus.



Other Confirmations

Our Company has neither made any payment in cash or otherwise to the Promoters or to firms or companies in which our Promoters are interested as members, directors or promoters nor have our Promoters been offered any inducements to become directors or otherwise to become interested in any firm or company, in connection with the promotion or formation of Our Company. No interest has been charged by our Company and the members of the Promoter Group Companies.

Our Promoters and Promoter Group, including relatives of the Promoters have confirmed that they have not been declared as willful defaulters by the RBI or any other governmental authority. Further, there are no violations of securities laws committed by our Promoters and Promoter Group in the past and no proceedings for violations of securities laws are pending against them.

Disassociation of the Promoters from other companies in the last three years

There are no companies /firms from which promoters have disassociated during last three years.

GROUP COMPANIES

Given below is the list of entities promoted by the Promoters. None of them has become a sick company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and are not under winding up. The Group Companies consists of partnerships and proprietary concerns.

In addition to our Subsidiaries as mentioned in the chapter titled “History and Certain Corporate Matters” beginning on page 102 of this Draft Red Herring Prospectus, the following entities form part of our Group Companies:

a. Companies

- i. Oswal Commodities Private Limited
- ii. Oswal Lumbers Private Limited
- iii. YMP Machineries Private Limited
- iv. Plastene Polyfilms Limited
- v. Plastene Infrastructure Limited

b. Partnership Firms

- vi. Champalal Company
- vii. S. C. Chemicals

c. Proprietorships

- viii. Parekh Polymers
- ix. Parekh Industries

a. Companies

i. Oswal Commodities Private Limited (“OCPL”)

OCPL (CIN No.U02000GJ1990PTC013376) was incorporated on December 19, 1990 by Mr. Champalal G. Parekh and Mr. Dhanpat H. Parekh, the promoters of OCPL, as Oswal Timbers Private Limited. The name of OCPL was changed to its present name i.e. Oswal Commodities Private Limited with effect from November 11, 1994. OCPL is having its registered office at H.B. Jirawala House, 13, Nav Bharat Society, Opp. Puncsheel Bus Stop, Usmanpura, Ahmedabad - 380 013.

OCPL is authorised by its Memorandum of Association to:

- 1. to carry on the business of manufacturers, dealers, traders, exporters, importers, consigners, consignees, agents, factors, brokers, whole-sellers, retailers of all kinds, types, sizes, classes, nature and description of timber, wood and plywood with and/or without lamination of any type and kind thereon, including other types of wood such as teak wood, flash door, plywood, figure wood, duplex boards, colour boards, block



boards, laminated boards, press boards, pulp boards, paste boards, packing wood and articles/products, furnitures made therefrom whether for industrial, commercial and domestic uses or purposes.

2. to deal in plywood, fuel wood etc. to also take order for supply of every kind of furniture and other articles to be manufactured from wood, as required.

Board of Directors

The directors of OCPL as on the date of the filing of this Draft Red Herring Propectus are Mr. Champalal G. Parekh, Mr. Dhanpat C. Parekh, Mr. Shantilal C. Parekh, Mr. Omprakash L. Chopra and Mr. Deepak H. Parekh

As of the date of this Draft Red Herring Prospectus our Promoters jointly hold 23% of the issued and paid up capital of OCPL directly and indirectly.

Details of Change in the Management of OCPL

There has been no change in the management of OCPL in last three Fiscals.

Capital Structure

	No. for equity shares of ₹ 1 each
Authorised capital	2,00,00,000
Issue subscribed and paid-up capital	1,21,52,700

Shareholding pattern

The Shareholding Pattern of OCPL as on the date of filing Draft Red Herring Prospectus is as follows:

Name of the Shareholder	Number of Shares (Equity shares of ₹1 each)	Percentage of Shareholding
Oswal Timber Industry, Gim.	20,000	0.16
Manjudevi S. Parekh	70,000	0.58
Geetadevi A. Parekh	2,95,000	2.43
Chetan S. Parekh	8,00,000	6.58
Deepak H. Parekh	8,60,000	7.08
Hiralal C. Parekh	9,48,000	7.80
Shantilal C. Parekh	15,68,800	12.91
Vimladevi O.Chopra	50,000	0.41
Dhanpatkumar C. Parekh	16,66,000	13.71
Vidhyadevi H. Parekh	3,60,000	2.96
Champalal G. Parekh	4,57,200	3.76
Omprakash L. Chopra	3,55,000	2.92
Hiralal C Parekh (HUF)	2,00,000	1.65
Lakshya Securities and Credit Holding Limited	6,60,000	5.43
Pentium Infotech Limited	9,70,000	7.98
Oswal Wood Private Limited	23,50,000	19.34
Sarang Chemicals Limited	5,22,700	4.30
Total	1,21,52,700	100.00

**Financial performance**

The summary audited financial information of OCPL for the last three Fiscals are as follows:

(in ₹)			
Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Share Capital (par value ₹1 per equity share)	1,21,52,700	1,21,52,700	1,21,52,700
Reserves and Surplus (excluding revaluation reserve if any)	3,50,02,473	3,64,73,111	38,53,402
Total Income	2,20,057	16,49,68,625	5,59,29,367
Profit/(Loss) after Tax	(14,70,638)	6,19,708	8,04,457
Earnings Per Share (EPS) (in ₹)	0.12	0.05	0.07
Profit and Loss Account debit balance)	--	--	--
Miscellaneous Expenditure (to the extent not written off)	0.00	0.00	0.00
Networth	4,71,55,173	4,86,25,811	4,80,06,102
Net Asset Value (NAV) per share (in ₹)	3.88	4.00	3.95

Note: The face value of the equity share is ₹1 per share.

OCPL has not been declared a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not under winding up. It has not made any public issues or rights issue in the preceding three years prior to the filing of this DRHP.

ii. Oswal Lumbers Private Limited ("OLPL")

OLPL (CIN No. U35115GJ1988PTC010741) was incorporated on May 23, 1988 by Mr. Shantilal C. Parekh, the promoter of OLPL, having its registered office at H.B. Jirawala House, 13, Nav Bharat Society, Opp. Panchshil Bus Stop, Usmanpura, Ahmedabad – 380 013 as Oswal Lumbers Private Limited.

OLPL is authorised by its Memorandum of Association to undertake:

- to carry on the business of manufacturers, dealers, traders, exporters, importers, consigners, consignees, agents, factors, brokers, whole-sellers, retailers of all kinds, types, sizes, classes, nature and description of timber, wood and plywood with and/or without lamination of any type and kind thereon, including other types of wood such as teak wood, flash door, plywood, figure wood, duplex boards, colour boards, block boards, laminated boards, press boards, pulp boards, paste boards, packing wood and articles/products, furnitures made therefrom whether for industrial, commercial and domestic uses or purposes.
- to deal in plywood, fuel wood etc. to also take order for supply of every kind of furniture and other articles to be manufactured from wood, as required.

Board of Directors

The directors of OLPL as on the date of the filing of this Draft Red Herring Prospectus are Mr. Shantilal C. Parekh, Mr. Ashok C. Parekh, Mr. Omprakash L. Chopra, Mr. Deepak H. Parekh and Mr. Champalal G. Parekh.

As of the date of this Draft Red Herring Prospectus our Promoters jointly hold 8.64 % of the issued and paid up capital of OLPL directly as well as indirectly.

Details of Change in the Management of OLPL

There has been no change in the management of OLPL in last three Fiscals.

Capital Structure

	No. for equity shares of ₹ 1 each
Authorised capital	2,00,00,000



Issue subscribed and paid-up capital	1,61,40,100
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Shareholding pattern

The shareholding pattern of OLPL as on the date of filing Draft Red Herring Prospectus is as follows:

Name of the Shareholder	Number of Shares (Equity Share of ₹ 1 each)	Percentage of Shareholding
Oswal Timber Industry	2,05,000	1.27
Shantilal C. Parekh (HUF)	6,16,000	3.82
Rashmidevi C. Parekh	10,12,300	6.27
Sumandevi D. Parekh	7,00,700	4.34
Santosh L. Chopra	11,300	0.07
Prakash H. Parekh	1,26,000	0.78
Vuaykumar L. Chopra	30,200	0.19
Ashokkumar C. Parekh (HUF)	4,67,500	2.90
Champalal G. Parekh (HUF)	10,45,300	6.48
Manjudevi S. Parekh	2,32,500	1.44
Geetadevi A. Parekh	8,99,000	5.57
Chetan S. Parekh	4,51,400	2.80
Sandhya S. Parekh	1,05,000	0.65
Deepak H. Parekh	1,40,500	0.87
Hiralal C. Parekh	6,88,000	4.26
Shantilal C. Parekh	27,08,200	16.78
Sidharth S. Parekh	4,40,200	2.73
Suvedhidhanpatkumar Parekh	24,900	0.15
Vimladevi O. Chopra	67,000	0.42
Dhanpatkumar C. Parekh	12,11,000	7.50
Vidhyadevi H. Parekh	77,000	0.48
Divyang O. Chopra	31,000	0.19
Nisharg O. Chopra	30,000	0.19
Champalal G. Parekh	3,00,000	1.86
AshokKumar C. Parekh	7,00,000	4.34
Omprakash L. Chopra	5,10,000	3.16
Lakshya Securities and Credit Hold Limited	4,80,000	2.97
Pentium Infotech Limited	11,80,000	7.31
Rifca Construction Private Limited	1,00,000	0.62
Global Securities Limited	1,76,700	1.09
Sarang Chemicals Limited	3,03,400	1.88
Mangidevi L. Chopra	10,000	0.06
Hiralal Champalal Parekh (HUF)	60,000	0.37
Oswal Commodities Private Limited	10,00,000	6.20
Total	1,61,40,100	100

**Financial performance**

The summary audited financial information of OLPL for the last three Fiscals are as follows:

(in ₹)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Share Capital (par value ₹1 per equity share)	1,61,40,100	1,46,40,100	1,22,40,100
Reserves and Surplus (excluding revaluation reserve if any)	5,37,96,071	3,83,78,515	3,78,32,391
Total Income	25,29,36,864.93	11,97,28,989.63	12,37,51,517
Profit/(Loss) after Tax	19,17,556	5,46,124	10,20,332
Earnings Per Share (EPS) (in ₹)	0.12	0.04	0.08
Profit and Loss Account (debit balance)	--	--	--
Miscellaneous Expenditure (to the extent not written off)	0.00	0.00	0.00
Networth	6,99,36,171	5,30,18,615	5,00,72,491
Net Asset Value (NAV) per share (in ₹)	4.33	3.62	4.09

OLPL has not been declared a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not under winding up. It has not made any public issues or rights issue in the preceding three years prior to the filing of this DRHP.

iii. YMP Machineries Private Limited (“YMPMPL”)
(Formerly known as Champalal Agrimpex Private Limited)

Corporate Information

YMPMPL (CIN No. U01110GJ1995PTC027910) was incorporated on October 19, 1995 as Champalal Agrimpex Private Limited. Its name has been subsequently changed to its current name ‘YMP Machineries Private Limited’ with effect from August 4, 2008. YMPMPL has its registered office at H.B. Jirawala House, 13, Nav Bharat Society, Opp. Panchshil Bus Stop, Usmanpura, Ahmedabad – 380 013.

YMPMPL is authorised by its Memorandum of Association:

1. To carry on the business to produce, manufacture, trading, export and import of various types of oil and oil seeds, HPS ground nut and all type, kind, sizes and grain, pulse and all agricultural commodities and all items and OGL policy of Government of India from time to time.
2. To cultivate, grow, produce or deal in any agricultural, vegetable, fruits and fruits products and to carry on all or any of the business of farmers, dairy farmers, poultry, fruits, vegetables, cash crops and provisions of all kinds, growers of and dealers in corn, hay and straw, seed men and nurserymen and to buy, sell and trade in any goods usually traded in any or the above business or any other business inclusive of staple, foods and medicinal preparations form vegetable and animal products or any substitute for any of them associated with the farming.
3. To carry on the business of designing, engineering, fabricating, manufacturing, assembling, marketing, importing, exporting, selling, purchasing, leasing, distributing, supplying, on turnkey basis or servicing, maintaining, erecting and commissioning, repairing and dealing in all kind and description of industrial plants, petrochemical plants, cement plant including rotary kilns and fluxo packers, fertilizers plants, chemical vessels, sugar plants, pollution control equipments, crystallizer plants, booting plants, drying plants, power plants, coal and material, handling plants, dairy plants, Plastic processing machinery, cement machinery beverage machinery, air conditioning and refrigeration plants and their machineries, components, accessories, ancilliary equipments, instruments and appliances.

YMPMPL is currently engaged in the business of Trading in tarpaulin and plastic scrap.

Board of Directors

The directors of YMPMPL as on the date of the filing of this Draft Red Herring Propectus are Mr. Champalal G. Parekh, Mr. Deepak H. Parekh, Mr. Chetan S. Parekh and Mr. Gaurav P. Puri.



As of the date of filing of the DRHP, our Promoters jointly hold 33.64 % of the issued and paid up capital of YMPMPL.

Details of Change in the Management of YMPMPL

There has been no change in the management of YMPMPL in last three Fiscals.

Capital Structure

	No. for equity shares of ₹ 1 each
Authorised capital	30,00,000
Issue subscribed and paid-up capital	13,58,600

Shareholding pattern

The shareholding pattern of our Company as on the date of filing of this Draft Red Herring Prospectus is as follows:

Name of the Shareholder	Number of Shares (Equity Share of ₹1 each)	% of Shareholding
Champalal G. Parekh	1,000	0.07
Ashok Parekh	1,000	0.07
Prakash H. Parekh	1,96,000	14.43
Kamaladevi H. Parekh	2,60,000	19.14
Madhu P Parekh	2,60,000	19.14
Lalit Golecha	2,60,000	19.14
Chetan S. Parekh	2,07,300	15.56
Major (Retd.) Parvesh Chander Suri	26,600	1.96
Global Securities Limited	1,20,000	8.83
Sarang Chemicals Limited	26,700	1.97
Total	13,58,600	100

The summary audited financial information of YMPMPL for the last three Fiscals are as follows:

(in ₹)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Share Capital (par value ₹1 per equity share)	13,58,600	13,58,600	13,58,600
Reserves and Surplus (excluding revaluation reserve if any)	1,09,27,400	1,09,27,400	1,09,27,400
Total Income	8,71,39,517	14,82,73,680	2,52,66,020
Profit/(Loss) after Tax	6,52,747	2,37,190	(10,33,477)
Earnings Per Share (EPS) (in ₹)	0.48	0.17	(0.76)
Profit and Loss Account (debit balance)	17,86,609	24,39,538	26,76,728
Miscellaneous Expenditure (to the extent not written off)	0.00	0.00	0.00
Networth	1,04,99,391	98,46,462	96,09,272
Net Asset Value (NAV) per share (in ₹)	7.73	7.25	7.07

YMPMPL has not been declared a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not under winding up. It has not made any public issues or rights issue in the preceding three years prior to the filing of this DRHP.



iv. Plastene Polyfilms Limited (“PPL”)

Corporate information

Plastene Polyfilms Limited (CIN No. U25200GJ2009PLC058586) was incorporated on November 16, 2009 under the Companies Act. It has its registered office at H.B. Jirawala House, 13, Nav Bharat Society, Opp. Panchshil Bus Stop, Usmanpura, Ahmedabad – 380 013. Plastene Polyfilms Limited is an unlisted company.

Plastene Polyfilms Limited is authorised by its Memorandum of Association to carry on the business of Manufacturers, processors, re-processors, importers, exporters, buyers, sellers, wholesale and retail dealers of polyfilms, woven sacks, fabrics, tarpaulins, flexible packaging, multifilament yarn, flexible intermediate bulk container, Multilayer & Monolayer co-extrusion film, master batch, fillers, cutpieces, ropes, liners, green house shades, tunnel covers, jumbo containers, shopping bags, strapping madeout of high density poluehtylene, low density polyethylene, poly vinyl chloride, ethylene vinyl acetate, polymers and thermoplastics. It is currently engaged in the business of manufacturing, processing, re-processing, import and export, wholesale and retail selling of woven bags, Jumbo bags, tarpaulin, flexible packaging material etc.

Board of Director

The present Board of Directors of Plastene Polyfilms Limited comprises of Mr. Pritesh Parekh, Mr. Prakash H. Parekh, Mr. Mahavir R. Parekh and Mr. Kushalraj G. Parekh.

As of the date of filing of the DRHP, our Promoters directly and indirectly hold 28 % of the issued and paid up capital of PPL.

Details of Change in the Management of PPL

There has been no change in the management of PPL in last three Fiscals.

Capital Structure

	(In ₹)
Authorised capital	30,00,000
Issue subscribed and paid-up capital	5,00,000

Shareholding pattern

	No. for equity shares of ₹10 each
Prakash H. Parekh	9,000
YMP Machineries Private Limited	5,000
Siddharth S Parekh	5,500
Chetan S Parekh	5,500
Pritesh Parekh	8,500
Mahavir Parekh	8,500
Manisha C Parekh	8,000
Total	50,000

Financial performance

Since PPL was incorporated on November 16, 2009, therefore, the first Fiscal of PPL pertains to the period from the date of incorporation to March 31, 2010 and hence currently there are no financial results to report.

(in ₹)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Share Capital (par value ₹10 per equity share)	5,00,000	NA	NA
Reserves and Surplus (excluding revaluation	0.00	NA	NA



Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
reserve if any)			
Total Income	0.00	NA	NA
Profit/(Loss) after Tax	0.00	NA	NA
Earnings Per Share (EPS) (in ₹)	0.00	NA	NA
Profit and Loss Account (debit balance)	0.00	NA	NA
Miscellaneous Expenditure (to the extent not written off)	48,979	NA	NA
Networth	451,021	NA	NA
Net Asset Value (NAV) per share (in ₹)	9	NA	NA

* *Plastene Polyfilms Limited has not prepared its Profit and Loss accounts as noo transaction of a revenue nature has been undertaken*

Plastene Polyfilms Limited has not been declared a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not under winding up. It has not made any public issues or rights issue in the preceding three years prior to the filing of this DRHP.

v. Plastene Infrastructure Limited (“Plastene Infrastructure”)

Corporate information

Plastene Infrastructure (CIN No. U45201GJ2008PLC053258) was incorporated on March 14, 2008 under the Companies Act. It has its registered office at H.B. Jirawala House, 13, Nav Bharat Society, Opp. Panchshil Bus Stop, Usmanpura, Ahmedabad – 380 013. Plastene Infrastructure is an unlisted company.

Plastene Infrastructure is authorised by its Memorandum of Association to carry on the business to establish and develop Industrial Estates/Parks and to carry on the business of properties developers, builders, creators, operators, owners, contractors of all and any kind of Infrastructure facilities and services including cities, towns, roads, seaports, airports, airways, railways, tramways, mass rapid transport system, cargo movement and cargo handling including mechanised handling system and equipment, shipyard, land development, water desalination plant, water treatment & recycling facilities, water supply & distribution system, solid waste management, effluent treatment facilities, power generation, transmission, distribution, power trading, generation and supply of gas or any other form of energy, environmental protection and pollution control, public utilities, security services, municipal services, clearing house agency and stevedoring services and of like infrastructure facilities and services viz., telecommunication, cell services, cable and satellite communication networking, data transmission network, information technology network, agriculture and food processing zone, textile & apparel park, automobile & auto ancillaries park, chemical park, drugs & pharmaceutical parks, light & heavy engineering park, trading & warehousing zone, gem and jewellery plastic industrial park, and other industrial parks, factory buildings, warehouses, internal container depots, container fright station, clearing houses, research centre, trading centers, school and educational institutions, hospitals, community centre, training centers, hostels, places of worship, courts, markets, canteen, restaurants, residential complexes, commercial complexes and other social infrastructures and equip the same with all or any amenities, other facilities and infrastructure required by the various industries and people, entertainment centers, amusement park, green park, recreational zone; import & export house, to purchase, acquire, take on lease or in exchange or in any other lawful manner land, building, structures to promote industrial, commercial activity for inland and foreign trade, to carry on the business of international financial services centers, banks, insurance, postal services, courier services and to purchase plant & machineries, tools and equipment and to carryon business of import and export, buying, selling, marketing and to do government liaison work and other work.

Board of Director

The present Board of Directors of Plastene Infrastructure comprises of Prakash H. Parekh, Chetan S. Parekh and Siddharth S Parekh.

As of the date of filing of the DRHP, our Promoters jointly hold 10 % of the issued and paid up capital of Plastene Infrastructure.



Details of Change in the Management of Plastene Infrastructure

There has been no change in the management of Plastene Infrastructure in last three Fiscals.

Capital Structure

	(In ₹)
Authorised capital	10,00,000
Issue subscribed and paid-up capital	5,00,000

Shareholding pattern

	No. for equity shares of ₹10 each
Prakash H. Parekh	5000
Deepak Parekh	10000
Chetan S. Parekh	10000
Siddharth Parekh	2500
Madhu P. Parekh	5000
Neetu Parekh	10000
Manisha C. Parekh	7500
Total	50,000

Financial performance

The summary audited financial information of Plastene Infrastructure for the last three Fiscals are as follows:

(in ₹)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Equity Share Capital (par value ₹10 per equity share)	5,00,000	5,00,000	5,00,000
Reserves and Surplus (excluding revaluation reserve if any)	0.00	0.00	NA
Total Income	0.00	0.00	NA
Profit/(Loss) after Tax	0.00	0.00	NA
Earnings Per Share (EPS) (in ₹)	0.00	0.00	NA
Profit and Loss Account (debit balance)	0.00	0.00	NA
Miscellaneous Expenditure (to the extent not written off)	44,424	44,424	40,750
Networth	4,55,576	4,55,576	4,59,250
Net Asset Value (NAV) per share (in ₹)	9.11	9.11	9.19

Plastene Infrastructure has not been declared a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 and is not under winding up. It has not made any public issues or rights issue in the preceding three years prior to the filing of this DRHP.



b. Partnership Firms

vi. Champalal Company

Champalal Company is a Registered Partnership Firm (Regn No. GUJ/RJT-30779). It was constituted on October 11, 1978 and has its registered office at D/94, Jhawahar Chowk, Gandhidham (Kutch). It is currently engaged in the business of Trading in agro-commodities.

Profit and loss sharing ratio amongst the Partners of Champalal Company as on the date of filing of this Draft Red Herring Prospectus is:

Name of the partners	Profit sharing ratio (%)
Champalal G. Parekh	10
Deepak H. Parekh	15
Pritesh K. Parekh	10
Hiralal C. Parekh	10
Mukesh R. Parekh	10
Ashok C. Parekh	15
Leeladevi K. Parekh	15
Jasodadevi R. Parekh	15
Total	100

Financial performance

The summary audited financial information of Champalal Company for the last three Fiscals are as follows:

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales	Nil	10,30,43,292	9,87,13,123
Other income	4,20,232	21,321	0
Profit / (loss) after tax	(2,89,112)	42,331	41,264
Partners' capital	3,26,030	4,23,106	37,22,639

(in ₹)

vii. S. C. Chemicals (Registered)

Corporate Information

is a Registered Partnership Firm (Regn No. GUJ/AMS/12202). It was constituted on September 09, 1982 and has its registered office at 9-B, Sumatinagar Society, Near Sindhi High School, Ushmanpura, Ahmedabad-380m 013. It is currently engaged in the business of Manufacturing and selling of the castor oil.

Name of the partners and their profit sharing ratio amongst Partners of S.C. Chemicals as on the date of filing of this Draft Red Herring Prospectus:

Name of the partners	Profit sharing ratio (%)
Sevantilal C. Shah	14
Kushalraj G. Parekh	8
Sukhraj P. Mehta	6
Shashikant C. Vora	11
Ratanlal G. Parekh	7
Ashok C. Parekh	6
Dhanpat C. Parekh	6



Name of the partners	Profit sharing ratio (%)
Nikhil S. Mehta	6
Nilam S. Mehta	6
Madhuben B. Mehta	5
Prakash H. Parekh	6
Mukesh R. Parekh	8
Siddharth S. Mehta	7
Champalal G. Parekh	4
TOTAL	100

Financial performance

The summary audited financial information of S.C. Chemicals for the last three Fiscals are as follows:

(in ₹)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales	46,54,48,739	1,15,22,82,315	95,18,67,146
Other income	52,52,848	62,56,112	79,81,493
Profit / (loss) after tax	(4,87,60,786)	(40,14,438)	34,65,225
Partners' capital	11,42,63,258	11,32,14,242	11,74,62,715
Reserves (excluding revaluation reserves)	7,10,000	7,10,000	7,10,000

d. Proprietary Concern

viii. Parekh Polymers

Type of constitution	Proprietorship Firm
Date of constitution	June 16, 2000
Name of Proprietor	Mr. Prakash H. Parekh (HUF)
Registered Office	H. B. Jirawala House, 13, Nav Bharat Society, Opp. Punchsheel Bus Stop, Usmanpura, Ahmedabad - 380 013
Nature of business	Manufacturing and export of the salt tablets

Financial performance

The summary financial information of Parekh Polymer for the last three Fiscals are as follows:

(in ₹)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales	4,85,33,013	14,17,032	14,93,703
Other income	2,40,000	0	0
Profit / (loss) after tax	2,39,166	15,447	(4,20,203)
Proprietor's capital	1,04,849	(132,631)	(1,13,931)

ix. Parekh Industries

Type of constitution	Proprietorship Firm
Date of constitution	June 16, 2000
Name of Proprietor	Mr. Prakash H. Parekh
Registered Office	H. B. Jirawala House, 13, Nav Bharat Society, Opp. Punchsheel Bus Stop, Usmanpura, Ahmedabad - 380 013.
Nature of business	Trading of plastic, chemicals and steel

**Financial performance**

The summary audited financial information of Parekh Industries for the last three Fiscals are as follows:

(in ₹ in Lacs)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008
Sales	6,25,02,706	0.00	17,42,626
Other income	0.00	33,500	1,08,000
Profit / (loss) after tax	5,54,814	(2,21,473)	12,05,932
Proprietor's Capital	(1,51,34,530)	(10,15,012)	(11,05,298)

Sick companies

None of the companies/ partnership firms/ properterships listed above and forming part of our Group Companies, has been declared as sick industrial unit within the meaning of clause (o) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 or have been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

None of the companies/ partnership firms/ properterships listed above and forming part of our Group Companies is in the process of winding up.

None of the companies/ partnership firms/ properterships listed above and forming part of our Group Companies has made a public/ rights issue of their equity shares since inception.

Except as disclosed in this section, none of the Group Companies have a negative net worth.

Except as disclosed below, none of the Group Companies had remained defunct and for which application was made to the Registrar of Companies for striking off the name of the company, during the five years preceding the date of filing Draft Red Herring Prospectus with the SEBI.

Further, none of the Group Companies had remained defunct no application has been made by any of the Group Companies to the RoC to strike off their names."

Interest of our Group Companies

None of our Group Companies are interested in the promotion of our Company. Except as disclosed in the chapter titled "**Financial Statements**" on page 137 and to the extent of their shareholding in our Company, our Group Companies do not have any other interest in our Company, including in relation to property or land acquired by our Company. For further details please refer to the chapter titled "**Financial Statements**" on page 137.

Further, none of our Group companies have any interest in any transaction for construction of building and/or supply of machinery relating to our Company and do not propose to have commercial business with our Company. None of our Group companies have any interest in any property acquired by us within two years of the date of this Draft Red Herring Prospectus with the SEBI or proposed to be acquired by it. For further details of the Equity Shares held by our Group Companies please refer to the chapter titled "**Capital Structure – Notes to Capital Structure**" on page 24.

Group Companies referred to the BIFR/ under winding up / having negative net worth

None of our Group Companies has a negative net worth nor has not been referred to the BIFR or is winding up.

Common Pursuits

Except Plastene Polyfilms Limited, Parekh Polymers and Parekh Industries none of our Group Companies are engaged in any activities similar to those conducted by us.



Sales or Purchase between companies in the Group Companies

There have been no sales or purchases between companies in the Group Companies except as stated mentioned in the chapter titled “*Financial Statements – Restated Standalone Related Party Transactions*” beginning on page 155 of this Draft Red Herring Prospectus.

Sales or Purchase between companies in the Promoter Group

Except as disclosed under “*Financial Statements – Restated Standalone Related Party Transactions*” on page 155 of this Draft Red Herring Prospectus, there have been no sales or purchases between the group companies.

Changes in the Accounting Policies in the last three years

There have been no changes in the Accounting Policies in the last three years.



DIVIDEND POLICY

Our Company does not have any formal policy for payment of dividend. However, dividends may be declared at our Company's AGM based on a recommendation by the Board. The Board may recommend dividend, at its discretion, to be paid to the members. Generally, the factors that may be considered by the Board, but not limited to, before making any recommendations for the dividend including future expansion plans and capital requirements, profits earned during the Fiscal year, cost of raising funds from alternate sources, liquidity, applicable laws, including tax on dividend, as well as exemption under tax laws available to various categories of investors from time to time and money market conditions.

Our Company has not declared any dividend during the last five completed years and till the half year ended September 30, 2010.

Currency of Presentation

All references to "INR", "₹", "Rupees" or "₹" are to Indian Rupees, the official currency of the Republic of India. All references to "US\$", "USD" or "U.S. Dollars" are to United States Dollars, the official currency of the United States of America. All references to "Euro" are to the official currency of the European Union. All references to the "Yen" are to the official currency of Japan and all references to Swiss Francs are to the official currency of Switzerland.

The Draft Red Herring Prospectus contains figures in "Rupees"/ "₹" in Lacs. This Draft Red Herring Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of Schedule VIII (G) of the SEBI ICDR Regulations. These convenience translations should not be construed as a representation that those U.S. Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, the rates stated below or at all.



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITORS' REPORT

The Board of Directors

Plastene India Limited

H.B. Jirawala House
13, Navbharat Society
Opposite Panchshil Bus Stop
Usmanpura
Ahmedabad – 380 013

- 1 We have examined the attached restated financial information of Plastene India Limited (formerly known as Oswal Agloimpex Limited) ('PIL' or 'the Company'), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II to the Companies Act, 1956, as amended ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (the 'SEBI Regulations'), and in terms of our engagement agreed upon with you in connection with the proposed issue of equity shares of the Company.
- 2 These information have been extracted by the Management from the financial statements for the years ended 31 March, 2006, 2007, 2008, 2009, 2010 and for the 3 months ended on 30th June-2010. The financial statements for the year ended 31 March 2006, 2007, 2008, 2009, 2010 and for the 3 months ended on 30th June-2010 have been audited by us.
- 3 In accordance with the requirements of Paragraph B, Part II of Schedule II of the Act, the SEBI Regulations, the Guidance note on 'Reports in Company's Prospectus (Revised) issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable, and the terms of our engagement agreed with you, we further report that:
 - (a) The Restated Summary Statement of Assets and Liabilities of the Company as at 31 March 2006, 2007, 2008, 2009, 2010 and as at 30th June-2010 examined by us, as set out in Annexure I to this report read with the significant accounting policies and related notes in Annexure XXI are after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relate and more fully described in Schedules to the Restated Summary Statements.
 - (b) The Restated Summary Statement of Profits and Losses of the Company for the years ended 31 March 2006, 2007, 2008, 2009, 2010 and for the 3 months ended on 30th June-2010 are as set out in Annexure II to this report read with the significant accounting policies and related notes in Annexure XXI are after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relate and more fully described in Schedules to the Restated Summary Statements.
 - (c) Based on the above, we are of the opinion that the restated financial information have been made after incorporating:
 - i. Adjustments for the changes in accounting policies retrospectively in respective financial years / period to reflect the same accounting treatment as per the changed accounting policy for all the reporting periods.
 - ii. Adjustments for the material amounts in the respective financial years / period to which they relate.
 - iii. And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.
 - (d) We have also examined the following financial information as set out in Annexures prepared by the Management and approved by the Board of Directors relating to the Company for the years ended 31 March 2006, 2007, 2008, 2009, 2010 and for the 3 months ended on 30th June-2010.



- i. Annexure III - Statement of Cash Flow as Restated
- ii. Annexure IV - Statement of Investment as Restated
- iii. Annexure V - Statement of Inventories as Restated
- iv. Annexure VI - Statement of Sundry Debtors as Restated
- v. Annexure VII - Summary Statement of Cash & Bank Balances as Restated
- vi. Annexure VIII - Statement of Loans and Advances as Restated
- vii. Annexure IX – Statement of Secured Loans as Restated
- viii. Annexure X - Statement of Unsecured Loans as Restated
- ix. Annexure XI - Statement of Deferred Tax Liability/ (Assets) as Restated
- x. Annexure XII - Statement of Current Liabilities and Provision as restated
- xi. Annexure XIII - Statement of Reserves and Surplus as Restated
- xii. Annexure XIV - Statement Contingent Liabilities as Restated
- xiii. Annexure XV - Statement of Other Income as Restated
- xiv. Annexure XVI - Statement of Increase Decrease in Stock as Restated
- xv. Annexure XVII - Financial Ratios based on Audited Accounts as Restated
- xvi. Annexure XVIII - Statement of Capitalisation Statement as Restated
- xvii. Annexure XIX - Statement of Related Party Transaction as Restated
- xviii. Annexure XX – Statement of Tax Shelter as Restated
- xix. Annexure XXI – Significant Accounting Policies as Restated

In our opinion, the above financial information contained in Annexure I to XX of this report read along with the significant accounting policies and related notes (Refer Annexure XXI) are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with Paragraph B, Part II of Schedule II of the Act, the SEBI Regulations and the Guidance note on 'Reports in Company's Prospectus (Revised)' issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable, as amended from time to time, and in terms of our engagement as agreed with you.

Our report is intended solely for use of the Management and for inclusion in the draft offer document in connection with the proposed issue of equity shares of the Company. Our report should not to be used, referred to or distributed for any other purpose without our written consent.

for Bhanwar Jain & Co
Chartered Accountants

B M Jain
Partner
Membership No: 034943
Firm Registration Number: 117340W

Place: Ahmedabad
Date: November 20, 2010



Annexure I – Restated Standalone Statement of Assets and Liabilities

(₹ Lacs)

Particulars	For the Year ended March31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
Fixed Assets						
Gross Block	3,309.48	3,662.27	6,005.79	9,756.54	10,140.17	10,201.09
Less: Depreciation	169.40	316.85	537.64	854.51	1,305.42	1,423.76
Net Block	3,140.09	3,345.42	5,468.15	8,902.03	8,834.75	8,777.33
Capital work in progress	253.74	946.38	1,858.24	222.58	1,200.35	1,448.10
Net Block after adjustment for capital work in progress	3,393.83	4,291.81	7,326.39	9,124.61	10,035.11	10,225.43
Investments	-	-	313.05	319.92	634.01	616.01
Current Assets, loans and Advances						
Inventories	1,088.77	946.66	2,606.39	4,067.68	6,065.18	6,707.73
Sundry Debtors	666.48	1,599.75	1,918.07	3,086.28	4,556.45	5,714.73
Cash and Bank balances	67.71	337.67	1,268.26	1,131.60	1,382.09	1,177.15
Loans and Advances	667.79	2,801.34	2,641.73	4,395.72	3,835.10	3,355.66
Total	2,490.75	5,685.42	8,434.45	12,681.28	15,838.83	16,955.28
Total Assets (A+B+C+D)	5,884.58	9,977.22	16,073.89	22,125.82	26,507.94	27,796.72
Liabilities and Provisions						
Secured Loans	3,398.48	4,502.55	6,023.84	9,545.21	7,721.96	6,057.51
Unsecured loans	78.98	91.12	589.99	201.94	318.09	135.04
Deferred tax Liability	118.09	90.34	253.46	513.75	833.68	867.62
Current Liabilities and	815.58	2,773.06	5,692.18	7,330.19	10,099.65	12,988.60
Total Liabilities	4,411.12	7,457.08	12,559.47	17,591.09	18,973.37	20,048.77
Net Worth						
Represented by						
1. Share Capital	156.22	1,099.25	2,232.50	2,232.50	2,314.85	2,314.85
Share Application Money	-	-	-	700.00	2,201.50	2,201.50
2. Reserves and Surplus	1,318.22	1,438.14	1,387.62	1,703.34	3,123.13	3,335.37
Less: Revaluation reserve						
Reserves' (Net of Revaluation Reserves)	1,318.22	1,438.14	1,387.62	1,703.34	3,123.13	3,335.37
3.Miscellaneous Expenditure	(0.98)	(17.24)	(105.70)	(101.11)	(104.91)	(103.76)
Net worth	1473.46	2520.15	3514.41	4534.73	7534.57	7747.95

*Share Application Money of previous year's converted to Share Capital thus not shown separately



Annexure II - Restated Standalone Statement of Profits and Losses

(₹ Lacs)

Particulars	For the Year ended March31,					For the Quarter ended June30, 2010
	2006	2007	2008	2009	2010	
INCOME						
Income from Operations						
Sale of Products manufactured by the company	7,273.30	14,354.97	15,941.68	19,420.89	22,231.06	6,402.09
Sales of products traded in by the company	246.51	-	20.31	732.37	6,693.86	2,154.87
Total Sales	7,519.81	14,354.97	15,961.99	20,153.26	28,924.92	8,556.96
Other Income	143.79	688.17	1,028.00	731.60	210.11	27.88
Increase (Decrease) In	786.22	(300.35)	787.74	217.34	1,470.08	651.26
Total Income	8449.82	14742.80	17777.73	21102.19	30605.11	9236.10
EXPENDITURE						
Raw materials consumed	6,687.33	11,406.76	13,808.97	15,891.58	23,261.47	7,437.75
Employees Emoluments	230.82	312.93	226.74	647.81	937.65	313.21
Other Manufacturing	511.96	916.18	1,310.36	2,361.57	2,771.08	705.80
Administration & Selling	234.60	379.55	355.31	456.96	599.34	153.34
Interest	287.85	547.55	696.84	777.80	1,195.89	171.56
Amortisation	0.25	2.59	4.59	4.59	4.59	1.15
Depreciation	146.28	176.20	220.79	316.87	482.38	122.13
Total Expenditure	8099.09	13741.76	16623.60	20457.18	29252.40	8904.94
Net Profit Before tax and Extraordinary items	350.73	1001.04	1154.13	645.01	1352.71	331.16
Provision for Taxation						
Current Tax	33.00	116.60	230.00	78.60	230.00	85.00
Deferred Tax	110.10	(27.75)	163.12	260.29	319.93	33.94
Earlier Year Taxation	(1.45)	(26.57)	1.04	45.50	(9.61)	-
Earlier Year Expenses	-	-	-	-	-	0.63
Profit after Tax before	209.08	938.76	759.97	260.62	812.39	211.59
Extra Ordinary Items (Net of	-	-	-	-		
Profit after tax after	209.08	938.76	759.97	260.62	812.39	211.59
<i>Adjustments</i>						
Previous year Income	-	-	-	-	0.63	(0.63)
Previous year Tax	1.45	26.57	(1.04)	(45.50)	9.61	-
Current year tax adjustments	(26.57)	1.04	45.50	(9.61)		
Current Year tax impact of Adjustment						



Deferred Tax impact of						
Net Profit as Restated	234.20	911.15	715.51	315.73	802.15	212.22
<u>Appropriations</u>						
Add: Balance Brought Forward from Previous Year	31.75	265.97	1,177.12	1,054.42	1,370.14	2,172.29
Transfer to General Reserve	-	-	838.23	-	-	-
Provision for Dividend	-	-	-	-	-	-
Tax on Dividend	-	-	-	-	-	-
Balance carried Forward	265.95	1,177.12	1,054.40	1,370.15	2,172.29	2,384.51



Annexure III – Restated Standalone Cash Flow Statement						(₹ Lacs)
Particulars	For the Year ended March 31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
CASH FLOW FROM						
Profit before tax as per	350.73	1,001.03	1,154.13	645.01	1,352.70	331.17
Adjustment on Account of Restatement	-	-	-	-	-	-
Restated Profit before tax	350.73	1,001.03	1,154.13	645.01	1,352.70	331.17
Adjustment for:						
Depreciation	146.28	176.20	220.79	316.87	482.38	122.13
Amortisation	0.25	2.59	4.59	4.59	4.59	1.15
Profit on sale of Investments	-0.03	0.85	-	-	-22.36	0.52
Finance Cost	287.85	547.55	726.35	583.48	847.58	76.91
Prior Period Adjustments	-	-	-	-	-	-0.63
OPERATING PROFIT	785.08	1,728.22	2,105.86	1,549.95	2,664.89	531.25
Adjustment for :						
(Increase)/Decrease in Trade	-777.06	-3,085.67	-158.71	-2,922.24	-909.56	-678.84
(Increase)/Decrease in	-948.79	142.11	-1,659.73	-1,461.29	-1,997.50	-642.56
Increase/(Decrease) in Trade	652.46	1,813.28	2,644.65	1,614.53	2,529.19	2,804.59
CASH GENERATED FROM OPERATIONS	-288.31	597.94	2,932.07	-1,219.05	2,287.02	2,014.44
Adjustments						
Tax Adjustments in respect	1.45	26.57	-1.04	-45.46	9.61	-
NET CASH USED IN	-286.86	624.51	2,931.03	-1,264.51	2,296.63	2,014.44
CASH FLOW FROM						
Purchase of Fixed Assets	-846.81	-1,131.33	-3,255.37	-2,115.09	-1,855.63	-327.18
Sale of Fixed Assets	0.33	56.30	-	-	485.14	14.21
Purchase of Investments	-	-	-313.05	-6.88	-321.00	-2.00
Sale of Investments	-	-	-	-	6.91	20.00
Miscellaneous Expenditure	-	-	-93.04	-	-8.38	-
Dividend Received	-	-	-	-	-	-
NET CASH USED IN	-846.48	-1,075.03	-3,661.46	-2,121.97	-1,692.96	-294.97
CASH FLOW FROM						
Proceeds from issuance of	265.69	151.80	367.20	700.00	2,201.50	-
Proceed from long term	298.44	964.50	1,441.47	3,701.13	-1,659.31	-1,018.02
Working Capital Finance	916.63	151.73	578.69	-567.82	-47.79	-829.47
Interest Paid	-287.85	-547.55	-726.35	-583.48	-847.58	-76.91



NET CASH FROM FINANCING ACTIVITIES (C)	1,192.91	720.48	1,661.01	3,249.83	-353.18	-1,924.40
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	59.57	269.96	930.58	-136.65	250.49	-204.93
Cash and cash equivalent as on beginning of the year	8.14	67.71	337.67	1,268.25	1,131.60	1,382.08
Cash and cash equivalent as at end of the year	67.71	337.67	1,268.25	1,131.60	1,382.08	1,177.16

(₹ Lacs)

Particulars	For the Year ended March 31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
Cash Balance	7.02	17.39	10.21	8.80	33.80	9.94
Bank Balance						
<i>Current Account</i>	7.17	11.85	390.97	477.26	361.41	79.80
<i>Deposit Accounts</i>	53.52	308.43	867.07	645.54	986.89	1,087.42
	67.71	337.67	1,268.25	1,131.60	1,382.09	1,177.15



Annexure IV - Restated Standalone Statement of Investment

(₹ Lacs)

Particulars	For the Year ended March 31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
Non Trade (Unquoted at						
National Saving Certificates	-	-	0.10	0.10	0.10	0.10
Trade (Quoted at Cost)						
SBI Mutual Fund Magnum					20.00	-
SBI PSU Fund						2.00
Trade (Unquoted at Cost)						
Bhuj Merchantile Co	-	-	-	6.88	-	-
In Subsidiary Companies						
Oswal Extrusion Ltd	-	-	312.91	312.91	312.91	312.91
(878174 shares fully paid of ₹ 10 each)						
Monalisa International Pty.	-	-	0.04	0.04	-	-
(100 ordinary shares fully paid of \$ 1 each)						
Oswal Extrusion Ltd					301.00	301.00
(Share Application money)						

Annexure V - Restated Standalone Statement of Inventories

(₹Lacs)

Particulars	For the Year ended March 31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
Raw Materials	207.63	360.42	1,140.78	2,338.63	2,845.32	2823.80
Finished Goods	606.42	357.83	635.47	1,071.26	2,015.27	2231.10
Semi Finished Goods	209.26	164.24	674.35	455.89	981.96	1417.39
Trading Good	6.74	-	-	-	-	-
Stores Spares & Packing Material	58.71	64.16	155.80	201.90	222.62	235.44
Total Inventories	1,088.77	946.66	2,606.39	4,067.68	6,065.18	6707.73



Annexure VI - Statement of Sundry Debtors as Restated

(₹ Lacs)

Particulars	For the Year ended March 31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
(Unsecured Considered Doubtful)						
(a) Outstanding for more than Six Months	-	-	-	-	-	-
(b) Others	-	-	-	-	-	-
(Unsecured Considered Good)						
(a) Outstanding for more than Six Months	20.36	123.44	107.80	103.66	510.64	253.72
(b) Others	646.12	1,476.31	1,810.27	2,982.62	4,045.81	5,461.01
TOTAL	666.48	1,599.75	1,918.07	3,086.28	4,556.45	5714.43

Out of total debtors, the details of outstanding related to concerns Associated to Promoters, relatives and group companies/ associates.

Ankur Chem. Food Prod. (Guj) Limited	0.27	13.76	78.38	91.72	199.34	-
Champalal Agriimpex Private Ltd	241.23	40.68	47.10	-	-	-
Doongarsee Salt Works P Limited	-	4.25	4.60	2.53	-	-
Laxmi Trading	-	-	3.46	2.31	-	0.01
Oswal Extrusion Ltd	113.14	361.67	353.06	832.56	-	0.61
Parekh Polymers	-	0.46	1.39	-	-	0.99
Plasto Processor	13.21	89.58	72.60	-	773.89	3.84
YMP Machineries Pvt Ltd	-	-	-	25.49	-	72.50
Oswal Timber Industries					0.01	408.59
						772.72
TOTAL	367.85	510.40	560.59	954.60	973.23	1259.26



Annexure VII - Restated Standalone Summary Statement of Cash & Bank Balances

(₹ Lacs)

Particulars	For the Year ended March 31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
Cash on Hand	7.03	17.39	10.21	8.80	33.80	9.94
Balance with Schedule Banks:						
On Current Account	7.17	11.85	390.97	477.26	361.41	79.80
On Deposit Account	53.52	308.43	867.08	645.54	986.89	1087.42
Total Cash & Bank Balances	67.71	337.67	1,268.26	1,131.60	1,382.09	1177.15

Annexure VIII - Restated Standalone Statement of Loans and Advances

(₹ Lacs)

Particulars (Considered Good)	For the Year ended March 31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
(a) Advances Recoverable in cash or kind or value to be received	534.60	2,682.60	2,232.05	3,713.12	3,537.34	3,002.07
(b) Prepaid Expenses	23.55	11.63	14.14	139.79	60.54	119.20
(c) Deposits	109.64	107.11	395.54	542.80	237.22	234.40
	667.79	2,801.34	2,641.73	4,395.72	3,835.10	3,355.66

Out of total Loans and Advances, the details of outstanding related to concerns Associated to Promoters, relatives and group companies/ associates.

Monalisa International Pty Limited	-	-	-	7.51	-	-
Oswal Lumbers Limited	-	-	-	22.00	-	-
K P Woven Private Limited	-	-	-	-	0.09	0.09
Prakash Parekh	-	-	-	5.50	-	0.57
YMP Machinery Pvt Ltd	-	-	-	323.61	128.43	4.52
Plasto Processors	-	-	-	-	327.27	8.93
Plastene Infrastructure Limited	-	-	-	-	26.10	26.18
Plastene Polyfilms Limited	-	-	-	-	36.74	123.97
Oswal Extrusion Limited	-	-	-	-	341.81	128.63
TOTAL	-	-	-	358.61	860.45	292.90



Annexure IX - Restated Standalone Statement of Secured Loans

(₹Lacs)

Particulars	For the Year ended March 31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
WORKING CAPITAL						
State Bank of India (Erstwhile State Bank of Saurashtra)	624.09	661.89	575.36	1,096.39	1,182.82	1736.52
State Bank of Indore	488.04	601.96	567.82	898.42	661.79	236.67
State Bank of Hyderabad	-	-	256.84	351.76	585.97	22.71
State Bank of Patiala	-	-	442.52	712.02	702.85	195.87
Standard Chartered Bank	-	-	-	767.26	856.19	685.25
State Bank Of Indore		-	-	-	212.21	-
ABN Amro Bank	-	-	-	927.33	503.53	445.03
TOTAL (A)	1,112.12	1,263.85	1,842.54	4,753.18	4,705.36	3,322.06
TERM LOAN						
State Bank of India (Erstwhile State Bank of Saurashtra)	1,259.67	2,086.16	2,228.14	1,691.99	1,062.04	940.63
State Bank of Indore	969.55	988.02	789.97	585.87	393.87	344.89
State Bank of Hyderabad	-	-	282.67	1,186.14	831.54	787.22
State Bank of Patiala	-	103.24	849.18	1,050.00	663.36	600.06
TOTAL (B)	2,229.22	3,177.42	4,149.96	4,514.00	2,950.81	2672.79
VEHICLE AND EQUIPEMENTS LOANS						
HDFC Bank Limited	18.32	25.80	18.98	18.14	11.60	9.72
Kotak Mahindra Primus Limited					32.19	28.90
Kotak Mahindra Bank Ltd					15.56	14.66
State Bank of Indore					6.44	9.40
Shri Infrastructure Finance Limited	28.02	18.02	6.29	0.14	-	-
Cholamandalam Finance Limited	-	9.07	4.49	0.05	-	-
Citi Corp Maruti Finance Limited	-	2.87	1.47	-	-	-
Sundaram Finance Limited	6.40	3.11	0.11	-	-	-
The Bhuj Cooperative Bank	-	-	-	259.70	-	-
ICICI Bank Limited	4.40	2.42		-	-	-
Citi Bank Limited	-	-		-	-	-
TOTAL (C)	57.13	61.29	31.34	278.04	65.79	62.67
TOTAL (A+B+C)	3,398.48	4,502.55	6,023.84	9,545.21	7,721.96	6507.51



Details of Principal Terms & Conditions of Sanctioned Term loans

Nature of Loan	Name of Institution	Sanctioned Limit	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered
Plastene India Limited – Sanctioned Term Loans					
Term Loan	State Bank of India	1500.00 Lacs	BPLR-2.00% (SBAR+0.25 % reset from Jan.2010)	20 Quarterly installments of ₹ 75.00 Lacs. Moratorium period 6 Months	<p>1st paripassu mortgage and charge over all properties situated at</p> <p>(a) Plot No. 1&2 of land bearing Survey No. 317 admeasuring 11.08 Acres situated at Village: Nani Chirai, Taluka: Bhachau, Dist: Kutch</p> <p>(b) 1, H.B. Jirawala House, Ground Floor of Hundia Association situated at Plot No. 8 of Shri Navbharat Society Limited, Usmanpura, Ahmedabad – 380013</p> <p>(c) Revenue Survey No. 1552/1 paiki 2 admeasuring 5303 Sq. Mtrs. of land together with superstructures being RCC Building admeasuring 1229.54 Sq. Mtrs.</p> <p>(d) Land bearing survey No. 1551 admeasuring 2206.65 Sq. Mtrs. or thereabouts standing thereon both situate ling and being at mouje : Rajpur, Ta: Kadi, Di: Mehsana</p> <p>Collateral 2nd Charge over the entire current assets of the Company</p> <p>Guarantee Personal Gurantee of Shri Champalal Parekh and mr. Prakash Parekh</p>
	State Bank of Hyderabad	1700.00 Lacs	BPLR-2.00%	20 Quarterly Installments of ₹ 85.00 Lacs. Moratorium Period of 6 Months	
	State Bank of Patiala	1500.00 Lacs	BPLR-1.75%	20 quarterly installments of ₹ 75.00 Lacs each. Moratorium period 6 months.	
	State Bank of Indore	900.00 Lacs	BPLR-1.75%	24 Quarterly installments of ₹ 37.50 Lacs. Moratorium Period 12 Months.	
	StateBank of Indore	275.00 Lacs	BPLR-1.75%	Quarterly installment of ₹ 11.50 Lacs, Residual in Last Installment. Moratorium period of 18 months.	
	State Bank of India	275.00 Lacs	BPLR-2.00% (SBAR + 0.25% reset from Jan 2010)	24 Quarterly installments of ₹ 11.46 Lacs. Residual in last Quarter. Moratorium period 6 Months.	
	State Bank of India	1000.00 Lacs	BPLR-2.00%(SBAR +0.25% reset from Jan 2010)	Quarterly installment of ₹ 41.666 Lacs. Moratorium period 18 months. Last Installments will be of ₹ 41.67 Lacs.	



Plastene India Limited -Details of Working Capital sanctioned to Company

STATE BANK OF INDIA			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	Demand Cash Credit	500.00 Lacs	0.25% above SBAR
	EPC	1600.00 Lacs	Interest shall be charged as per bank rates from time to time
	Working Capital –Non Fund Based		
	Letters of Credit	1700.00 Lacs	Commission at Standard Rate
	Bank Guarantee	200.00 Lacs (Sub Limit)	Commission at Standard rates of SBI as applicable from time to time.
	Total Exposure: 3800.00 Lacs		
STATE BANK OF INDORE			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	Cash Credit	800.00 Lacs	Interest @ 0.75% below BPLR. ROI Should not be lower than other banks.
	EPC/FBP/FUBD	(200.00) Lacs Sub Limit	EPC: Rates applicable as per exporter’s Gold card scheme Pre shipment: Upto 180 days: BPLR-3.50 % , Beyond 180 Days: BPLR -2.50% Post Shipment: Demand Bills: BPLR-3.50% Usance Bills: BPLR -3.50%
	Working Capital –Non Fund Based		
	Letters of Credit	1200.00 Lacs	Commission 50% of Standard Rate
	Total Exposure: 2000.00 Lacs		
STATE BANK OF HYDERABAD			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	Cash Credit	600.00 Lacs	0.75% below PLR. ROInt. Shall not bellower than other lenders
	EPC/PEFC	(400.00) Lacs Sublimit	EPC: As per SBH's Exporter Gold Card Scheme PCFC: Shall be decided by HO as per extant guidelines
	FDBP/FUBD/EBR DOCUMENTARY)	(400.00) Lacs fully interchangeable with EPCC Limit	As oer extant Guidelines
	Working Capital –Non Fund Based		
	Letters of Credit	900.00 Lacs	Commission as per extant guidelines, 50% Concessions allowed in LC Charges w.e.f. 07 th September 2010.
	Total Exposure: 1500.00 Lacs		
STATE BANK OF PATIALA			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	Cash Credit	700.00 Lacs	0.75% below BPLR (Int.will be applied with monthly rests)



	EPC/PCFC/FBP/FUBD	(700.00) Lacs Sublimit	EPC- Int. Shall be charged as per bank's circular Instructions from Time to time. PCFC: 6 Months LIBOR+100 bps FBP/FUBD: As per RBI's instructions from time to time for Export Credit in Foreign Currency.
	Letters of Credit	1050.00 Lacs	Commission as per Instructions of Bank/FEDAI Rules issued from time to time, 50% Concessions allowed in LC Chages w.e.f 26 th August 2010
	Total Exposure: 1750.00 Lacs		
STANDARD CHARTERED BANK			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	CashCredit	800.00 Lacs	At the rate as negotiated with and agreed by the bank subject to Rbi Guidelines
	EPC /PCFC	(800.00 Lacs- Sub Limit)	At the rate as negotiated with and agreed by the bank subject to Rbi Guidelines
	Working Capital –Non Fund Based		
	Letters of Credit	650.00 Lacs	At the rate as negotiated with and agreed by the bank subject to Rbi Guidelines
	Payment Undertaking	(600.00 Lacs - Sub Limit)	At the rate as negotiated with and agreed by the bank subject to Rbi Guidelines
	Total Exposure:1450.00 Lacs		
The Royal Bank of Scotland			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	Working Capital –Non Fund Based		
	Overdraft (OD)/ Short Term Prime Lending Rate (STPLR)/FCNR Loan/ Export Finance	1500.00 Lacs	OD: Base Rate +4.00% Export Finance: At Negotiated Rates
	EPC/PCFC/PSFL/Bill Discounting BD/BG/BC/LC	1500.00 Lacs (Sub Limit)	EPC/PCFC/PSI: At Negotiated Rates, BD/BG, BC, LC : At Negotiated Rates
	Total Exposure: 1500.00 Lacs		

The Limits of Standard Chartered Bank and The Royal Bank of Scotland are two way interchangeable
The Limits of other bankers are one way interchangeable from Fund based to Non fund based credit facilities

Details of Securities provided: Plastene India Limited

By way of first charge on all the current assets of the company, namely company's stock of raw materials, semi finished goods and finished goods, stores and spares not relating to Plant and Machinery (Consumable stores and spares) and the goods meant for export. Bills receivables and Book Debts and all other movable (excluding such movable as may be permitted by the SBI Consortium in their discretion from time to time) both present and future

By way of second pari passu charge in favour of SBI Consortium on other movable assets i.e. movable plant & machinery of the company except those movable assets (other than current assets) of the company.



Personal Guarantee of directors – Mr. Prakash H. Parekh and Mr. Champalal G. Parekh

Additional Credit Facilities sanctioned by The Royal Bank of Scotland of ₹ 500.00 Lacs in addition to the existing facilities of ₹ 1000.00 Lacs

First pari passu charge on all the current assets (receivables and inventory) of the company.

Second pari passu charge on all the movable and immovable fixed assets of the company

Personal guarantee of Mr. Prakash Parekh – Director and Promoter and Mr. Champalal Parekh – Chairman of the Company

Annexure X - Restated Standalone Statement of Unsecured Loans

(₹ Lacs)

Particulars	For the Year ended March 31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
From Shareholders Directors and their Relatives	39.41	-	-	101.94		35.04
From Corporate	23.03	76.08	-	100.00	105.48	100.00
From Banks	16.54	15.05	589.99	-	212.61	
TOTAL	78.98	91.12	589.99	201.94	318.09	135.04

Unsecured Loan taken from Shareholders, Directors and their relatives are at varying rates ranging from @5% to 6% and is repayable on demand.

Unsecured Loans taken from Corporate are also at varying rates ranging from @6% to 10% and is repayable on demand.



Annexure XI - Restated Standalone Statement of Deferred Tax Liability/ (Assets)

(₹ Lacs)

Particulars	For the Year ended March 31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
A. Opening Deferred Tax Liability on account of Depreciation	7.99	118.09	90.34	253.46	513.75	83.68
B. Current Year Difference on Account of depreciation	110.90	(27.67)	163.82	259.61	323.92	38.67
C. Other Differences	(0.80)	(0.08)	(0.70)	0.68	(3.99)	(4.73)
Total (A+B+C)	118.09	90.34	253.46	513.75	833.68	867.62

Annexure XII - Restated Standalone Statement of Current Liabilities and Provision

(₹ Lacs)

Particulars	For the Year ended March 31,	For the Year ended March 31,	For the Year ended March 31,	For the Year ended March 31,	For the Year ended March 31,	For the Quarter ended June 30,
	2006	2007	2008	2009	2010	2010
Sundry Creditors	721.16	2,555.12	5,313.13	5,200.84	8,502.73	9501.22
Other Current Liabilities	85.63	97.71	98.84	2,052.65	1,346.18	3149.77
Provisions	8.80	120.24	280.21	76.70	250.74	338.21
Total Curen Liabilities and Provisions	815.58	2,773.06	5,692.18	7,330.19	10,099.65	12,988.60

Annexure XIII - Restated Standalone Statement of Reserves and Surplus

(₹ Lacs)

Particulars	As at March 31,	As at March 31,	As at March 31,	As at March 31,	As at March 31,	As at June 30
	2006	2007	2008	2009	2010	2010
Capital Reserve	-	-	-	-	-	-
Securities Premium	1,052.25	261.02	333.20	333.20	950.85	950.85
General Reserves	-	-	-	-	-	-
Surplus balance in Profit and Loss A/c	265.97	1,177.12	1,054.42	1,370.14	2,172.29	2384.52
Total (A+B+C+D)	1,318.22	1,438.14	1,387.62	1,703.34	3,123.13	3335.37

Annexure XIV - Restated Standalone Statement Contingent Liabilities

(₹ Lacs)

Particulars	As at March 31,	As at March 31,	As at March 31,	As at March 31,	As at March 31,	As at June 30,
	2006	2007	2008	2009	2010	2010
Contingent Liabilities in respect of following						
Custom Duty	10.50	-	-	-	-	-
Letter of Credit	194.85	1,554.05	3,523.26	3,870.81	6,023.84	6,843.87



Bank Guarantee	1.80	30.96	96.21	61.87	285.94	271.18
Claim by supplier but not acknowledge as debt	-	5.39	5.39	32.09	-	39.84
TOTAL	207.15	1,590.40	3,624.86	3,964.77	6,309.78	7,154.89

Annexure XV - Restated Standalone Statement of Other Income

(₹ Lacs)

Particulars						For the Quarter ended June 30, 2010	
	For the Year ended March 31,						
	2006	2007	2008	2009	2010		
Recurring From business Activities							
Export Entilement Benefits	132.74	656.51	1,000.64	717.54	-	-	Recurring
Miscellenous Reciepts	11.05	31.66	27.36	14.06	210.11	27.88	Recurring
Non Recurring Business Activities							
TOTAL	143.79	688.17	1,028.00	731.60	210.11	27.88	

Annexure XVI - Restated Standalone Statement of Increase Decrease in Stock

(₹ Lacs)

Particulars	For the Year ended March 31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
Closing Stock						
Finished Goods	606.42	357.83	635.47	1,071.26	2,015.27	2231.10
Semi Finished Good	209.26	164.24	674.35	455.89	981.96	1417.39
Trading Good	6.74	-	-	-	-	
	822.42	522.07	1,309.82	1,527.15	2,997.23	3648.49
Opening Stock						
Finished Goods	21.02	606.42	357.83	635.47	1,071.26	2015.27
Semi Finished Good	-	209.26	164.24	674.35	455.89	981.96
Trading Good	15.17	6.74	-	-	-	
	36.20	822.42	522.07	1,309.82	1,527.15	2997.23
TOTAL	786.22	(300.35)	787.74	217.34	1,470.08	651.26



Annexure XVII - Restated Standalone Financial Ratios based on Audited Accounts

(₹ in Lacs)

Particulars	For the Year ended March 31,					For the Quarter ended June 30, 2010
	2006	2007	2008	2009	2010	
Restated Net Profit after Tax-	234.22	911.15	715.52	315.73	802.14	212.23
Restated Net Worth-b	1473.46	2520.15	3514.41	4534.73	7534.57	7747.95
Weighted Average No of Shares	14.77	24.81	119.55	223.25	224.08	231.48
Total Outstanding Shares at year end	16.91	109.92	223.25	223.25	231.48	231.48
Earnings Per Share (₹)	15.85	36.72	5.99	1.41	3.58	0.92
Return on Net Worth (%)	15.90%	36.15%	20.36%	6.96%	10.65%	2.74%
Net Assets Vale per Share (₹)	87.13	22.93	15.74	20.31	32.55	33.47
Bonus Issues (No. of shares)		93.01	109.92			
Basic Earnings per share	15.85	36.72	5.99	1.41	3.58	0.92
Diluted Earnings per Share	15.85	36.72	5.99	1.41	3.58	0.92
Diluted Net Assets Value per share	87.13	22.93	15.74	20.31	32.55	33.47

The above ratio are Calculated as under

Earning Per Share (Basic)	<u>Net Profit Attributable to equity shareholders as restated</u>
	Weighted No. of Equity Shares outstanding during the year
Return on Net worth	<u>Net Profit After tax as restated</u>
	Net worth excluding revaluation reserve at the end of the year & extraordinary items
Net Assets Value per share	<u>Net worth excluding revaluation reserve & extraordinary items</u>
	No of equity shares outstanding at the end of the year
Basic Earning Per Share	<u>Net Profit Attributable to equity shareholders as restated</u>
	Weighted No. of Equity Shares outstanding during the year+ Shares issued under Bonus
Diluted Earning Per Share	<u>Net Profit Attributable to equity shareholders as restated</u>
	Weighted No. of Equity Shares outstanding during the year+ Shares issued under Bonus +Dilutive Potential Eq. shares
Diluted Net Assets Value per share	<u>Net worth excluding revaluation reserve & extraordinary items</u>
	No of equity shares outstanding at the end of the year+ Shares issued under Bonus Issue
Note	

1. Net Profit, as restated as appearing in the summary statement of profit and losses of the company has been considered for the purpose of computing the above ratios.
2. Earning per Share is calculated in accordance with Accounting Standard 20 on "Earning Per Share" issued by the Intitute of Chartered Accountants of India
3. Face value of shares has been considered at ₹ 10 for all the year for calculating the ratios on a uniform basis.



Annexure – XVIII - Restated Standalone Capitalisation Statement

(₹ Lacs)

Particulars	Pre Issue as at 31 march 2010	Pre Issue as at 30 June 2010
Loan Funds		
Long term Debts	3,334.66	2,870.49
Short Term Debts	4,705.39	3,322.06
Total Debts	8,040.04	6,192.55
Shareholders Fund:		
Equity Share Capital	2,314.85	2,314.85
Share Application Money	2,201.50	2,201.50
Reserve and Surplus		
Securities Premium	950.85	950.85
Surplus balance in Profit and Loss A/c	2,172.29	2,384.52
Misc Expenditures to the Extent not Written off	(104.91)	(103.76)
Total Share Capital	7,534.57	7,747.95
Long term Debt to Equity	0.44	0.37

Annexure XIX - STATEMENT OF RELATED PARTY TRANSACTIONS

Name of Related Parties:

Subsidiary Company

Oswal Extrusion Limited

Associates(Enterprises in key management personnel or their relatives exercise significant influence)

Champalal Company

Plasto Processors

YMP Machineries Pvt Ltd

Parekh Polymer

Ankur Chemfood Products (Guj.) Limited

Doongursee Salt Works P Limited

Laxmi Trading Co.

Oswal Commodities Private Limited

Oswal Lumber P. Limited

Oswal Timber Industries

Add Polymer Pvt Ltd

Oswal Overseas

Champalal Agrimpex Pvt Ltd

Parekh Industries

Plastene Infrastructure Ltd

Plastene Polyfilms Ltd

Key Managerial Personnel

Prakash H Parekh



Champalal Parekh

Relatives of Key Managerial Personnel

Ashok Parekh

Deepak Parekh

Kushalraj Parekh

Ratanlal Parekh

Transaction With Subsidiaries

(₹ In Lacs)

Nature Of Transaction	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	3 Months ended 30th June-2010
Sale of Goods	NIL	NIL	NIL	5482.93	4595.34	1016.73
Sale of Fixed Assets	NIL	NIL	NIL	NIL	481.03	4.13
Purchase of Goods	NIL	NIL	NIL	105.22	1947.00	348.88
Purchase of Fixed Assets	NIL	NIL	NIL	NIL	153.78	55.16
Job Work Income	NIL	NIL	NIL	NIL	3.39	8.10
Loans Taken	NIL	NIL	NIL	1548.90	6715.83	3025.62
Loan Given	NIL	NIL	NIL	1548.90	6927.37	1022.24
Rent	NIL	NIL	NIL	NIL	NIL	NIL
Interest Paid	NIL	NIL	NIL	NIL	72.97	NIL
Receiving of Services	NIL	NIL	NIL	NIL	NIL	NIL

Transaction With Associates

(₹ In Lacs)

Nature Of Transaction	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	3 Months ended 30th June-2010
Sale of Goods	2242.24	4163.51	5296.47	369.35	3264.04	975.68
Sale of Fixed Assets	NIL	NIL	NIL	NIL	NIL	10.59
Purchase of Goods	77.57	1270.92	240.09	914.29	1834.63	21.69
Purchase of Fixed Assets	2.53	0.42	1.34	7.39	31.85	NIL
Job Work Charges	NIL	NIL	13.08	NIL	NIL	NIL
Loans Taken	173.00	955.58	484.25	255.80	1067.05	783.00
Loan Given	159.00	919.82	490.25	342.86	1428.09	554.40
Rent Paid	NIL	NIL	0.12	2.40	2.57	NIL
Interest Paid	3.38	3.99	9.14	10.95	NIL	NIL
Interest Received	NIL	NIL	NIL	NIL	10.42	NIL
Receiving of Services	9.33	0.49	NIL	NIL	NIL	NIL

Transaction With Key Managerial Personnel

(₹ In Lacs)

Nature Of Transaction	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	3 Months ended 30th June-2010
Directors Remuneration & Perquisites	NIL	9.00	9.00	12.21	18.00	4.50
Loans Taken	95.95	NIL	NIL	NIL	NIL	NIL
Loans Taken Repaid	NIL	5.00	NIL	NIL	NIL	NIL



Transactions With Relatives of Key Managerial Personnel

(₹ In Lacs)

Nature Of Transaction	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	3 Months ended 30th June-2010
Loan Taken	0.41	5.00	NIL	NIL	NIL	NIL
Loans Taken Repaid	NIL	39.41	NIL	NIL	NIL	NIL

Annexure XX – Statement of Tax Shelter as Restated

(₹in Lacs)

Particulars	As at March 31,					3 Months ended 30th June-2010
	2006	2007	2008	2009	2010	
Rate of Income Tax [including surcharge & education cess thereon]	33.66%	33.66%	33.66%	33.99%	33.99%	30.90%
Profit Before Tax [A]	350.73	1001.04	1154.13	645.01	1352.71	331.16
Tax at Notional Rate	118.06	336.95	388.48	219.24	459.79	102.33
Permanent Differences						
Export Profits [Deduction u/s.						
Donations						
Dividend Income exempt u/s.						
Others						
Total Permanent Differences [B]	0	0	0	0	0	0
Timing Differences						
Difference between tax depreciation and book depreciation	(110.90)	27.67	(163.82)	(259.61)	(323.92)	(38.67)
Retirement Benefits						
Others	0.80	0.08	0.70	(0.68)	3.99	4.73
Total Timing Differences [C]	-110.1	27.75	-163.12	-260.29	-319.93	-33.94
Net Difference [B + C] = [D]	-110.1	27.75	-163.12	-260.29	-319.93	-33.94
Tax Saving Thereon	-37.06	9.34	-54.91	-88.47	-108.74	-10.49
Taxable Income as per Income	240.63	1028.79	991.01	384.72	1032.78	297.22
Tax as per Income Tax Return	81.00	346.29	333.57	130.77	351.04	91.94
Tax on Extra-Ordinary Items	0	0	0	0	0	0
Tax on Profit before Extra-	81.00	346.29	333.57	130.77	351.04	91.84

Annexure XXI - Significant Accounting Policies as Restated

1. Basis of Accounting :

The financial statements are prepared in accordance with relevant accounting standards under the historical cost convention on accrual basis and as a going concern with revenues considered and expenses accounted for wherever possible on their accrual. The accounting policies are consistent with those used in the previous year.

2. Fixed Assets

- Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price and any attributable cost of bringing assets to its working condition for its intended use. Borrowing cost relating to acquisition of fixed assets which takes substantial period of time to



get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

- b. Expenditure during the construction period (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as pre-operative Expenses, pending allocation to the assets and are included under "Capital Work in Progress". These expenses are apportioned to fixed assets on commencement of commercial production.
3. **Impairment of Assets:**
The carrying amount of assets are reviewed at the balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. A previously recognised impairment loss is further provided or reversed depending on changes in circumstances.
4. **Depreciation :**
Depreciation on fixed assets is provided on the basis of straight line method at the rates prescribed in Schedule-XIV of the Companies Act, 1956 on pro rata basis treating the whole plant as continuous process plant. The management of the Company is of the view that these depreciation rates fairly represent the useful life of assets.
5. **Inventories :**
Raw materials, finished goods, semi finished goods and stores and spares are stated at cost or net realisable value whichever is lower. The cost of inventories is computed on FIFO basis. The by-products and scrap are valued at net realisable value.
6. **Foreign Currency Transactions:**
 - a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
 - b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.
 - c) Non Monetary foreign currency items are carried at cost.
 - d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in Profit & Loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.
7. **Borrowing Cost :**
Borrowing costs directly attributable to the acquisition or construction of fixed assets are Capitalised as part of the cost of the assets upto the date the asset is put to use. Other borrowing costs are charged to the Profit & Loss Account in the year in which they are incurred.
8. **Revenue Recognition:**
Revenue is recognised to the extent that it is possible that the economic benefits will flow to the company and the revenue can be reliably measured. The sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. The export incentives under the Advance Licence Scheme of the Export Import Policy, are accounted for on the basis of entitlements against exports effected during the year.
9. **Deferred Revenue Expenses :**
Preliminary expenses are amortised over a period of five years .
10. **Taxes on Income:**
Provision for current tax is made annually based on the tax liability computed after considering tax allowances and deductions. Deferred tax resulting from timing difference between taxable income and



accounting income is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

11. Retirement Benefits:

The liability for gratuity and leave encashment has been provided on the basis of actuarial valuation carried out by an independent actuary as at Balance Sheet date. In respect of Provident Fund, contributions have been paid to the government and are charged to revenue.

12. Earning Per Share :

The earning considered in ascertaining the company's earning per share comprises the net profit after tax (and includes the post tax effect of any extraordinary items). The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the year.

13. 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 financial statements and the results of operations of during the reporting year. Although these estimates are based on management's best knowledge of current events and actions , actual result could differ from these estimates.

14. Investments:

Investments of the Company are long-term. The same are valued at the cost of acquisition. Decline in the value of permanent nature is provided as per accounting standard AS 13. Dividend of investments is accounted for as and when received.

15. Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

16. Inter Divisional Transactions:

Inter divisional transactions are eliminated as contra items. Any unrealised profits on unsold stocks on account of inter divisional transactions is eliminated while valuing the inventory.

17. Accounting policies not specifically referred to are consistent with generally accepted accounting policies.

18. Previous years' figures have been regrouped wherever required to make them comparable.



AUDITORS' REPORT

The Board of Directors

Plastene India Limited

H.B. Jirawala House
13, Navbharat Society
Opposite Panchshil Bus Stop
Usmanpura
Ahmedabad – 380 013

- 1 We have examined the attached restated consolidated financial information of Plastene India Limited ('the Company') and its subsidiary, as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II to the Companies Act, 1956, as amended ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (the 'SEBI Regulations'), and in terms of our engagement agreed upon with you in connection with the proposed issue of equity shares of the Company.
- 2 These information have been extracted by the Management from the consolidated financial statements for the years ended 31 March, 2008, 2009 & 2010 and for the 3 months ended on 30th June-2010.
- 3 We did not audit the financials statements of its subsidiary for the years ended 31 March 2008, 2009 & 2010, and for the 3 months ended on 30th June-2010 which have been audited by other firm of Chartered Accountants namely, M/s. Jain P.C. & Associates (for the year 31st March 2010 and for the 3 months ended on 30th June-2010) and M/s. Jitendra Shah & Associates (for the year ended 31st March 2009 and 2008), whose reports have been furnished to us and accordingly relied upon by us. The said financial statements reflect the Group's share of total assets of ₹3296.94 Lacs, ₹5022.85 Lacs, ₹10722.38 Lacs and ₹11768.04 Lacs as at 31 March 2008, 2009, 2010 and at 30th June-2010 respectively and the Group's share of total revenues of ₹ 5636.66 Lacs, ₹ 6513.26 Lacs, ₹11498.12 Lacs and ₹ 4849.72 Lacs for the years ended 31 March 2008, 2009, 2010 and for 3months ended 30th June-2010 respectively.
- 4 In accordance with the requirements of Paragraph B, Part II of Schedule II of the Act, the SEBI Regulations, the Guidance note on 'Reports in Company's Prospectus (Revised) issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable, and the terms of our engagement agreed with you, we further report that:
 - (a) The Restated Consolidated Summary Statement of Assets and Liabilities of the Company as at 31 March 2008, 2009, 2010 and at 30th June-2010, examined by us, as set out in Annexure I to this report read with the significant accounting policies and related notes in Annexure XXI are after making such adjustments and regroupings as in our opinion are appropriate and more fully described in schedules to the Restated Consolidated Summary Statements.
 - (b) The Restated Consolidated Summary Statement of Profits or Losses of the Company for the years ended 31 March 2008, 2009, 2010 & for the 3 months ended 30th June-2010 are as set out in Annexure II to this report read with the significant accounting policies and related notes in Annexure XXI are after making such adjustments and regroupings as in our opinion are appropriate and more fully described in Schedules to the Restated Consolidated Summary Statements.
 - (c) Based on the above, we are of the opinion that the restated consolidated financial information have been made after incorporating:
 - i. Adjustments for the changes in accounting policies retrospectively in respective financial years / period to reflect the same accounting treatment as per the changed accounting policy for all the reporting periods.
 - ii. Adjustments for the material amounts in the respective financial years / period to which they relate.
 - iii. And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.



(d) We have also examined the following consolidated financial information as set out in Annexures prepared by the Management and approved by the Board of Directors relating to the Company and its subsidiaries and associate for the years ended 31 March 2008, 2009 & 2010.

- i. Annexure III - Statement of Cash Flow as Restated
- ii. Annexure IV - Statement of Investment as Restated
- iii. Annexure V - Statement of Inventories as Restated
- iv. Annexure VI - Statement of Sundry Debtors as Restated
- v. Annexure VII - Summary Statement of Cash & Bank Balances as Restated
- vi. Annexure VIII - Statement of Loans and Advances as Restated
- vii. Annexure IX - Statement of Secured Loans as Restated
- viii. Annexure X - Statement of Unsecured Loans as Restated
- ix. Annexure XI - Statement of Deferred Tax Liability/ (Assets) as Restated
- x. Annexure XII - Statement of Current Liabilities and Provision as restated
- xi. Annexure XIII - Statement of Reserves and Surplus as Restated
- xii. Annexure XIV - Statement of Other Income as Restated
- xiii. Annexure XV - Statement of Increase Decrease in Stock as Restated
- xiv. Annexure XVI - Financial Ratios based on Audited Accounts as Restated
- xv. Annexure XVII - Statement of Capitalisation Statement as Restated
- xvi. Annexure XVIII - Statement of Contingent Liabilities as Restated
- xvii. Annexure XIX - Statement of Related Party Transaction
- xviii. Annexure XX - Statement of Tax Shelter as Restated
- xix. Annexure XXI - Statement of Accounting Policies

In our opinion, the above financial information contained in Annexure I to XX of this report read along with the significant accounting policies and related notes (Refer Annexure XXI) and Schedules to the Restated Consolidated Summary Statements are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with Paragraph B, Part II of Schedule II of the Act, the SEBI Regulations and the Guidance note on 'Reports in Company's Prospectus (Revised) issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable, as amended from time to time, and in terms of our engagement as agreed with you.

Our report is intended solely for use of the Management and for inclusion in the offer document in connection with the proposed issue of equity shares of the Company. Our report should not to be used, referred to or distributed for any other purpose without our written consent.

for Bhanwar Jain & Co
Chartered Accountants

B M Jain
Partner
Membership No: 034943
Firm Registration Number: 117340W

Place: Ahmedabad
Date: November 20, 2010



Annexure I - Restated Consolidated Summary Statement of Assets and Liabilities

(₹ In Lacs)

Particulars	As at March 31,			As at June 30, 2010
	2008	2009	2010	
Fixed Assets				
Gross Block	6,391.50	10,724.60	11,850.19	11,978.20
Less: Depreciation	570.92	913.09	1,439.48	1,578.79
Net Block	5,820.58	9,811.51	10,410.71	10,399.41
Capital work in progress	2,312.52	223.09	2,478.48	2,894.31
Net Block after adjustment for capital work in progress	8,133.10	10,034.60	12,889.19	13,293.72
Investments	0.10	6.98	20.10	2.10
Current Assets, loans and Advances				
Inventories	3,227.45	5,053.72	8,311.33	8,651.15
Sundry Debtors	2,856.15	3,230.17	7,220.82	7,087.40
Cash and Bank balances	1,324.03	1,197.00	2,026.62	1,716.09
Loans and Advances	3,118.50	4,663.64	4,194.52	3,887.73
Total	10,526.12	14,144.52	21,753.30	21,342.36
Total Assets (A+B+C+D)	18,659.32	24,186.10	34,662.58	34,638.18
Liabilities and Provisions				
Secured Loans	6,911.85	11,061.29	11,556.77	8,988.81
Unsecured loans	1,224.75	723.13	325.57	135.04
Deferred tax Liability	277.84	556.08	920.32	926.50
Current Liabilities and Provisions	6,225.60	6,129.89	12,588.58	14,946.05
Total Liabilities	14,640.04	18,470.38	25,391.24	24,996.40
Net Worth				
Represented by				
1. Share Capital	2,232.50	2,232.50	2,314.85	2,314.85
2. Share Application Money	-	700.00	2,201.50	2,201.50
2. Reserves and Surplus	1,893.85	2,884.70	4,863.39	5,235.44
Less: Revaluation rserve	-	-	-	-
Reseves (Net of Revaluation Reserves)	1,893.85	2,884.70	4,863.39	5,235.44
3. Miscellenous Expenditure	(107.06)	(101.48)	(108.39)	(110.01)
Networth	4,019.28	5,715.71	9,271.35	9,641.78



Annexure II - Restated Consolidated Statement of Profits and Losses

(₹ In Lacs)

Particulars	For the Year ended March 31,			For the Quarter ended June 30, 2010
	2008	2009	2010	
INCOME				
Income from Operations				
Sale of Products manufactured by the company	16,599.58	17,696.28	23,263.22	7,258.11
Sales of products traded in by the company	897.17	3,630.14	10,556.18	4,851.50
Total Sales	17,496.75	21,326.42	33,819.40	12,109.61
Other Income	1,252.72	762.76	347.07	40.54
Increase (Decrease) In Inventories	688.71	427.03	1,636.02	915.05
Total Income (A)	19438.18	22516.22	35802.48	13065.19
EXPENDITURE				
Raw materials consumed	13,945.55	15,281.49	26,576.37	10,581.71
Staff Costs	522.41	904.90	1,189.99	387.46
Other Manufacturing Expenses	1,374.12	2,619.28	3,016.08	857.01
Administration Expenses & Selling Expenses	757.71	983.14	1,021.62	353.27
Interest	1,030.64	996.60	1,429.18	261.02
Amortisation	4.95	4.95	5.82	1.45
Depreciation	238.81	342.01	531.45	142.63
Total Expenditure (B)	17874.19	21132.37	33770.51	12584.55
Net Profit Before tax and Extraordinary items	1563.99	1383.85	2031.97	480.64
Provision for Taxation				
Current Tax	235.71	122.66	310.96	102.40
Deferred Tax	177.60	278.24	364.24	6.18
Earlier Year Taxation	1.04	45.61	(9.61)	-
Earlier Year Income	-	-	-	2.63
Profit after Tax before Extraordinary Items (E-F) as per Audited Accounts	1,149.64	937.34	1,366.38	369.43
Extra Ordinary Items (Net of Tax)	-	-	-	-
Profit after tax after Extraordinary Items as per Audited Accounts	1,149.64	937.34	1,366.38	369.43
Adjustments				
Previous year Income Adjustments	-	-	2.63	(2.63)
Previous year Tax Adjustments	(1.04)	(45.61)	9.61	-
Current year Tax Adjustments	45.61	(9.61)	-	-



Current Year tax impact of Adjustment	-	-	-	-
Deferred Tax impact of Adjustments	-	-	-	-
Net Profit as Restated	1,105.07	992.56	1,354.14	372.06
Appropriations				
Add: Balance Brought Forward from Previous Year	1,177.12	1,054.31	1,370.14	2,170.29
Transfer to General Reserve	838.23	-	-	-
Provision for Dividend	-	-	-	-
Tax on Dividend	-	-	-	-
Balance carried Forward	1,443.96	2,046.87	2,724.28	2,542.35

Annexure III – Restated Consolidated Statement of Cash Flow as

(₹ In Lacs)

Particulars	For the Year ended March 31,			For the Quarter ended June 30, 2010
	2008	2009	2010	
CASH FLOW FROM OPERATING ACTIVITIES (A)				
Profit before tax as per Audited Accounts	1,563.99	1,383.86	2,031.97	480.64
Adjustment on Account of Restatement	-	-	-	-
Restated Profit before tax	1,563.99	1,383.86	2,031.97	480.64
Adjustment for:				
Depreciation	238.82	342.01	531.45	142.63
Amortisation	4.95	4.95	5.82	1.45
Loss on Sale of Fixed Assets	-	-	2.83	0.95
Finance Cost	799.10	802.27	939.73	137.20
Other Income	-	(1.10)	7.50	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,606.86	2,531.99	3,519.30	762.87
Adjustment for :				
(Increase)/Decrease in Trade Recievables	(696.57)	(2,893.15)	(3,521.54)	(440.22)
(Increase)/Decrease in Inventories	(1,666.21)	(1,826.27)	(3,257.62)	(339.81)
Increase/(Decrease) in Trade Creditors and Other Payables	2,754.44	795.73	6,135.49	2,257.69
CASH GENERATED FROM OPERATIONS	2,998.52	(1,391.70)	2,875.63	3,120.97
Adjustments				
Tax Adjustments in respect of earlier years	(6.75)	(45.50)	(9.61)	-
Previous Year Expenses				(2.63)
NET CASH USED IN OPERATING ACTIVITIES (A)	2,991.77	(1,437.20)	2,885.24	3,118.34
CASH FLOW FROM INVESTING ACTIVITIES (B)				
Purchase of Fixed Assets	(3,783.05)	(2,243.51)	(3,400.45)	(558.20)
Sale of Fixed Assets	-	-	10.99	10.09
Purchase of Investments	(0.10)	(6.88)	(20.00)	(2.00)
Sale of Investments			6.88	20.00



Miscellaneous Expenditure	(93.68)	-	(12.74)	(3.07)
Dividend Received	-	-	-	-
NET CASH USED IN INVESTING ACTIVITIES (B)	(3,876.83)	(2250.39)	(3415.32)	(533.18)
CASH FLOW FROM FINANCING ACTIVITIES (C)				
Proceeds from issuance of share capital including share premium	270.46	700.00	2,201.50	-
Proceed from long term Borrowings	1,791.80	1,143.44	1,366.28	305.08
Working Capital Finance	584.36	4,806.26	1,464.20	(2,453.41)
Interest Paid	(799.10)	(802.27)	(939.73)	(137.20)
NET CASH FROM FINANCING ACTIVITIES (C)	1,847.52	3,560.55	1,359.69	(2,895.69)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	962.46	(127.04)	829.61	310.53
Cash and cash equivalent as at beginning of FY	361.58	1,324.03	1,197.00	2,026.62
Cash and cash equivalent as at end of FY	1,324.04	1,196.99	2,026.61	1,716.09

Note: Cash and cash equivalents includes

Particulars	For the Year ended March 31, 2008	For the Year ended March 31, 2009	For the Year ended March 31, 2010	For the Year ended June 30, 2009
Cash Balance	12.15	9.51	36.98	12.73
Bank Balance				
<i>Current Account</i>	398.14	487.76	486.54	104.85
<i>Deposit Accounts</i>	913.74	699.73	1,503.10	1,598.51
	1,324.03	1,197.00	2,026.62	1,716.09

Annexure IV- Restated Consolidated Statement of Investment

(₹ In Lacs)

Particulars	As at March 31,			As at June 30, 2010
	2008	2009	2010	
Non Trade (Unquoted at Cost)				
National Saving Certificates	0.10	0.10	0.10	0.10
Trade (Quoted at Cost)				
SBI Mutual Fund Magnum Index Fund			20.00	-
SBI PSU Fund			-	2.00



Trade (Unquoted at Cost)				
Bhuj Mercantile Co operative bank (6875 shares fully Paid of ₹ 100 each)	-	6.88	-	-
TOTAL	0.10	6.98	20.10	2.10

Annexure – V Restated Consolidated Statement of Inventories as Restated

(₹ In Lacs)

Particulars	As at March 31,			As at June 30, 2010
	2008	2009	2010	
Raw Materials	1,528.82	2,726.29	3,660.82	3,591.99
Finished Goods	855.68	1,659.59	2,258.94	2,661.39
Semi Finished Goods	678.95	459.41	1,088.84	1,601.44
Trading Good	-	-	1,038.81	504.81
Stores Spares & Packing Material	163.99	208.43	263.92	291.51
Total Inventories	3,227.45	5,053.72	8,311.33	8,651.15

Annexure – VI Restated Consolidated Statement of Sundry Debtors

(₹ in Lacs)

Particulars	As at March 31,			As at June 30, 2010
	2008	2009	2010	
<i>(Unsecured Considered doubtful)</i>				
(a) Outstanding for more than Six Months	-	-	-	-
(b) Others	-	-	-	-
<i>(Unsecured Considered Good)</i>				
(a) Outstanding for more than Six Months	162.14	116.85	501.30	294.63
(b) Others	2,694.01	3,113.32	6,719.52	6,792.77
TOTAL	2,856.15	3,230.17	7,220.82	7,087.40

Out of total debtors, the details of outstanding related to concerns Associated to Promoters, relatives and group companies/ associates.

Champalal Agriimpex Private Ltd	47.10	-	-	-
Laxmi Trading	3.46	2.31	-	-
Parekh Polymers	1.39	-	-	-
Oswal Timber Industries	-	25.49	0.01	0.01
Plasto Processor	72.60	-	961.70	3.40
Doongarsee Salt Works P Limited	4.60	2.53	-	3.84
Parekh Industries	-	-	-	72.50
YMP Machineries Pvt Ltd	-	25.49	754.40	94.93
Ankur Chem. Food Prod. (Guj) Limited	78.38	91.72	200.94	410.19
TOTAL	207.52	147.53	1,917.05	584.88



Annexure VII - Restated Consolidated Summary Statement of Cash & Bank Balances (₹in Lacs)

Particulars	As at March 31,			As at June 30 2010
	2008	2009	2010	
Cash on Hand	12.15	9.51	36.98	12.74
Balance with Schedule Banks:				
On Current Account	398.14	487.76	486.54	104.85
On Deposit Account	913.74	699.73	1,503.10	1,598.50
Total Cash & Bank Balances	1,324.03	1,197.00	2,026.62	1,716.09

Annexure VIII - Restated Consolidated Statement of Loans and Advances (₹in Lacs)

Particulars	As at March 31,			As at June 30, 2010
	2008	2009	2010	
(Considered Good)				
(a) Advances Recoverable in cash or kind or value to be received	2,676.10	3,948.28	3,838.96	3,456.94
(b) Prepaid Expenses	21.57	146.77	75.67	155.67
(c) Deposits	420.83	568.59	279.89	275.11
	3,118.50	4,663.64	4,194.52	3,887.73
<i>Out of total Loans and Advances, the details of outstanding related to concerns Associated to Promoters, relatives and group companies/ associates.</i>				
Monalisa International Pty Limited	-	7.51	-	-
Oswal Lumbers Limited	-	22.00	-	-
K P Woven Private Limited	-	-	0.09	0.09
Prakash Parekh	-	5.50	-	0.57
YMP Machinery Pvt Ltd	-	323.61	128.43	4.52
Plasto Processors	-	-	327.27	8.93
Plastene Infrastructure Limited	-	-	26.10	26.18
Plastene Polyfilms Limited	-	-	36.74	123.97
Laxmi Trading Co.	0.79	0.79	0.79	128.63
TOTAL	0.79	359.40	519.42	292.90



Annexure IX - Restated Consolidated Statement of Secured Loans

(₹in Lacs)

Particulars	As at March 31,			As at June 30, 2010
	2008	2009	2010	
WORKING CAPITAL				
State Bank of India (Erstwhile State Bank of Saurashtra)	671.96	1,197.61	1,211.03	1,972.32
State Bank of Indore	1,072.78	2,009.23	2,856.27	939.98
State Bank of Hyderabad	256.84	351.76	585.98	22.71
State Bank of Patiala	442.52	712.02	702.85	195.87
Standard Chartered Bank	-	767.26	1,569.74	1,400.08
Royal Bank of Scotland	-	927.33	503.54	445.03
TOTAL (A)	2,444.10	5,965.21	7,429.40	4,975.99
TERM LOAN				
State Bank of India (Erstwhile State Bank of Saurashtra)	2,460.58	1,919.87	1,629.16	1,719.55
State Bank of Indore	838.53	661.62	907.55	806.90
State Bank of Hyderabad	282.67	1,186.14	831.54	787.22
State Bank of Patiala	849.18	1,050.00	663.35	600.06
TOTAL (B)	4,430.96	4,817.63	4,031.60	3,913.73
VEHICLE AND EQUIPEMENTS LOANS				
HDFC Bank Limited	22.94	-	11.61	9.72
Kotak Mahindra Primus Limited	-	-	12.99	15.52
Kotak Mahindra Bank Ltd	-	-	48.67	52.91
State Bank of Indore	-	-	15.56	14.66
Shri Infrastructure Finance Limited	6.29	0.14	-	-
Cholamandalam Finance Limited	4.49	0.05	-	-
Citi Corp Maruti Finance Limited	1.47	-	-	-
Sundaram Finance Limited	0.11	-	6.94	6.28
The Bhuj Cooperative Bank	-	259.70	-	-
ICICI Bank Limited	0.10	18.55	-	-
Citi Bank Limited	1.39	-	-	-
TOTAL (C)	36.79	278.45	95.76	99.09
TOTAL (A+B+C)	6,911.85	11,061.29	11,556.77	8,988.81

Details of Principal Terms & Conditions of Sanctioned Term loans

Nature of Loan	Name of Institution	Sanctioned Limit	Rate of Interest P.A.	Repayment Terms	Primary Securities Offered
Plastene India Limited – Sanctioned Term Loans					
Term Loan	State Bank of India	150000000.00	BPLR-2.00% (SBAR+0.25% reset from Jan.2010)	20 Quarterly installments of ₹ 75.00 Lacs. Moratorium period 6 Months	1st paripassu mortgage and charge over all properties situated at (a) Plot No. 1&2 of land bearing Survey No. 317



	State Bank of Hyderabad	170000000.00	BPLR-2.00%	20 Quarterly Installments of ₹ 85.00 Lacs. Moratorium Period of 6 Months	admeasuring 11.08 Acres situated at Village: Nani Chirai, Taluka: Bhachau, Dist: Kutch
	State Bank of Patiala	150000000.00	BPLR-1.75%	20 quarterly installments of ₹ 75.00 Lacs each. Moratorium period 6 months.	(b) 1, H.B. Jirawala House, Ground Floor of Hundia Association situated at Plot No. 8 of Shri Navbharat Society Limited, Usmanpura, Ahmedabad – 380013
	State Bank of Indore	90000000.00	BPLR-1.75%	24 Quarterly installments of ₹ 37.50 Lacs. Moratorium Period 12 Months.	(c) Revenue Survey No. 1552/1 paiki 2 admeasuring 5303 Sq. Mtrs. of land together with superstructures being RCC Building admeasuring 1229.54 Sq. Mtrs.
	State Bank of Indore	27500000.00	BPLR-1.75%	Quarterly installment of ₹ 11.50 Lacs, Residual in Last Installment. Moratorium period of 18 months.	(d) Land bearing survey No. 1551 admeasuring 2206.65 Sq. Mtrs. or thereabouts standing thereon both situate ling and being at mouje : Rajpur, Ta: Kadi, Di: Mehsana
	State Bank of India	27500000.00	BPLR-2.00% (SBAR + 0.25% reset from Jan 2010)	24 Quarterly installments of ₹ 11.46 Lacs. Residual in last Quarter. Moratorium period 6 Months.	
	State Bank of India	100000000.00	BPLR-2.00%(SBAR +0.25% reset from Jan 2010)	Quarterly installment of ₹ 41.666 Lacs. Moratorium period 18 months. Last Installments will be of ₹ 41.67 Lacs.	Collateral 2 nd Charge over the entire current assets of the Company Guarantee Personal Gurantee of Shri Champalal Parekh and mr. Prakash Parekh



Nature of Loan	Name of Institution	Sanctioned Limit	Rate of Interest P.A.	Repayment Terms	Securities Offered
Oswal Extrusion Limited – Sanctioned Term Loans					
Term Loan	State Bank of India	46000000.00	BPLR-2.00%	23 Quarterly installments of ₹ 19.20 Lacs and last installment of ₹ 18.40 Lacs.	Primary Security: 1st pari passu charge on the entire fixed assets (Movable & Immovable) of the company at Block No. 74, 75 Sector 2, KASEZ, Kutch Collateral: Pari Passu second charge on the entire current assets of the company (both present & future). First pari passu charge over factory land & building at 828,Near Ambica Estate, Kothari Char Rasta, Rakanpur, Ahmedabad in the name of YMP Machineries Private Limited Guarantee Personal guarantee of Shri Chetan Parekh, Shri Siddharth Parekh, Shri Ranjan Samantray, Shri Hiralal Parekh and Shri Omprakash Chopra and Corporate Guarantee of YMP Machineries Private Limited
	State Bank of India	70000000.00	SBAR +0.25%	70 Monthly installments of ₹ 10 Lacs each. Moratorium Period 6 months.	
	State Bank of Indore	50000000.00	BPLR-0.50%	20 quarterly installments of ₹ 21.00 Lacs each and last 4 quarterly installments of ₹ 20.00 Lacs each. Moratorium period 12 months.	
	State Bank of Indore	10000000.00	BPLR-2.00%	23 Quarterly installments of ₹ 4.16 Lacs and last installment of ₹ 4.32 Lacs.	

Plastene India Limited -Details of Working Capital sanctioned to Company

STATE BANK OF INDIA			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	Demand Cash Credit	500.00 Lacs	0.25% above SBAR
	EPC	1600.00 Lacs	Interest shall be charged as per bank rates from time to time
	Working Capital –Non Fund Based		
	Letters of Credit	1700.00 Lacs	Commission at Standard Rate
	Bank Guarantee	200.00 Lacs (Sub Limit)	Commission at Standard rates of SBI as applicable from time to time.
	Total Exposure: 3800.00 Lacs		
STATE BANK OF INDORE			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		



	Cash Credit	800.00 Lacs	Interest @ 0.75% below BPLR. ROI Should not be lower than other banks.
	EPC/FBP/FUBD	(200.00) Lacs Sub Limit	EPC: Rates applicable as per exporter's Gold card scheme Pre shipment: Upto 180 days: BPLR-3.50 % , Beyond 180 Days: BPLR -2.50% Post Shipment: Demand Bills: BPLR-3.50% Usance Bills: BPLR -3.50%
Working Capital –Non Fund Based			
	Letters of Credit	1200.00 Lacs	Commission 50% of Standard Rate
Total Exposure: 2000.00 Lacs			
STATE BANK OF HYDERABAD			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	Cash Credit	600.00 Lacs	0.75% below PLR. ROInt. Shall not be lower than other lenders
	EPC/PEFC	(400.00) Lacs Sublimit	EPC: As per SBH's Exporter Gold Card Scheme PCFC: Shall be decided by HO as per extant guidelines
	FDBP/FUBD/EBR (DOCUMENTARY)	(400.00) Lacs fully interchangeable with EPCC Limit	As per extant Guidelines
Working Capital –Non Fund Based			
	Letters of Credit	900.00 Lacs	Commission as per extant guidelines, 50% Concessions allowed in LC Charges w.e.f. 07 th September 2010.
Total Exposure: 1500.00 Lacs			
STATE BANK OF PATIALA			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	Cash Credit	700.00 Lacs	0.75% below BPLR (Int.will be applied with monthly rests)
	EPC/PCFC/FBP/FUBD	(700.00) Lacs Sublimit	EPC- Int. Shall be charged as per bank's circular Instructions from Time to time. PCFC: 6 Months LIBOR+100 bps FBP/FUBD: As per RBI's instructions from time to time for Export Credit in Foreign Currency.
	Letters of Credit	1050.00 Lacs	Commission as per Instructions of Bank/FEDAI Rules issued from time to time, 50% Concessions allowed in LC Charges w.e.f 26 th August 2010
Total Exposure: 1750.00 Lacs			
STANDARD CHARTERED BANK			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	CashCredit	800.00 Lacs	At the rate as negotiated with and agreed by the bank subject to Rbi Guidelines
	EPC /PCFC	(800.00 Lacs- Sub Limit)	At the rate as negotiated with and agreed by the bank subject to Rbi Guidelines



Working Capital –Non Fund Based			
	Letters of Credit	650.00 Lacs	At the rate as negotiated with and agreed by the bank subject to Rbi Guidelines
	Payment Undertaking	(600.00 Lacs - Sub Limit)	At the rate as negotiated with and agreed by the bank subject to Rbi Guidelines
Total Exposure:1450.00 Lacs			
The Royal Bank of Scotland			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	Working Capital –Non Fund Based		
	Overdraft (OD)/ Short Term Prime Lending Rate (STPLR)/FCNR Loan/ Export Finance	1500.00 Lacs	OD: Base Rate +4.00% Export Finance: At Negotiated Rates
	EPC/PCFC/PSFL/Bill Discounting BD/BG/BC/LC	1500.00 Lacs (Sub Limit)	EPC/PCFC/PSI: At Negotiated Rates, BD/BG, BC, LC : At Negotiated Rates
Total Exposure: 1500.00 Lacs			

The Limits of Standard Chartered Bank and The Royal Bank of Scotland are two way interchangeable

The Limits of other bankers are one way interchangeable from Fund based to Non fund based credit facilities

Oswal Extrusion Limited –Details of sanctioned working Capital limits

STATE BANK OF INDORE			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	Demand Cash Credit	2000.00 Lacs	CC Limit: BPLR-0.50% (Floating)
	EPC	(2000.00 Lacs) Sub-Limit. FUBD/FDBP Sub Limit of ₹ 500.00 Lacs with in overall limit.	EPC Limit : BPLR -3.25% upto 180 Days and BPLR-2.50% in case of more than 180 days. PSFC Limit: BPLR-3.25% in case of demand bills, BPLR-3.25% in case of Usance bills upto 90 days and BPLR-2.50% in case of Usance bills of more than 90 but less than 180 days
	Working Capital –Non Fund Based		
	Letters of Credit	1500.00 Lacs	Commission : 50% of Standard rates
Total Exposure: 3500.00 Lacs			
STATE BANK OF INDIA			
S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	Cash Credit	300.00 Lacs	CC Limit: SBAR+.25%
	EPC/FBP/FUBD	(300.00) Lacs Sub Limit	As per Bank's Standard Rates
	Working Capital –Non Fund Based		
	Letters of Credit	1000.00 Lacs	As per extent instructions of the Bank
	Bank Guarantee	(200.00 Lacs Sub Limit)	
Total Exposure: 1300.00 Lacs			
STANDARD CHARTERED BANK			



S.No.	Nature of Facility	Limit	Interest/ Commission
A	Working Capital – Fund Based		
	ExportBill Discounting	700.00 Lacs	At the rate as negotiated with and agreed by the bank subject to Rbi Guidelines
	PCFC	(450.00 Lacs- Sub Limit)	At the rate as negotiated with and agreed by the bank subject to Rbi Guidelines
	Total Exposure:700.00 Lacs		
	Total Exposure: 5500.00 Lacs		

Note: The Limits of Standard Chartered banks are both way interchangeable while the limits of other banks are one-way changeable from fund based to non fund based limits only.

Details of Securities provided: Plastene India Limited

By way of first charge on all the current assets of the company, namely company's stock of raw materials, semi finished goods and finished goods, stores and spares not relating to Plant and Machinery (Consumable stores and spares) and the goods meant for export. Bills receivables and Book Debts and all other movable (excluding such movable as may be permitted by the SBI Consortium in their discretion from time to time) both present and future

By way of second pari passu charge in favour of SBI Consortium on other movable assets i.e. movable plant & machinery of the company except those movable assets (other than current assets) of the company.

Personal Guarantee of directors – Mr. Prakash H. Parekh and Mr. Champalal G. Parekh

Additional Credit Facilities sanctioned by The Royal Bank of Scotland of ₹ 500.00 Lacs in addition to the existing facilities of ₹ 1000.00 Lacs

First pari passu charge on all the current assets (receivables and inventory) of the company.

Second pari passu charge on all the movable and immovable fixed assets of the company

Personal guarantee of Mr. Prakash Parekh – Director and Promoter and Mr. Champalal Parekh – Chairman of the Company

Details of securities provided: Oswal Extrusion Limited

Hypothecation by way of first pari passu charge to and in favour of the consortium bankers of the company's stocks of Raw Materials Semi Finished and Finished goods, Stores and Spares not relating to the Plant and Machinery (Consumable stores and Spares), Bills receivables, Book Debts and all other movables of the Company (excluding such movables as are permitted by the bankers from time to time) but including documents of title of goods and other assets such as outstanding moneys, receivables, including receivables by way of cash assistance and/or cash, including under the Cash Incentive Scheme of any other scheme claims including claims by way of refund of customs/excise duties under the duty drawback Credit scheme or any other Scheme, Bills invoices documents, contracts, engagements, securities, investments and rights both present and future, of the borrower

By way of Second charge over all movable plant and Machineries "(Other than the current assets) situated at Unit No. 1 at Plot No. 73, 74 KSEZ, Sector 3, Gandhidham and Unit No.2 at Block No. 828, Near Ambica estate, Kothari Charrasta, Rakanpur, Santej, Ta: Kalol, machinery spares and stores, tools and accessories and other movables, both present and future.

Personal Guarantee of Shri Chetan Parekh, Shri Hiralal Parekh, Shri Ranjan Samantray, Shri Siddharth Parekh and Shri Omprakash Chopra and

Corporate Guarantee of YMP Machineries Private Limited

Annexure X - Restated Consolidated Statement of Unsecured Loans

(₹in Lacs)

Particulars	As at March 31,			As at June 30, 2010
	2008	2009	2010	
From Shareholders Directors and their Relatives	-	122.26	220.09	35.04



From Corporates	-	600.87	105.48	100.00
From Banks	1,224.75	-	-	-
TOTAL	1,224.75	723.13	325.57	135.04

Unsecured loan taken from Shareholders, Directors and their relatives are at varying rates ranging from @5% to 6% and is repayable on demand. Unsecured loan taken from Corporate are also at varying rates ranging from @6% to 10% and is repayable on demand.

Annexure XI - Restated Consolidated Statement of Deferred Tax Liability/ (Assets)

(₹in Lacs)

Particulars	For the Year ended March 31,			For the Quarter ended June 30, 2010
	2008	2009	2010	
A. Opening Deferred Tax Liability on account of Depreciation	90.34	277.84	556.08	920.32
B. Current Year Difference on Account of depreciation	189.08	279.14	368.90	10.91
C. Other Differences	(1.58)	(0.90)	(4.66)	(4.73)
Total (A+B+C)	277.84	556.08	920.32	926.50



Annexure XII - Restated Consolidated Statement of Current Liabilities and Provision

(₹in Lacs)

Particulars	As at March 31,			As at June 30, 2010
	2008	2009	2010	
Sundry Creditors	5,737.15	5,599.10	10,256.80	11,093.23
Other Current Liabilities	200.07	402.02	1,993.06	3,410.67
Provisions	288.39	128.77	338.72	442.15
Total Current Liabilities and Provisions	6,225.60	6,129.89	12,588.58	14,946.05

Annexure XIII- Restated Consolidated Statement of Reserves and Surplus

(₹in Lacs)

	Particulars	As at March 31,			As at June 30, 2010
		2008	2009	2010	
A.	Capital Reserve	116.68	504.60	1,188.26	1,742.26
B.	Securities Premium	333.20	333.20	950.85	950.85
C.	General Reserves	-	-	-	-
D.	Surplus balance in Profit and Loss A/c	1,443.97	2,046.89	2,724.29	2,542.34
	Total (A+B+C+D)	1,893.85	2,884.70	4,863.39	5,235.44

Annexure XIV- Restated Consolidated Statement of Other Income

(₹in Lacs)

Particulars	For the Year ended March 31,			For the Quarter ended June 30, 2010	Remarks
	2008	2009	2010		
Recurring From business Activities					
Export Entitlement Benefits	1,000.64	717.54	-	-	Recurring
Excise Refund	-	-	92.23	12.18	Recurring
Balance Written Off	-	-	96.46	0.17	Recurring
Miscellaneous Receipts	252.08	45.23	116.45	15.53	Recurring
Commission Income	-	-	0.74	2.06	Recurring
Performance Claim	-	-	41.19	-	
Interest Income	-	-	-	10.59	Recurring
Non Recurring Business Activities	-	-	-	-	
TOTAL	1,252.72	762.76	347.07	40.54	

Annexure XV - Restated Consolidated Statement of Increase Decrease in Stock

(₹in Lacs)

Particulars	For the Year ended March 31,			For the Quarter Ended June 30, 2010
	2008	2009	2010	
Closing Stock				
Finished Goods	855.68	1,369.07	2,258.94	2,661.39



Semi Finished Good	680.38	394.86	1,088.84	1,601.44
Trading Good	-	-	-	-
	1,536.06	1,763.93	3,347.78	4,262.83
Opening Stock				
Finished Goods	669.22	657.95	1,252.35	2,258.94
Semi Finished Good	167.63	678.95	459.41	1,088.84
Trading Good	10.51	-	-	-
	847.36	1,336.90	1,711.76	3,347.78
TOTAL	688.71	427.03	1,636.02	915.05

Annexure XVI - Restated Consolidated Statement of Accounting Ratios

(₹in Lacs)

Particulars	For the Year ended March 31,			For the Quarter ended June 30, 2010
	2008	2009	2010	
Restated Net Profit after Tax-a	1,105.07	992.58	1,354.14	372.05
Restated Net Worth-b	4,019.28	5,715.71	9,271.35	9,641.78
Weighted Average No of Shares	119.55	223.25	224.08	231.48
Total Outstanding Shares at year end	223.25	223.25	231.48	231.48
Earning Per Share (₹)	9.24	4.45	6.04	1.61
Return on Net Worth (%)	27.49%	17.37%	14.61%	3.86%
Net Assets Vale per Share (₹)	18.00	25.60	40.05	41.65
Bonus Isses				
Basic Earning per share	9.24	4.45	6.04	1.61
Diluted Earning per Share	9.24	4.45	6.04	1.61
Diluted Net Assets Value per share	18.00	25.60	40.05	41.65

Annexure – XVII - Restated Consolidated Capitalisation Statement

(₹in Lacs)

Particulars	Pre Issue as at 31st March 2010	Pre Issue as at 30 June 2010
Loan Funds		
Long term Debts	4,357.17	4,147.86
Short Term Debts	7,525.16	4,975.99
Total Debts	11,882.34	9,123.85
Shareholders Fund:		
Equity Share Capital	2,314.85	2,314.85
Share Application Money	2,201.50	2,201.50
Reserve and Surplus		
Securities Premium	950.85	950.85
Capital Reserve	1,188.26	1,742.26
Surplus balance in Profit and Loss A/c	2,724.29	2,542.34
Misc Expenditures to the Extent not Written off	(108.39)	(110.01)



Total Share Capital	9,271.35	9,641.78
Long term Debt to Equity	0.47	0.43

Annexure XVIII - Restated Consolidated Statement Contingent Liabilities (₹in Lacs)

Particulars	As at March 31,			As at June 30, 2010
	2008	2009	2010	
Contingent Liabilities in respect of following				
Custom Duty	-	-		
Letter of Credit	3,795.34	4,166.39	8,568.85	9,584.13
Bank Guarantee	96.21	61.87	293.94	279.18
Claim by supplier but not acknowledge as debt	5.39	32.09	39.60	42.62
TOTAL	3,896.94	4,260.35	8,902.38	9,905.93

Annexure XIX - Restated Consolidated Statement of Related Party Transactions

Name of Related Parties:

Associates (Enterprises in key management personnel or their relatives exercise significant influence)

Champalal Company
 Plasto Processors
 Oswal Extrusion Limited
 Parekh Polymers
 Oswal Commodities Private Limited
 Oswal Lumber Pvt Limited
 Oswal Timber Industries
 Ankur Chemfood Ltd
 Ankur Chemfood Prod. Guj Ltd
 Doongarsee Salt works P. Limited
 Plastene Infrastructure Ltd
 Plastene Polyfilms Ltd
 Parekh Industries
 Siddharth Logistics

Substantially Interested Parties

YMP Machineries Private Limited

Key Managerial Personnel

Prakash H Parekh
 Chetan S Parekh
 Siddharth S Parekh

Transaction With Associate Concern

(₹in Lacs)



Nature Of Transaction	FY 07-08	FY 08-09	FY 09-10	3 Months ended 30 th June-10
Sale of Goods	961.49	1166.54	3,690.46	1801.66
Purchase of Goods	135.19	406.04	1,907.29	21.69
Purchase of Fixed Assets	1.34	7.39	31.85	NIL
Job work charges paid	13.08	NIL	NIL	NIL
Loans Taken	564.00	273.39	1067.05	674.50
Loan Given	577.83	356.95	1068.09	466.40
Rent Paid	0.12	2.40	4.73	NIL
Rent Received	NIL	NIL	3.60	NIL
Interest Paid	9.14	10.95	NIL	NIL
Interest Received	NIL	NIL	14.45	NIL

Transaction With Key Managerial Personnel

(₹in Lacs)

Nature Of Transaction	FY 07-08	FY 08-09	FY 09-10	3 Months ended 30 th June-10
Directors Remuneration & Perquisites	17.4	20.10	25.88	9.00
Rent Paid	1.08	NIL	NIL	NIL

Transactions With Substantially Interested Party

(₹in Lacs)

Nature Of Transaction	FY 07-08	FY 08-09	FY 09-10	3 Months ended 30 th June-10
Sale of Goods	NIL	NIL	772.78	264.49
Sale of Fixed Assets	NIL	NIL	NIL	10.59
Rent Paid	NIL	NIL	1.20	NIL
Loan Taken	NIL	NIL	1.60	108.50
Loan Repaid	NIL	NIL	1.60	38.50

Annexure XX - Statement of Tax Shelter as Restated

(₹ In Lacs)

	Particulars	As at March 31,			As at June 30, 2010
		2008	2009	2010	
	Rate of Income Tax [including surcharge & education cess thereon]	33.66%	33.99%	33.99%	30.90%
A.	Profit Before Tax [A]	1563.99	1383.85	2031.97	480.64
	Tax at Notional Rate	526.44	470.37	690.67	148.52
B.	Permanent Differences				
	Export Profits [Deduction u/s. 10B]				
	Donations				



	Dividend Income exempt u/s. 10(34)				
	Others				
	Total Permanent Differences [B]	0	0	0	0
C.	Timing Differences				
	Difference between tax depreciation and book depreciation	-189.08	-279.14	-368.9	-10.91
	Retirement Benefits				
	Others	1.58	0.9	4.66	4.73
	Total Timing Differences [C]	-187.50	-278.24	-364.24	-6.18
D.	Net Difference [B + C] = [D]	-187.50	-278.24	-364.24	-6.18
	Tax Saving Thereon	-63.11	-94.57	-123.81	-1.91
	Taxable Income as per Income Tax Return [A+D]	1376.49	1105.61	1667.73	474.46
	Tax as per Income Tax Return	463.33	375.80	566.86	146.61
	Tax on Extra-Ordinary Items	0	0	0	0
	Tax on Profit before Extra-Ordinary Items	463.33	375.80	566.86	146.61

Annexure XXI - Significant Accounting Policies

A. Principles of Consolidation:

The consolidated financial statement relate to Plastene India Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

1. 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, incomes and expenses, after fully eliminating intra-group balances and intra -group transactions in accordance with Accounting Standard (AS) 21 -"Consolidated Financial Statements".
2. In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange rate fluctuation reserve.
3. The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
4. The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of Profit & Loss account as exceptional item being the profit or loss on disposal of investment in subsidiary.
5. 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.

B. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 "Accounting for Investments".

C. Other significant accounting policies:

These are set out under "Significant Accounting Policies" as given in the Standalone Restated Financial Statements of Plastene India Limited.

D. Previous years' figures have been regrouped wherever required to make them comparable.



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 financial statements, including the notes thereto, and other financial data appearing elsewhere in this Draft Red Herring Prospectus. You should also read the sections titled “Risk Factors” and “Forward-Looking Statements” beginning on pages XIII and XII, respectively, of this Draft Red Herring Prospectus which discuss a number of factors and contingencies that could impact our financial condition and results of operations.

The following discussion is based on our restated consolidated financial statements, as of and for the Fiscal 2010, 2009 and 2008 and for the period ended June 30, 2001, the period for which the consolidated financial statements are prepared. Our audited and restated unconsolidated and consolidated financial statements are prepared in accordance with Indian GAAP, the accounting standards prescribed by the ICAI and the relevant provisions of the Companies Act. Unless otherwise stated, “fiscal year” or “fiscal” refers to the twelve month period ending March 31 of that year.

Overview:

We are the flagship company of the Champalal Group of Gandhidham. We made our beginning in the year 1998 wherein we imported plastic scrap and started reprocessing it to manufacture agglomerates which inturn were sold to various plastic manufacturers to manufacture pipes, tarpaulin, granules etc. However, we discontinued this business in the year 2007.

We currently manufacture Jumbo bags, also known as FIBC (Flexible Intermediate Bulk Containers), woven sacks, (comprising of laminated woven sacks and BoPP laminated woven sacks), flexible packaging (comprising of printed laminates, preformed pouches, surface printed 3 layer films and liners), woven fabric, tarpaulins and other products mostly used in self consumption which comprises of UV masterbatch, Antifab masterbatch, multifilament yarn and webbings. We also sell granules, our main raw material which is imported from countries like Saudi Arabia, Thailand, UAE etc.

Currently, we have two manufacturing units, both of which are situated in Gujarat, in the Nani Chirai Village of the Kutch district and in Rajpur Village of Mehsana district. Both our manufacturing units are equipped with requisite technologies to manufacture products as per customers' requirement.

In April, 2005, we started manufacturing woven sacks and woven fabric at Nani Chirai for servicing domestic salt units, cement and fertilizer industry in Gujarat and gradually expanded our product portfolio and started manufacturing Jumbo bags, tarpaulin, laminates, multifilament yarns, masterbatches, fillers and flexible packaging for food grains, pharmaceuticals, chemical, fertilizers, cement etc.

Our unit at Rajpur village commenced operations in November 2007. In this unit we primarily manufacture Jumbo bags and woven bags.

The table below sets out various products manufactured at our units and the consolidated revenue generated, net of duties and taxes:

(In ₹ Lacs)

Sr. No.	Product	Fiscal 2010	Fiscal 2009	Fiscal 2008
1	Jumbo bags	8032.17	7297.08	4521.92
2	Woven sacks, woven fabrics and Tarpaulin	11734.75	8698.76	9202.70
3	Multi layer Films and bags	4133.56	2684.60	985.00
4	Fillers, masterbatches, webbings , multi filament yarn	961.82	336.05	202.11
5	Trading of granules	5897.54	247.18	10.70
	Total	30,759.84	19,263.67	14,922.43

We believe, we are one of the leading manufacturers of woven bags when compared with packaging companies which are currently listed on the Stock Exchanges. Lower manufacturing costs as compared to countries like China and Turkey and the proximity of our units to the Kandla port and the Mundra port have helped us in maintaining our strong market position.



In Fiscal 2009, we started manufacturing master batches, multifilament yarn and fillers as part of our backward integration strategy. Further, to achieve economies of scale, we expanded our manufacturing capacity from 28,000 MTPA in Fiscal 2008 to 55,000 MTPA in Fiscal 2009. Further, we are in the process of enhancing our manufacturing capacity from 55,000 MTPA to 69,000 MTPA to capitalize upon our experience in the packaging industry and to serve the growing demands of Jumbo bags, woven sacks and flexible packaging.

The packaging products manufactured by our Company are used in different industrial segments such as food grains, pharmaceuticals, edible oil, cement, fertilizers, chemicals, salt, sugar etc.

All our products are customized and manufactured as per customer requirements. We have manufacturing facilities to produce woven sacks from 50 GSM to 120 GSM and Jumbo bags with the help of 90 to 250 GSM fabrics. We have the facilities to manufacture one loop, two loops, and four loops as well as cross corner Jumbo bags. We can manufacture these products in any color and specifications based on customer requirements.

For flexible packaging, we can manufacture printed films with surface printing as well as reverse printing, between 20 micron to 150 microns and laminates in two, three and four layer structure. We also manufacture three side seal pouches and zipper pouches as per customers' requirement.

Our machines are capable of manufacturing multiple products. During monsoons when the demand for woven sacks used in cement industry is reduced we use our capacities for manufacturing additional tarpaulin.

We have been awarded ISO 9001:2008 certification for quality management systems for manufacture and supply of Jumbo bags, woven sacks, flexible packaging products, woven fabric and tarpaulin. Our Company has installed various testing equipments by virtue of which it will develop new packaging solutions at cheaper cost without affecting quality of the products. We regularly conduct batch wise tests on all our products for examining their strength, quality aspects etc. We regularly do tensile strength test and drop test with the help of tensile testing machines and other machines before the batch is approved for sale.

As on October 31, 2010 our Company had 1135 permanent employees and 194 employees on contract at various locations.

Further, our new venture of block bottom valve bags which did not have any capacity till date is expected to have 5,000 MTPA by Fiscal 2012. This manufacturing facility will be set up at our existing Nani Chirai village of Kutch district. Block bottom valve bags is a new packaging product used in cement / food grain / cereals etc packing which enhances the brand value of the company. We have already received an expression of interest from Shree Cements for 60 million pieces of block bottom valve bags to be supplied in one year.

Client Concentration

Our customers include some of India's leading players and are spread across various industry segments. Following table provides a break-up of our client concentration:

(₹ in Lacs except %)

Particulars	Fiscal 2010		Fiscal 2009		Fiscal 2008	
Top client contribution to revenues	1,870.21	5.53%	1,904.45	8.93 %	3,089.93	17.66 %
Top 5 client's contribution to revenues	6,960.03	20.58%	6,995.07	32.80 %	8,253.22	47.17 %
Top 10 client's contribution to revenues	11,762.38	34.78%	10,445.68	48.98 %	10,909.22	62.35 %
Total Revenue	33,819.39		21,326.42		17,496.75	

As can be seen from the table above contribution of top customer, top 5 customers and top ten customers have been reducing year on year from Fiscal 2008 to Fiscal 2010 indicating the diverse customer base we have with every passing year.



The table below provides a break-up of our total consolidated domestic and export sales:

Sales	Period ended June 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Domestic	9,340.41	19,037.98	12,675.82	12,487.95	10,513.21
Export ¹	2,769.20	14,781.42	8,650.60	5,008.81	3,841.76
Total	12,109.61	33,819.39	21,326.42	17,496.75	14,354.97

¹Export sales include direct sales made overseas and sales made via special economic zones.

Our operational income and Profit after Tax (PAT) as per the restated consolidated Financial Statements for the Fiscal 2010 is ₹ 338,19.40 Lacs and ₹ 13,54.14 Lacs respectively.

Significant Factors Affecting our Results of Operations

A number of general factors have affected and we expect will continue to affect our financial condition and performance. Set out below are some of the major factors that affect our results of operations.

- Disruption in raw material supply
- Implementation risks involved in our expansion plans
- Availability of labour
- Continuation of tax benefits available to us / our subsidiary
- Our ability to successfully implement our strategy, growth and expansion plans;
- Our exposure to market risks
- The outcome of legal or regulatory proceedings that we are or might become involved in
- Contingent liabilities, environmental problems and uninsured losses
- 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

Significant Accounting Policies

We have identified the accounting policies below as critical to our business operations and the understanding of our financial presentation, financial condition and results of operations. A critical accounting policy is one that is both important to the presentation of our financial condition and results of operations and requires our management to make difficult, subjective or complex accounting estimates and assumptions. Our management believes that the following accounting policies involve the application of critical accounting estimates and assumptions. The following is not intended to be a comprehensive list of all our significant accounting policies.

By their nature, the assumptions, estimates and judgments that our management is required to make are inherently subject to a degree of uncertainty. These judgments are based on our historical experience, our evaluation of accounting practices that would be appropriate in respect of our business, our observation of trends in the real estate development industry, information with respect to our customers, and information available from independent sources, as appropriate. There can be no assurance that our judgment will prove correct or that actual results reported in future periods will not differ from our expectations reflected in the



accounting treatment of certain items. For a more complete summary of our significant accounting policies, see our financial statements included elsewhere in this Draft Red Herring Prospectus.

Basis of Accounting

The Financial Statements are prepared in accordance with relevant accounting standards under the historical cost convention on accrual basis and as a going concern with revenues considered and expenses accounted for wherever possible on their accrual. The accounting policies are consistent with those used in the previous year.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price and any attributable cost of bringing assets to its working condition for its intended use. Borrowing cost relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Expenditure during the construction period (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as pre-operative Expenses, pending allocation to the assets and are included under "Capital Work in Progress", in the Financial Statements. These expenses are apportioned to fixed assets on commencement of commercial production.

Impairment of Assets

The carrying amount of assets is reviewed at the balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. A previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

Depreciation

Depreciation on fixed assets is provided on the basis of straight line method at the rates prescribed in Schedule-XIV of the Companies Act, 1956 on pro rata basis treating the whole plant as continuous process plant. The management of the Company is of the view that these depreciation rates fairly represent the useful life of assets.

Inventories

Raw materials, finished goods, semi finished goods and stores and spares are stated at cost or net realisable value whichever is lower. The cost of inventories is computed on FIFO basis. The by-products and scrap are valued at net realisable value.

Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

Non Monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognised in Profit & Loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.



Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalised as part of the cost of the assets up to the date the asset is put to use. Other borrowing costs are charged to the Profit & Loss Account in the year in which they are incurred.

Revenue Recognition

Revenue is recognised to the extent that it is possible that the economic benefits will flow to the company and the revenue can be reliably measured. The sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. The export incentives under the Advance Licence Scheme of the Export Import Policy are accounted for on the basis of entitlements against exports affected during the year.

Deferred Revenue Expenses

Preliminary expenses are amortised over a period of five years .

Taxes on Income

Provision for current tax is made annually based on the tax liability computed after considering tax allowances and deductions. Deferred tax resulting from timing difference between taxable income and accounting income is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

Retirement Benefits

The liability for gratuity and leave encashment has been provided on the basis of actuarial valuation carried out by an independent actuary as at balance sheet date. In respect of provident fund, contributions have been paid to the government and are charged to revenue.

Earnings per Share

The earning considered in ascertaining the company's earnings per share comprises the net profit after tax (and includes the post tax effect of any extraordinary items). The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

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 financial statements and the results of operations of during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual result could differ from these estimates.

Investments

Investments of the Company are long-term. The same are valued at the cost of acquisition. Decline in the value of permanent nature is provided as per accounting standard AS 13. Dividend of investments is accounted for as and when received.

Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of sources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.



Inter Divisional Transactions

Inter divisional transactions are eliminated as contra items. Any unrealised profits on unsold stocks on account of inter divisional transactions is eliminated while valuing the inventory.

Accounting policies not specifically referred to are consistent with generally accepted accounting policies.

Previous years' figures have been regrouped wherever required to make them comparable.

Results of Operations

The following table sets forth, for the periods indicated, certain items from our restated consolidated financial statements, in each case also stated as a percentage of our total income.

(Amount in ₹ Lacs except %)

	June 30, 2010		Fiscal 2010		Fiscal 2009		Fiscal 2008	
Income from Operations								
Sales of Product								
Manufactured by the company	7258.11	59.7%	23,263.22	68.1%	17,696.28	80.1%	16,599.58	88.5%
Traded in by the company	4,851.5	39.9%	10,556.18	30.9%	3,630.14	16.4%	897.17	4.8%
Total Sales	12,109.61	99.7%	33,819.40	99.0%	21,326.42	96.5%	17,496.75	93.3%
Other Income	40.54	0.3%	347.07	1.0%	762.76	3.5%	1,252.72	6.7%
Total Income	12,150.15	100.0%	34,166.47	100.0%	22,089.19	100.0%	18,749.48	100.0%
EXPENDITURE								
Raw materials consumed	9,666.66	79.6%	24,940.35	73.0%	14,854.46	67.2%	13,256.84	70.7%
Staff Costs	387.46	3.2%	1,189.99	3.5%	904.90	4.1%	522.41	2.8%
Other Manufacturing Exps	857.01	7.1%	3,016.08	8.8%	2,619.28	11.9%	1,374.12	7.3%
Admin & Selling Exps	353.27	2.9%	1,021.62	3.0%	983.14	4.5%	757.71	4.0%
Interest	261.02	2.1%	1,429.18	4.2%	996.60	4.5%	1,030.64	5.5%
Amortisation	1.45	0.0%	5.82	0.0%	4.95	0.0%	4.95	0.0%
Depreciation	142.63	1.2%	531.45	1.6%	342.01	1.5%	238.81	1.3%
Total Expenditure	11,669.50	96.0%	32,134.49	94.1%	20,705.34	93.7%	17,185.48	91.7%
Net Profit Before tax and Extraordinary items	480.64	1.4%	2,031.97	5.9%	1,383.85	6.3%	1,563.99	8.3%
Provision for Taxation								
Current Tax	102.4	0.8%	310.96	0.9%	122.66	0.6%	235.71	1.3%
Deferred Tax	6.18	0.1%	364.24	1.1%	278.24	1.3%	177.6	1.2%
Net Profit as Restated	372.06	3.1%	1,354.14	4.0%	992.57	4.5%	1,105.07	5.9%



Description of Income and Expenditure Items

Total Income

Our total income comprises revenue from the sale of goods manufactured by us, traded goods and other income.

Sale of goods manufactured by us

Sale of goods manufactured by us primarily includes revenue received from the sale of Jumbo bags, Woven sacks comprising of woven sacks, laminated woven sacks, BoPP laminated sacks, Flexible packaging products comprising of printed laminates, preformed pouches and surface printed 3 layer films, Woven fabric, Tarpaulin and other products mostly used for self consumption like masterbatch compound, fillers, webbings and multifilament yarn. Sales of goods manufactured by us includes domestic and exports sales. Export sales of our products are to more than 30 countries in the world.

Income from sale of products traded by us

Income from sale of products traded by us includes revenue generated from the sale of granules imported from various countries and sold domestically.

Other income

Other income primarily comprises of Export Entitlement benefits, excise duty refunds, interest income received, performance claim and other miscellaneous receipts.

Total expenditure

Our total expenditure primarily consists of raw material consumed, employee costs, administrative expenses, selling and distribution expenses, interest and financial charges and depreciation.

The following table sets out the principal components of our expenditure and as a percentage of our total expenditure, for the periods indicated.

(Amount in ₹ except %)

	June 30, 2010		2009-10		2008-09		2007-08	
EXPENDITURE								
Raw materials consumed	9,666.66	82.8%	24,940.35	77.6%	14,854.46	71.7%	13,256.84	77.1%
Staff Costs	387.46	3.3%	1,189.99	3.7%	904.90	4.4%	522.41	3.0%
Other Manufacturing Expenses	857.01	7.3%	3,016.08	9.4%	2,619.28	12.7%	1,374.12	8.0%
Admin & Selling Expenses	353.27	3.0%	1,021.62	3.2%	983.14	4.7%	757.71	4.4%
Interest	261.02	2.2%	1,429.18	4.4%	996.60	4.8%	1,030.64	6.0%
Amortisation	1.45	0.0%	5.82	0.02%	4.95	0.02%	4.95	0.03%
Depreciation	142.63	1.2%	531.45	1.7%	342.01	1.7%	238.81	1.4%
Total Expenditure	11,669.50	100.0%	32,134.49	100.0%	20,705.34	100.0%	17,185.48	100.0%

Cost of raw material consumed (net)

Cost of raw material consumed principally comprises the cost of Poly Propylene (PP), HDPE, LDPE, LLDPE and other raw materials such as UV masterbatch, fillers, ink, thinner and consumables required in the manufacturing of finished goods. Increase / decrease in stocks are adjusted in cost of raw material consumed.



Staff costs

This consists of costs of employees engaged in manufacturing, selling and distribution, commercial and administration and directors remuneration. It includes expenses like salaries, wages, contribution to provident fund, leave encashment, gratuity, overtime, bonus, ex-gratia, canteen expenses, medical, other staff welfare expenses, etc.

Other Manufacturing expenses

This mainly includes costs on power and fuel, laboratory consumables, spares, repairs and maintenance, contract labour, other plant operating expenses, etc.

Administrative and Selling expenses

Administrative expenses primarily comprises advertising expenses, professional charges, consultancy charges, foreign exchange losses, entertainment expenses incurred, rent payments, audit expenses, travelling and conveyance expenses, licence and filing fees and miscellaneous expenses. Our selling and distribution expenses comprise expenses incurred on account of selling and distribution expenses of finished goods.

Interest

Our interest charges comprise interest payments in relation to our indebtedness and associated fees including upfront fees, bank guarantee fees, letter of credit commissions, bank charges and processing charges related to such borrowings. Our finance charges as well as our outstanding indebtedness may increase in the future as our business and operations grow.

Depreciation:

Depreciation is provided using the straight line method at the rates prescribed under Schedule XIV of the Companies Act.

Comparison between the Fiscal 2010 with Fiscal 2009

Total sales

Our total sales have increased to ₹ 33,819.40 Lacs in Fiscal 2010 as against ₹ 21,326.42 Lacs in Fiscal 2009, registering a year on year growth of 58.58%.

Significant increase in sales was on account of increase in sale of traded goods, which increased by 190.8% from ₹ 3,630.14 Lacs in Fiscal 2009 to ₹ 10,556.18 Lacs in Fiscal 2010. Trading sales comprises of granules which are also used by us for manufacturing our final products. We import granules from various countries in bulk which we use in manufacturing final product and also make profits by selling it immediately in the market. The advantage is that we can import granules in bulk at a negotiated price which reduces our raw material cost and also make profit by trading sales.

Sale of goods manufactured by us increased by 31.5% from ₹ 17,696.28 Lacs in Fiscal 2009 to ₹ 23,263.22 Lacs in Fiscal 2010 on account of an emphasis on selling a greater number of Jumbo bags which have a higher profit margin.

Other income

Other income for Fiscal 2010 is lower at ₹ 347.07 Lacs as compared to ₹ 762.76 during Fiscal 2009, due to the receipt of export entitlement benefits of ₹ 717.54 Lacs which was Nil in Fiscal 2010

Cost of raw material consumed

The cost of raw material consumed as a percentage of total income was 73.0% in Fiscal 2010 as compared to 67.2% in Fiscal 2009. Our raw material cost is subject to high price volatility and is governed by international prices. For Fiscal 2010 material cost was higher compared to Fiscal 2009 due to unprecedented, volatility in raw material prices.



Staff cost

The staff cost in Fiscal 2010 was ₹ 1,189.99 Lacs as compared to ₹ 904.90 Lacs in Fiscal 2009, a year on year increase of 31.51%. This increase was mainly due to annual increment in salaries and fresh recruitments during the year. However, the staff cost as a percentage to total income was lower at 3.5% in Fiscal 2010 as compared to 4.1% in Fiscal 2009.

Other manufacturing expenses

Other manufacturing expenses increased to ₹ 3,016.08 Lacs in Fiscal 2010 from ₹ 2,619.28 Lacs in Fiscal 2009, a year on year increase of 15.15%. The same is on account of increase in growth volume of manufactured goods sold during the year.

Administrative and Selling expenses

The administrative and selling expenses increased to ₹ 1,021.62 Lacs in Fiscal 2010 from ₹ 983.14 Lacs in Fiscal 2009 a year on year increase of 3.91%. The same is on account of increase in travel, insurance and recruitment expenses.

Interest

The interest expense increased to ₹ 1,429.18 Lacs in Fiscal 2010 from ₹ 996.60 Lacs in Fiscal 2009. This 43.41% increase in interest cost is on account of increase in working capital limits, which has increased from ₹ 5,965.21 Lacs in Fiscal 2009 to ₹ 7,429.20 in Fiscal 2010. The increase in aggregate working capital borrowing is mainly on account of growth in sales.

Depreciation and amortization

Depreciation and amortisation increased by 54.85% to ₹ 537.27 Lacs in Fiscal 2010 from ₹ 346.96 Lacs in Fiscal 2009. The increase was on account of depreciation for the full year on assets of ₹ 2,312.52 Lacs which were capitalised during Fiscal 2009.

Net Profit after Tax

The net profit after tax increased to ₹ 1,354.14 Lacs in Fiscal 2010 from ₹ 992.57 Lacs in Fiscal 2009, an increase of 36.43%. The increase was mainly due to corresponding increase in sales of 58.58%. However, Net profit as a percentage of total Income was 4.0 % in Fiscal 2010 as compared to 4.5% in Fiscal 2009 mainly on account of increase in raw material cost in Fiscal 2010 as compared to Fiscal 2009.

Comparison between the Fiscal 2009 with Fiscal 2008

Total Sales

Our total sales increased to ₹ 21,326.42 Lacs in Fiscal 2009 as against ₹ 17,496.75 Lacs in Fiscal 2008, registering a year on year growth of 21.89%. Fiscal 2009 witnessed a slowdown in global economy which had an adverse effect on various sectors including our business. However, our growth of 21.89% reflected our management's ability and resilience in the backdrop of challenging environment.

Again in Fiscal 2009, significant increase in sales was on account of increase in sale of traded goods, which increased by 304.62% from ₹ 897.17 Lacs in Fiscal 2008 to ₹ 3,630.14 Lacs in Fiscal 2009. Trading sales comprise of granules which are also used by us for manufacturing our final products. We import granules from various countries in bulk and use the same in manufacturing final product and also make profits by selling it in the market. The advantage is that we can import granules in bulk at a negotiated price which reduces our raw material cost and also make profit by trading sales.

Sale of goods manufactured by us increased by 6.61% from ₹ 16,599.58 Lacs in Fiscal 2008 to ₹ 17,696.28 Lacs in Fiscal 2009.



Other income

Other income in Fiscal 2009 was lower at ₹ 762.76 Lacs as compared to ₹ 1,252.72 in Fiscal 2008. The main reason for higher other income in Fiscal 2008 was because of higher export entitlement benefits of ₹ 1,000.64 Lacs as compared to ₹ 717.54 Lacs in Fiscal 2009. Further, income from miscellaneous receipts was higher at ₹ 252.08 Lacs in 2008 as compared to ₹ 45.23 Lacs in Fiscal 2009.

Cost of raw material consumed

The material cost as a percentage to total income was 67.2% in Fiscal 2009 as against 70.7% in Fiscal 2008. The material cost was higher in Fiscal 2008 on account of higher volatility in the raw material prices globally.

Staff cost

The staff cost in Fiscal 2009 was ₹ 904.90 Lacs as compared to ₹ 522.41 Lacs in Fiscal 2008, a year on year increase of 73.22%. This increase was mainly due to annual increment in salaries, fresh recruitments of qualified professionals and amendment made in compensation structure of employees.

Other manufacturing expenses

Other manufacturing expenses increased to ₹ 2,619.28 Lacs in Fiscal 2009 from ₹ 1,374.12 Lacs in Fiscal 2008, a year on year increase of 90.62%. The same is on account of increase in power and fuel costs which increased to ₹ 1,087.98 Lacs in Fiscal 2009 from ₹ 777.25 in Fiscal 2008 and also on account of freight, loading and unloading expenses which increased from ₹ 193.35 Lacs in Fiscal 2008 to ₹ 674.63 Lacs in Fiscal 2009.

Administrative and Selling expenses

The administrative expenses increased to ₹ 983.14 Lacs in Fiscal 2009 from ₹ 757.71 Lacs in Fiscal 2008, a year on year increase of 29.75%. The rise was mainly on account of increase in travelling expenses for domestic and international marketing.

Interest

The interest expense reduced to ₹ 996.60 Lacs in Fiscal 2009 from ₹ 1,030.64 Lacs in Fiscal 2008, a year on year reduction of 3.30%. Though the borrowings were significantly higher at the end of Fiscal 2009 as compared to Fiscal 2008, interest expense for Fiscal 2009 was lower on account of lesser credit facility utilised during the year.

Depreciation and amortization

Depreciation and amortisation increased by 42.33% to ₹ 346.96 Lacs in Fiscal 2009 from ₹ 243.76 Lacs in Fiscal 2008. The increase was on account of full depreciation on assets capitalised during Fiscal 2008.

Net Profit after Tax

The net profit after tax reduced to ₹ 992.57 Lacs in Fiscal 2009 from ₹ 1,105.07 Lacs in Fiscal 2008, a year on year decrease of 10.18%. The decrease was mainly due to lower sales realisation because of slow down in the economy. Net profit as a percentage to total income was 4.5 % in Fiscal 2009 as compared to 5.9% in Fiscal 2008. The reduction is mainly on account of increase in other manufacturing expenses and staff cost in Fiscal 2009 as compared to Fiscal 2008.

Significant Developments occurring after March 31, 2010

Except as stated elsewhere in this Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.



Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, there have been no events or transactions to our knowledge which may be described as “unusual” or infrequent”.

Known Trends or Uncertainties

Other than as described in the sections titled “*Risk Factors*” on page XIII and this section and elsewhere in this Draft Red Herring Prospectus, to the best of our knowledge there are no known trends or uncertainties that have had, or are expected to have, a material adverse impact on our revenues or income from continuing operations.

Status of publicly announced New Product or Business Segment

Other than as described in the section “*Business Overview*” on page 68, to our knowledge, there are no new products or business segments.

Seasonality of Business

Except for tarpaulin business, which sees huge demand during monsoons, and cement sacks the demand for which gets reduces during this period, none of our products are seasonal in nature.

Dependence on a Single or Few Suppliers/Customers

We do not depend on any particular supplier or customer

Competitive Conditions

We operate in a competitive environment. For further details, please refer to the discussions of our competition in the sections “*Risk Factors*” and “*Business Overview*” beginning on page XIII and 68 respectively, of this Draft Red Herring Prospectus.



FINANCIAL INDEBTEDNESS

The details of borrowings of our Company as of November 2, 2010 are as follows:

(₹ in Lacs)

Lender, facility granted and date	Amount sanctioned (₹ in lacs)	Terms of repayment and rate of interest	Security and Other Conditions
Royal Bank of Scotland Enhanced Working Capital Facility Agreement of Loan October 11, 2010	500* Overdrafts, Short Term Loans, Export Finance, Bill Discounting, Letters of Credit	a) Overdraft: Base Rate + 4% - Repayable on Demand b) Export Finance: At Negoatiated Rates – Repayable in maximum 180 days; Tenor: Maximum 12 Months Bill Discounting/Letters of Credit: At Negotiated Rates – Repayable in 12 Months	<ul style="list-style-type: none"> First pari passu charge on all the current assets of the Company Second pari passu charge on all moveable fixed assets of the Company Second pari passu charge on all immovable property owned by the Company at the Nani Chirai and Rajpur units. Unconditional, irrevocable guarantee of Mr. Prakash Parekh and Mr. Champalal Parekh
State Bank of India Enhanced Working Capital Facility Agreement of Loan for Overall limit. March 04, 2010	1,531 The bank at its sole discretion may grant the facilities by way of overdrafts, demand loans, loans, cash credits, term loans, PSC, LC, Issuance of Guarantees or Discounting Bills	WC – SBAR + 0,25% LC and BG –Same as Card Rate	<ul style="list-style-type: none"> First pari passu charge with other working capital lenders in the consortium over all current assets of the company First pari passu charge with all working capital lenders over all plant & machineries at the Rajpur and Nani Chirai unit.
State Bank of India Consortium (Earlier known as State State Bank of Saurashtra Consortium) Working Capital Facility Consortium of i. State Bank of India (Earlier State Bank of Saurashtra) ii. State Bank of Indore iii. State Bank of Hyderabad iv. State Bank of Patiala v. Standard	17,150 (comprising of Term Loans of ₹ 7150 Lacs and Working Capital of ₹ 10000 Lacs) Limits as follows: State Bank of India: Cash Credit: 1,100 Letter of Credit: 1,200 BG Sub-limit: (200) Term Loan: 2,775	State Bank of India: a) Working Capital Fund Based: .75% Below SBAR- Repayable on Demand b) Working Capital Non- Fund Based: Standard SBI Rate – Letters of Credit are repayable in 12 Months c) Term Loan: BPLR – 2.00% repayable in 20 equal quarterly instalments after a moratorium period of six months after date of first disbursement State Bank of Indore: a) Cash Credit: 1.75% below BPLR- Repayable in 12 Months b) Letter of Credit: Commision- 50% of Standard Charges, Raw Material (imported- 10%, Raw	<ul style="list-style-type: none"> First pari passu charge over all current movable assets, present and future lying at the Nani Chirai and Rajpur factories of our Company Second pari passu charge over all other movable assets, i.e. movable Plant & Machinery lying at the Nani Chirai and Rajpur factories of our Company. Second pari passu mortgage and charge over all immovable property located at our Company's factories at Nani Chirai and HB Jariwala up to <ol style="list-style-type: none"> 800 lakhs for Credit Facilities from SBI 500 lakhs for Credit Facilities from Indore Bank 640 lakhs for Credit



Lender, facility granted and date	Amount sanctioned (₹in lacs)	Terms of repayment and rate of interest	Security and Other Conditions
<p>Chartered Bank and vi. Royal Bank of Scotland</p> <p>Working Capital Facility December 21, 2004; subsequently modified on January 12, 2006, September 13, 2006, January 13, 2007 and June 13, 2007.</p> <p>Term Loan Facility Agreement dated January 13, 2007</p> <p>First Supplemental Working Capital Consortium Agreement March 7, 2009 modifying the Working Capital Consortium Agreement dated June 16, 2007.</p>	<p>Total: 5,075</p> <p>State Bank of Indore: Cash Credit: 800 EPC/FBP/FUBD /PCFC Sub-limit: (200) Letter of Credit: 1,200 Term Loan: 1,175 Total: 3,175</p> <p>State Bank of Hyderabad: Cash Credit: 600 EPC/FBP/FUBD /PCFC Sub-limit: (400) Letter of Credit: 900 Term Loan: 1,700 Total: 3,200</p> <p>State Bank of Patiala: Cash Credit: 700 EPC/FBP/FUBD /PCFC Sub-limit: (700) Letter of Credit: 1050 Term Loan: 1,500 Total: 3,250</p> <p>Standard Chartered Bank: Cash Credit: 800 PCFC/PSFC/Supplier bill Discounting/Sales Invoice Billing Sub-limit: (800) Letter of Credit: 650 Payment Undertaking Sub-Limit: (650) Total: 1,450</p> <p>Royal Bank Of Scotland: Letter of Credit: 1,000</p>	<p>Material (indigenous)- 25%, Finished Goods- 25%, Stock under process- 25%, EPC- 10%, Book debts not exceeding 90 days- 50% - Repayable in one year c) Term Loan: BPLR – 2.00% repayable in 20 equal quarterly instalments after a moratorium period of six months after date of first disbursement</p> <p>State Bank of Hyderabad: a) Cash Credit: 0.75% below PLR – Repayable in one year. b) FDBP/FUBD/EBR: Standard SBH Rates/as per FEDAI rules - Repayable in 180 days. c) Letters of Credit: As per extant guidelines – Repayable in 12 months. d) Term Loan: BPLR – 2.00% repayable in 20 equal quarterly instalments after a moratorium period of six months after date of first disbursement</p> <p>State Bank of Patiala: a) Fund Based: 0.75% Below BPLR – Repayable on Demand b) Non Fund Based: As Per Bank- c) Term Loan: BPLR – 1.75% repayable in 20 equal quarterly instalments after a moratorium period of six months after date of first disbursement</p> <p>Standard Chartered Bank: Rate as agreed by Bank – Repayable on Demand</p> <p>Royal Bank of Scotland: a) Overdraft: At Negotiated Rates- Repayable on Demand b) Export Finance: At Negotiated Rates – Repayable in maximum 180 days; Tenor: Maximum 12 Months</p>	<p>Facilities from SBH d. 610 lakhs for Credit Facilities from SBP e. 1,450 for Credit Facilities from SCB f. 1,000 for Credit Facilities from Royal Bank of Scotland</p> <p>▪ Total: 5,000 lakhs.</p> <p>▪ First pari passu mortgage and charge over all immovable property located at our Company's factory at Rajpur up to a. 2,775 lakhs for Term Loan from SBI b. 1,175 lakhs for Term Loan from Indore Bank c. 1,700 lakhs for Term Loan from SBH d. 1,500 lakhs for Term Loan from SBP; Total: 7,150 lakhs.</p> <p>▪ Second pari passu mortgage and charge over all immovable property located at our Company's factory at Rajpur up to a. 2,300 lakhs for Credit Facilities from SBI b. 2,000 lakhs for Credit Facilities from Indore Bank c. 1,500 lakhs for Credit Facilities from SBH d. 1,750 lakhs for Credit Facilities from SBP e. 1,450 for Credit Facilities from SCB f. 1,000 for Credit Facilities from Royal Bank of Scotland Total: 10,000 lakhs.</p> <p>Total Security for Working Capital and Term Loan Facility: 17,150 lakhs.</p> <p>▪ Deed of Guarantee dated March 07, 2009 for repayment of up to ₹ 10000 lakhs together with interest</p>



Lender, facility granted and date	Amount sanctioned (₹ in lacs)	Terms of repayment and rate of interest	Security and Other Conditions
	Total: 1,000		

* In addition to the existing ₹1,000 Lacs working capital credit facilities availed from Royal Bank of Scotland and forming part of the SBI Consortium Working Capital Credit Facilities, Royal Bank of Scotland has sanctioned and disbursed an additional working capital facility of ₹500 Lacs to our Company. This additional limit shall be made a part of the said consortium in the next consortium expansion of credit facility based on the Lead banks's appraisal. In the interim our Company has executed a loan agreement on a standalone basis and creating charge over the entire credit facility availed from Royal Bank of Scotland.

In addition to the existing ₹10,000 Lacs working capital credit facilities availed from State Bank of India and forming part of the SBI Consortium Working Capital Credit Facilities, State Bank of India has sanctioned and disbursed an additional working capital facility of ₹1531 Lacs to our Company. This additional limit shall be made a part of the said consortium in the next consortium expansion of credit facility based on the Lead banks's appraisal. In the interim our Company has executed a loan agreement on a standalone basis and creating charge over the entire credit facility availed from State Bank of India.

Outstanding Loan Amount as on November 2, 2010

(₹ In Lacs)

Particulars	State Bank of India*	State Bank of Patiala	State Bank of Hyderabad	Standard Chartered Bank	Royal Bank of Scotland
Working Capital:					
Cash Credit	1,091.20	636.8	598.02		
EPC	1389.89	Nil	Nil	145	128
PCFC	Nil	Nil	Nil	95.37	880.10
PSFL- Export Bill Discount	Nil	Nil	Nil	48.55	261.25
LC-Inland	1767.76	877.01	635.91	Nil	Nil
LC- Import	1024.98	172.58	167.52	212.93	Nil
Buyers Credit	Nil	Nil	Nil	936	200.55
BE Non LC	254.71	Nil	Nil	Nil	Nil
Bank Guarantee (LC-Sub Limit)	Nil	Nil	95.93	Nil	Nil
Total Outstanding Working Capital Limits	5,528.54	1,686.39	1,401.45	1,437.85	1,469.90
Term Loans:					
Term Loan - INR	1,216.71	518.53	259.94	Nil	Nil
Term Loan- LC/BC	Nil	Nil	457.7	Nil	Nil
Total Outstanding Term Loan Limits	1,216.71	518.53	717.64	0.00	0.00

* Incl. SBI Gandhidham i.e. erstwhile State Bank of Indore

Note: USD 1 = ₹44.36 (Closing Rate as on November 2, 2010 – Source as given by bank)

Negative Covenants:

Certain corporate actions for which our Company is required to take lenders consent are as follows:

1. To change or in any way alter its capital structure.



2. To implement a new scheme of amalgamation or reconstitution
3. To enlarge the scope of the other manufacturing/trading activities
4. To withdraw or allow to be withdrawn any moneys brought in by promoters/ promoters' relatives.
5. To make any corporate investments by way of share capital or place deposits with any other concern except in the ordinary course of business.
6. To borrow or obtain credit facilities from any other bank or credit agency or money lenders.
7. To compound or release any of the book debts nor do anything whereby the recovery of the same may be impeded, delayed, or prevented.
8. To deal with the goods, movables and other assets and documents of title, movables, and other assets covered by the documents except under and in accordance with the written instructions of the said Banks.
9. To remove or dismantle any of the assets to be comprised in the said security, except where it is necessary.
10. To pay any dividend whether equity or preference.
11. To transfer its undertaking or any of its capital except in ordinary course of business.
12. To undertake or permit any merger, scheme of arrangement, consolidation.
13. To create nor attempt to create any mortgage, charge, lien, or encumbrance to affect any part nor do or allow which may prejudice the security created or agreed to be created nor create any security save as approved by the lead Bank.
14. The lenders might require our Company to repay its outstanding amounts upon issue of new capital.

The repayment schedules of the above loans undergo changes from the schedules stipulated in the respective loan agreements due to change in interest rate since the interest rates are floating rates.

Further, several of the loan agreements executed provide for the rescheduling of loans by the lenders, contain pre-payment penalties and delayed payment penalties, and permit the lender to disclose the name of our Company as a defaulter to the RBI and debar our Company from borrowing monies for certain periods of time.

Unsecured Loans:

Name of the Lender	Outstanding as on November 2, 2010
Balar Fabrics Private Limited	100.00
Kamladevi Jirawala	3.00
Laxmi Trading Co. Gandhidham	45.00
B.M. Automobiles & Sons	72.00
Total	220.00

**SECTION VI: LEGAL AND OTHER INFORMATION****OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Promoter, our Directors, our Subsidiaries and our Group Companies and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issue by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/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) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, its Promoters, Subsidiaries, Group Companies and our Directors.

A) OUTSTANDING LITIGATION INVOLVING PLASTENE INDIA LIMITED:**Litigation against our Company:****I. Pertaining to Civil laws**

1. M/s. Sri Sri Engineering has filed a Civil Suit (RCS No. 821/06) in Civil Judge (Junior Division), Gandhidham on July 19, 2006 against our Company for the recovery of alleged dues for the repairing service provided to our company in the months of June to August 2005 and has prayed for a decree of ₹ 24,669 with further interest at the rate of 12% p.a. till the final realization of the entire amount with costs of the suit. The plaintiff has alleged that he had raised various bills for the repairing services provided to our Company and even after repeated request our company made no payments. The plaintiff has further alleged that he had sent a notice dated April 10, 2006 demanding payment of outstanding amount and being aggrieved by the alleged evasive pleas given by our company it has filed the present suit. Our Company vide its reply dated January 11, 2007 inter alia denying the averments made in the Civil Suit, refuted the claims made by the plaintiff on grounds that they are untrue, false, frivolous and fictitious. Our Company has stated in its reply that the repairing work done by the plaintiff was of inferior and poor quality and not up to the mark. Further, the plaintiff had failed to get the DG Set repaired properly and our Company therefore denied the claim made by the plaintiff. The matter is currently pending and the next date of hearing is December 02, 2010.
2. M/s. Standard Gensets has filed a Civil Suit (No. 822/06) on July 19, 2006 against our Company before the Civil Judge (Junior Division), Gandhidham for the recovery of alleged dues, inter alia praying for a decree of ₹ 1,02,448 with further interest at the rate of 12% p.a. till the final realization of the entire amount with costs of the suit. The Plaintiff has sold a 500 KVA control panel and fuel tank to our Company and had given on hire a diesel generator, for availing these services the plaintiff has raised bills worth of ₹ 91,471 against our Company. The plaintiff further alleges that an amount of ₹ 91,471 was outstanding and that our company has defaulted in the payment of the same. The plaintiff had issued a notice dated April 10, 2006 to our Company which was replied to on May 5, 2006. Aggrieved by the reply, the plaintiff has instituted the present suit. Our Company has filed its reply on January 11, 2007 inter alia denying the averments made in the Civil Suit and stating that the various machineries supplied by the plaintiff suffered break-down several times resulting in production and financial losses. Our company has also alleged that the plaintiff has failed to cure the defects or replace the machines even after repeated requests, rendering the machines useless and has thus denied all the claims made by the plaintiff. The matter is currently pending and the next date of hearing is November 30, 2010.
3. M/s. Standard Trading has filed a Civil Suit (RCS No. 823/06) on July 19, 2006 against our Company before the Civil Judge (Junior Division) Gandhidham for the recovery of dues for the supply of various parts/machines and appliances for DG set, inter alia praying for a decree of ₹ 1, 30,041 with further interest at the rate of 12% p.a. till the final realization of the entire amount with costs of the suit. Our Company had bought certain machine/machine parts from plaintiff. The plaintiff alleged that against a bill raised for ₹ 2,18,219 our Company has paid only ₹1 Lac. The plaintiff has alleged that they have sent reminders to our company for payment of the said amount and a notice dated April 10, 2006 was sent to our Company, to which our company replied on May 5, 2006. Aggrieved by our reply the plaintiff has filed the present suit.



Our Company has filed its reply to the suit on January 11, 2007 *inter alia* denying the averments made in the Civil Suit and stating that the various parts/machines supplied by the plaintiff suffered break down several times and the plaintiff neglected to cure the defects or replace the machines and the said machines were rendered useless and resulted in heavy production losses. The matter is currently pending and the next date of hearing is December 2, 2010.

4. M/s. Semandhar Sales ('Plaintiff') filed Special Civil Suit (No. 31/06) dated July 19, 2006 against our Company before the Additional Principal Civil Judge ('Civil Suit') for the recovery of dues on account of supply of DG set *inter alia* praying for a decree of ₹ 2, 57,796 with further interest at the rate of 12% p.a. till the final realization of the entire amount with costs of the suit against our Company. Our Company had taken on hire various generator sets and appliances from the Plaintiff. The plaintiff has alleged that it had raised bills worth of ₹ 2, 38,702 against our Company which it alleges that our Company has not cleared even after repeated reminders. The Plaintiff had served a notice dated April 10, 2006 to our Company demanding payment within seven days of service of the notice to which our Company, vide its reply dated May 5, 2006, refuted the charges on the ground that the machines did not function properly. Aggrieved the current suit has been instituted by the Plaintiff. Our Company vide its written submission dated January 10, 2007 *inter alia* denied the averments made in the Civil Suit and *inter alia* stated that the DG Set supplied by the Plaintiff had several break downs and the Plaintiff had neglected to rectify the defects in the DG set leading to the DG set being rendered useless and our Company suffering heavy production losses due to non-functioning of the DG set and prayed that the Civil Suit be dismissed with costs and special compensatory costs be awarded in favour of the Company. The Civil Suit is currently pending before the Civil Judge Junior Division, Gandhidham and the next date of hearing is December 6, 2010.
5. M/s. Sturge Industries Limited ('Plaintiff') filed a Special Civil Suit (No. 23/08) before the Principal Senior Civil Judge, Anjar – Kachchh ('Civil Suit') for the recovery of dues on account of supply of defective black regen sacks *inter alia* praying for a decree of ₹ 26, 94, 234 along with further interest at the rate of 12% p.a. till its final realization against our Company. Our Company had supplied 30,000 rolls of Black Regen Sacks at a cost of ₹ 0.781 per roll amounting to ₹ 25,624.50. The Plaintiff has alleged that the products supplied by our Company were defective as the base was either not there or was very thin. The Plaintiff has alleged that it had immediately contacted our Company and specifically denied to accept the defective product and asked our Company to refund the entire price. The Plaintiff has further alleged that in absence of any response from our Company and aggrieved with the loss caused to it the plaintiff filed the present suit. Our Company vide its written submission dated January 29, 2009 has denied the averments made in the Civil Suit and *inter alia* prayed that the suit be dismissed with costs in favour of the Company. The Civil Suit is pending before the Principal Senior Civil Judge, Anjar – Kachchh and the next date of hearing is December 8, 2010.
6. M/s Agrwal Shipping and Logistics ("Complainant") filed a civil suit no. 33/2010 on April 05, 2010 before the Court of the Additional Civil Judge, Gandhidham for the recovery of dues on account of services rendered by way of transportation of cargo from the factory of the defendant at Kandla Special economic zone, Gandhidham to Mundra by road during the months of March 2009 to June 2009 and prayed for a decree of ₹ 23,718 which includes an amount of ₹ 3,618 as interest at the rate of 24% from June 2009 to March 31, 2010. Our Company had engaged services of the Plaintiff for the transportation of cargo in containers from our factory at Kandla to Mundra by road from March 2009 to June 2009. The Plaintiff has alleged that it had raised a bill of ₹ 20,100 against our Company and even after repeated requests and demands the same was not paid on the grounds that there were shortages in cargo. The Plaintiffs have alleged that they had issued a notice to our Company on February 11, 2010 and aggrieved by our reply dated March 16, 2010 have instituted the current suit. Our Company has filed a written statement dated October 30, 2010. The matter is pending and the next date of hearing is December 15, 2010.
7. M/s Premier Traders ("Plaintiff") filed a civil suit no. 1048/2010 before the Senior Civil Judge, City Civil Court, Hyderabad against our Company and Mr. Anil (Marketing Manager Plastene) ("Defendants"), for recovery of dues on account of failure to supply of "19" PP Woven Fabric (Transparent) weighing about 5 tons and 294 kgs and prayed for a decree of ₹ 4, 51,500 along with further interest at the rate of 18 % p.a. from the date of filing the suit till the final realization of the entire amount with the cost of the suit. The Plaintiffs have alleged that they had ordered for supply of "19" PP Woven Fabric (Transparent) weighing about 5 tons and 294 kgs to our Company and have made payments by cheque of ₹ 4,50,000. The Plaintiff's have alleged that inspite of repeated reminders our Company has failed to deliver the products. The plaintiff thereafter issued a legal notice dated September 16, 2009 calling our Company to supply the material within 7 days of receipt of the notice. Our Company vide its reply notice dated October 12, 2009 admitted the receipt of amount but contended that the plaintiff had booked 50 Metric tons of material worth ₹ 46,00,000,



due to which our Company was to receive ₹ 40,50,000 more from the Plaintiff. Aggrieved by our reply the Plaintiff has instituted the impugned suit on February 4, 2010. Our Company has filed a petition (IA No. 1460 of 2010) under order 7 rule 10 and 11 read with Section 151 of the Civil Procedure Code, 1908, along with the affidavit-in-reply before the City Civil Court at Hyderabad stating that the suit is not maintainable on the ground of want of jurisdiction. The matter is currently pending and the next date of hearing is December 16, 2010.

8. M/s Gujarat Machinery ("Plaintiff") filed a Civil Suit No. 630/2010 before the City Civil Court at Ahmedabad against Our Company ("Defendant") for a declaration precluding our Company from claiming as part payment the sum of ₹ 16,22,000 paid by our Company to the plaintiff towards manufacturing Part No. 3 and 4 of the machine as per the contract and compensation up to an amount of ₹ 3,00,000 for the mental agony suffered due to illegal and mala fide acts of our Company in initiating a criminal complaint against the proprietor of the Plaintiff for cheating. Our Company had entered into an agreement with the Plaintiff for purchase of 3 machines. Our Company duly paid for and took delivery of the 1st two machines. The third machine was to be procured in 6 parts and our Company paid for the Part Nos. 1 and 2 on delivery and paid an advance amount of ₹ 16,22,000 towards manufacturing Part No. 3 and 4 of the machine. The Plaintiff has alleged that our Company failed to accept delivery for the Part 3 and 4 and has claimed demurrage charges. The Plaintiff has alleged that our Company *vide* its letter dated March 5, 2010 have called upon the Plaintiff to refund ₹ 16,89,612. The Plaintiff has also alleged that our Company has tried to falsely implicate the proprietor of the Plaintiff in criminal proceedings in order to create pressure on the Plaintiff. The Plaintiff alleges that aggrieved with the refusal of our Company to take delivery of the Part No. 3 and 4 of the machine and the subsequent refund claim and alleged institution of criminal proceedings it has instituted the present suit on March 19, 2010. The Company has not yet appeared before the court in the said matter pending decision of the High Court of Gujarat in a Criminal Misc. Application before the High Court of Gujarat also filed by the Plaintiff, pertaining to the same issue. For further details refer to the matter disclosed below as matter No. 8 of Criminal Matters.
9. Sun International has issued a legal notice dated April 13, 2010 against our Company stating that the LDPE bags and three other items supplied to Sun International on September 23, 2009 were not as per the order. Sun International in the notice has alleged that, as per conversations through email and phone, it was agreed that the goods shall be verified by our Company's representative, and if the goods do not correspond to the order, then it shall be taken back by us and an amount of ₹ 2,17,752 shall be paid as compensation. They have further alleged that since our Company's representative has not verified the said goods, the same is to be collected by us within 15 days and our Company must pay a total of ₹ 2,17,752 for the goods as well as ₹ 9,000 as godown rent for the goods lying in the godown. Our Company *vide* its reply to this notice dated May 15, 2010, denied all the averments including the email and phone conversation as well as the assurance to pay the compensation in case of non compliance with the order. Our Company has notified that Sun International that the products were delivered as per order and that our Company is not connected with/responsible for any act that has happened between Sun International and its clients. As on date, Sun International has not proceeded to institute a suit.

III. Labour Laws Related Matters

1. Mr. Ram Taraman Sharma, working as an operator on the Extruder Machine located in the Nani Chirai Unit of our Company, met with an accident on November 26, 2006 while working on the Extruder Machine as per his regular duty. The Factory Inspector in his inquiry report had concluded that proper safety guard was not provided in the Extruder Machine which led to the causing the accident. The Factory Inspector had filed a complaint under the Factories Act, 1948 on May 14, 2007 against the occupier of our Company namely, Mr. Prakash H. Parekh, Managing Director, for committing the offence by not providing safety measures as mentioned under the said Act. in form of a criminal case no. 534/07 against the occupier of the factory. The Judicial Magistrate, Bhachau, Kutch issued summons on July 25, 2007 against Mr. Prakash H Parekh. Mr Parekh in his *Confession Pursis* filed with the Hon'ble Court on December 20, 2009 accepted the charges levied against him as the occupier of the Factory and accepted to pay the fine as imposed by the Hon'ble Judicial Magistrate. The Hon'ble Judicial Magistrate, Bhachau, Kutch has *vide* his order dated December 20, 2009 based on the voluntary admission of guilt by Mr. Parekh, held him to be guilty of the offence and imposed a fine of ₹ 5,000 and in case of failure to do so to be liable for imprisonment for 10 days. The fine has been paid on December 20, 2009 and the matter is hereby settled.
2. Mr. Sunil Kumar Sakhawal, who was working as a lift man of the company met with an accident on April 16, 2009 while working the lift in the night shift in the factory premises transferring the materials and was seriously injured. He was declared dead on the same day. The Factory Inspector in his inquiry report has



found that proper safety guard was not provided in the lift used to transfer materials which led to the accident as was in violation of the Factories Act. The Factory Inspector, Rajkot has filed a complaint under the Factories Act, 1948 on September 16, 2009 against the manager of our Company, Mr. Ranjan Samantaray for committing the offence for not providing safety measures as mentioned under the said Act which was subsequently heard as criminal case no. 4340/09 and summons was issued on September 17, 2009 by Registrar, Chief Court, Bhuj, Kutch. Mr. Samantray in his *Confession Pursis* filed with the Hon'ble Court on August 21, 2010 accepted the charges levied against him as the manager of the Factory and accepted to pay the fine as imposed by the Hon'ble Court. The Hon'ble Court *vide* order dated August 21, 2010 held Mr. Samantray guilty under section 252 of the CrPC in his capacity as the manager of the factory premises and was ordered to pay a fine of ₹ 1,00,000 out of which ₹ 75,000 was to be paid to the Amarsingh Sakhwal, the heir of the deceased labourer. Our Company has paid the fine amount of ₹ 1,00,000 on August 21, 2010 and the matter has now been settled.

Litigation by our Company:

I. Tax Matters

1. Low Density Polythylene (LDPE) granules were imported during Fiscals 2005 and 2006 by our Company. At the time of clearance of said imported goods, our Company had been inadvertently charged customs duty at the rate of 15% instead of actual rate of 10%. The rate of import duty was reduced from 15% to 10% vide Notification No. 21/2002 dated March 01, 2002. Hence, our Company had filed Application No. 106 on May 24, 2006, for refund of duty amounting to ₹ 3, 44,141 which has been excessively paid inadvertently. The above said applications were rejected by the Assistant Commissioner of the Customs, Kandla vide an order dated May 26, 2007, on the ground that the matter pertains to reassessment and assessment of bill of entry is appealable order and that our Company should approach the appellate authority for suitable remedy. Thereafter, our Company has filed appeal bearing nos. S/49-123 to 126/Cus/KDL/2006 on July 19, 2006 before the Commissioner of Customs (Appeals), Kandla. The said appeals were rejected by the Commissioner of Customs (Appeals), Kandla by order dated August 18, 2006 on the ground that it is not a clerical or an arithmetical error and reassessment of bill of entries is not permissible and further stated, only remedy available was to challenge the assessment of the Bills of Entry. Against the said appellate order, our Company has filed an appeal bearing no. C/50/06 before Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad ("CESTAT") on November 30, 2006 praying for setting aside the impugned orders and a refund of ₹ 3, 14, 321. The said appeal was filed by our Company on the ground that the assessment of the Bill of Entry cannot be said to be an Appealable Order in the absence of any *lis* between our Company and the Commissioner of Customs. The hearing of the said appeal is pending and the date for the same is not yet fixed.
2. Our Company had filed a bill of entry under the DEEC (Advance Authorisation Scheme) for import of Linear Low Density Polythylene Granules (LLDPE Granules) from M/s Saudi Basic Industries during Fiscals 2008. Our Company had declared the goods imported as LLDPE Granules but on verification, they were found to be LLDPE powder on examination. The Department then confiscated the goods and imposed a fine of ₹ 4, 00,000 and a penalty of ₹ 1, 00,000 u/s 125 and 112 of the Customs Act, 1962, respectively, vide order no. S/43-82/07-08-SIIB dated March 11, 2008. Our Company paid the said amount imposed under protest. Our Company had raised an appeal (File no. S/49-101/CUS/KDL/2008) before the Commissioner (Appeals), Custom, Ahmedabad against the impugned Order in Original No. KDL/ADC/222/Gr.VII/2008 which was subsequently rejected by the order dated March 31, 2009. Aggrieved, our Company preferred an appeal (Appeal No: C/238/2009) before Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad. The CESTAT has rejected the appeal vide order no. A/460/WZB/AHD/2010 as on May 18, 2010. The Company will file the appeal against the said order as per the provisions of law.

II. Pertaining to Criminal laws

1. Our Company filed a criminal complaint bearing number 165 of 2009 before the Metropolitan Magistrate Court at Ahmedabad ('Criminal Complaint'), under section of 138 read with section 141 of the Negotiable Instruments Act, 1881 against Team India Marketing and Mr. Sanjay Bhatt, proprietor of Team India Marketing ('Accused') in relation to dishonour of cheques amounting to ₹ 10,33,882 on account of 'opening balance insufficient', inter alia praying for the Accused to be prosecuted under sections 138 read with section 141 of the Negotiable Instrument Act 1881. The cheques were issued to our Company on account of supply of packaging materials in accordance with the requirements of Mr. Sanjay Bhatt, the proprietor of Team India Marketing. Our Company had issued a legal notice dated September 9, 2008 to the



defendants demanding payment within fifteen days of the receipt of the notice and filed the Criminal Complaint on non receipt of payment. The Criminal Complaint is pending before the Metropolitan Magistrate Court at Ahmedabad. The Court has issued a bailable warrant against the accused and the next hearing is posted for December 23, 2010.

2. Our Company has filed a criminal complaint bearing number 93 of 2009 before the Metropolitan Magistrate Court at Ahmedabad ('Criminal Complaint'), under section 138 read with section 141 of the Negotiable Instruments Act, 1881 against Gohil Packaging Private Limited and three others ('Accused') in relation to dishonour of four cheques amounting to ₹ 4, 68,817 on account of 'exceeds arrangement', inter alia praying for the Accused to be prosecuted under sections 138 read with section 141 of the Negotiable Instrument Act 1881. The cheques were issued to our Company on account of supply of goods in accordance with the requirements of the Accused. Our Company had issued a legal notice dated May 8, 2008 to the defendants demanding payment within fifteen days of the receipt of the notice. The Accused replied to the legal notice but failed to make payment of the amount demanded. Our Company filed the Criminal Complaint on non receipt of payment alleging dishonor of Cheques. The case was filed beyond the statutory period of 30 days and thus our Company has also filed an application asking for condonation of delay. The Criminal Complaint is currently pending before Metropolitan Magistrate Court at Ahmedabad and the next date of hearing is scheduled for December 16, 2010.
3. Our Company filed a criminal complaint bearing number 736 of 2009 before the Metropolitan Magistrate Court, Ahmedabad ('Criminal Complaint') under section 138 of the Negotiable Instrument Act, 1881 against Mr T. Devakar, proprietor of Anil Enterprises ('Accused') in relation to dishonour of cheques amounting to ₹ 6, 30,072 on account of 'Exceeds Arrangement And Stop Payment' inter alia praying for the Accused to be prosecuted under sections 138 of the Negotiable Instrument Act 1881. The cheques were issued to our Company on account of supply of goods in accordance with the requirements of the Accused. Our Company had issued a demand notice dated March 27, 2009 to the defendants demanding payment within fifteen days of the receipt of the notice and filed the Criminal Complaint on non receipt of payment. The Criminal Complaint is pending before the Metropolitan Magistrate Court at Ahmedabad and the next date of hearing is scheduled for December 23, 2010.
4. Our Company has filed a criminal complaint no. 286/2009 before the First Class Judicial Magistrate Court, Gandhidham against Mr. Pranav Kotecha and Mr. Amit Kotecha ("Accused") from Bardanwala Plastics Limited alleging criminal breach of trust and cheating with regard to payment of ₹ 9,68,026 under sections 406, 409 and 420 of the Indian Penal Code. Our Company had entrusted job work to Bardanwala Plastics and had delivered certain raw materials/ semi finished goods to Bardanwala Plastics. Bardanwala Plastics delivered to our Company goods worth ₹ 13,490 on the trust and assurance that the remaining order shall be completed within short period. The Accused failed to deliver goods on time and our Company on enquiry found that the Accused had sold off goods of approximate value of ₹9,68,026 to some other person. By not fulfilling the order on time and by not returning the goods awarded to them the Accused had committed criminal breach of trust and cheating to the tune of ₹ 9,68,026. The court has ordered for an enquiry under Section 156(3) of the Criminal Procedure Code. Our Company had filed an affidavit dated September 28, 2010 stating that a compromise has been reached by the parties and that the matter has been settled. We are awaiting the final order of the court in the said matter.
5. Our Company has filed a criminal case bearing number 150 /2010 before First Class Judicial Magistrate Court at Gandhidham u/s. 406, 420, 34 and 114 of Indian Penal Code against Karnavati Packaging and its Directors on May 21, 2010. Our Company had supplied them with LDPE Film worth ₹12,58,720 for which the defendants made a payment of ₹ 10,10,072 and owe our Company a further amount of ₹ 2, 48, 648. The accused have inspite of repeated requests failed to make payments of the said sum. By not fulfilling the order on time and by not returning the goods awarded to them the Accused had committed criminal breach of trust and cheating to the tune of ₹ 2, 48, 648. The Hon'ble Court has *vide* its order dated May 21, 2010 has ordered that the matter be investigated by the PI, 'A' Division, Gandhidham as per the CrPC and submit a report. The matter is currently pending.
6. The Company has filed a criminal complaint no. 2205/2010 before the Metropolitan Magistrate, Ahmedabad, against Himax Engineering, Hiren Ashwinbhai Vyas and Mayur Hasmukhbhai Rawal ("Accused") under Section 138 of the Negotiable Instruments Act. The Company had placed a purchase order for 2 cranes and had paid ₹ 2, 26,000 as an advance. The Accused were unable to deliver the cranes as agreed, the Accused furnished the amount of ₹ 2,26,000 as refund by way of cheque number 098705 dated May 17, 2010 drawn on HSBC, Ahmedabad Branch. The Accused requested the Company to deposit the



cheque after June 23, 2010. The Company deposited the cheque on June 24, 2010 and the cheque returned unpaid on June 25, 2010. The Company issued a legal notice dated July 19, 2010 and called upon the Accused to furnish the amount within a period of 15 days. Aggrieved, the Company filed the present complaint on September 01, 2010. The matter is currently pending and the next date of hearing is scheduled for November 29, 2010.

7. Our Company has filed a criminal complaint no. 10/2010 before the Court of the Judicial Magistrate First Class at Gandhidham, Kutch against Deepak Dashera (“Accused 1”) and Shankar Namdev Kasid, Chairman and Managing Director, Stationery Point India Limited (“Accused 2”) under Sections 406, 408, 409, 420, 34 and 114 of the Indian Penal Code. Accused 1 was the vice president-marketing of the Company and was incharge of marketing and sales of our Products. Accused no 2 agreed to purchase certain products of the Company for a consideration of ₹ 1,35,50,946 and Accused No 1 during the period of April 11, 2008 to December 02, 2008 sent the goods to Accused no. 2. Our Company received payments from Accused No. 2 worth ₹ 1,14,87,844 and an amount of ₹20,63,102 was left outstanding and the same has not been paid inspite of repeated reminders. Thereafter Accused 1 left the service of the Company and joined the business of Accused 2, namely Stationery Point India Limited. Our Company has alleged in its complaint that Accused no. 1 and Accused no. 2 had from the beginning been conniving with each other and that they had committed breach of trust and cheated our Company. The Company filed the present complaint on January 07, 2010 and the Court vide order directed the Police Inspector, Gandhidham police station, to produce a report within 30 days after investigation. The matter is currently pending.
8. Our Company has filed a criminal complaint no. 11/2010 before the Court of Judicial Magistrate First Class at Gandhidham, Kutch against Suman K Guharoy, Director, Gujarat Machinery Private Limited (“Accused”) under Sections 406, 409 and 420 of the Indian Penal Code. Our Company had placed an order for three plants for capacity expansion and the Accused furnished an order confirmation. Our Company paid an amount of ₹ 1, 54, 46,000 to the Accused. The Accused made two of the three plants and gave assurances that the third plant will be constructed and delivered in due course of time. The Accused failed to construct the plant in due time and also failed to refund an amount of ₹ 16,89,612. Our Company filed the present complaint on January 07, 2010 and the Court vide order dated January 07, 2010 directed the Police Inspector, Gandhidham police station, to produce a report within 30 days after investigating. Aggrieved by the order of the Learned Judicial Magistrate First Class, Mr. Suman K. Guharoy filed a Criminal Misc. Application 2795/2010 dated March 23, 2010, in appeal of the above order before the High Court of Gujarat at Ahmedabad *inter alia* praying that the impugned complaint being nothing more than abuse of process of law in as much as a dispute arising out of commercial transaction and contractual obligations is sought to be converted into criminal proceedings and deserves to be quashed. The matter is currently pending before the High Court and the next date of hearing is posted on December 3, 2010.

B) OUTSTANDING LITIGATIONS INVOLVING PROMOTERS/DIRECTORS

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

Filed Against Promoters/Directors:

a) Mr. Prakash H. Parekh:

I. Pertaining to customs

1. The customs authorities had confiscated 197.03 MT of plastic stickers cleared by the M/s. Plasto Processors, the partnership firm, in which Mr. Prakash H. Parekh was a partner, from Kandla Special Economic Zone to Domestic Tariff Area. The said goods were confiscated on the ground that the said Firm had cleared the goods as plastic waste and scrap only and the same were neither processed nor manufactured in any way. The customs authorities contended that the clearances of said goods were restricted under the provisions of EXIM Policy 2002-2007 and clearance of plastic waste and scrap was in contravention of Hazardous Waste (Management & Handling) Rules. The customs authorities had issued the show cause notice under sections 124 and 28 of the Customs Act, 1962 on February 17, 2005. Mr. Prakash H. Parekh has filed his reply on July 14, 2005 to the Show Cause Notice stating that the Plastic Stickers were remnants arising out of the production process contending that the goods in question were



non-toxic and non-hazardous as stated in report of Central Institute of Plastics Engineering and Technology (CIPET). Moreover, the goods had been properly classified as per the Custom Tariff Act, 1975. The Commissioner of Customs, Kandla without hearing the parties, passed Order-in-Original No. KDL/COMMR/05/2007 on January 31, 2007 imposing a penalty of ₹ 7,00,000 on Mr. Prakash H. Parekh. The copy of said order received by Mr. Prakash H. Parekh on February 28, 2007. Against the aforesaid order, Mr. Prakash H. Parekh has filed appeal No 229 of 2007 on May 25, 2007 before Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad. Mr Prakash H Parekh also filed a stay application No 700 of 2007 on May 25, 2007 before the Customs, Excise and Service Tax Appellate Tribunal, West Zonal Bench, Ahmedabad. The hearing was held on August 21, 2007 when the Tribunal passed the order in stay application had stayed the recovery of pre-deposit of balance duty amounts and penalties imposed on the applicant till disposal of the appeal. The date of hearing is yet to be intimated. The matter is currently pending.

Labour Matter

1. Factory Inspector, Adipur Kutch had filed a complaint under the Factories Act, 1948 on May 14, 2007 against Mr. Prakash H. Parekh, Managing Director, in his capacity of the occupier of the Nani Chirai Unit for committing the offence for not providing safety measures as mentioned under the said Act (criminal case no. 534/07) before the Judicial Magistrate, Bhachau, Kutch. Mr. Ram Taraman Sharma, working as an operator on the Extruder Machine located in the Nani Chirai Unit of our Company, met with an accident on November 26, 2006 while working on the Extruder Machine as per his regular duty. The Factory Inspector in his inquiry report had concluded that proper safety guard was not provided in the Extruder Machine which led to the causing the accident. Mr Parekh filed a *Confession Pursis* on December 20, 2009 accepting the charges levied against him and the Hon'ble Judicial Magistrate, Bhachau, Kutch *vide* his order dated December 20, 2009 based on the voluntary admission of guilt by Mr. Parekh, held him to be guilty of the offence and imposed a fine of ₹ 5,000 and in case of failure to do so to be liable for imprisonment for 10 days. The fine has been paid on December 20, 2009 and the matter is hereby settled. *For further information please refer to the matter referred above as matter No. 1 under the head "Labour Matters"*.

C) OUTSTANDING LITIGATIONS INVOLVING GROUP COMPANIES/FIRMS

Except as mentioned below, there are no criminal, securities, statutory or other litigations against any of the Group/Associate Companies. There are no outstanding litigations, disputes, penalties including tax liabilities economic offence, criminal/civil prosecutions for any offence irrespective of whether or not specified under any enactment in paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against the Group Companies / Associate concerns promoted by the Promoters.

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

Filed Against Subsidiaries and Group Companies:

a) YMP Machineries Private Limited ("YMPMPL")

YMP Machineries Private Limited has filed a criminal complaint (no. 164 of 2009) before the Metropolitan Magistrate Court at Ahmedabad, under section of 138 of the Negotiable Instruments Act, 1881 against Mr Vilas V Ingle on October 13, 2008 for dishonour of Cheques and has claimed the amount of ₹ 20,000. Mr Vilas V Ingle, had during his employment with the YMPMPL had taken a loan amounting to ₹ 32,646 which was to be repaid by him upon having resigned from YMPMPL. Mr. Ingle issued two cheques amounting ₹20,000 to YMPMPL. YMPMPL had issued a demand notice dated September 08, 2008 to the defendants demanding payment within fifteen days of the receipt of the notice and filed the Criminal Complaint on non receipt of payment and has instituted this case as Mr. Ingle failed to pay. The Court has issued a bailable warrant dated March 5, 2010 against the accused. The matter is pending before the court for further proceedings.

b) Oswal Extrusion Limited:

Agrwal Shipping and Logistics ("**Complainant**") has filed a civil suit no. 10/2010 before the Court of the Principal Senior Civil Judge, Gandhidham, on April 05, 2010 and transferred to Additional Senior Civil Judge, for the recovery of dues on account of services rendered by way of transportation of cargo from the



factory of the defendant (Oswal Extrusion Limited) at Kandla Special economic zone, Gandhidham to Mundra by road during the month of March 2009 to June 2009 and prayed for a decree of ₹ 2,77,945 which includes an amount of ₹ 42,400 as interest at the rate of 24% from June 2009 to March 31, 2010. Our Company vide its written submission dated August 09, 2010 interalia denied the averments made in the Civil Suit and submitted a counter claim for an amount of ₹ 22,725 along with interest at the rate of 24% p.a from August 1, 2009. Oswal Extrusion Limited has claimed that as the Complainant had caused for short delivery of goods, 3 debit notes of an amount of ₹ 2, 62, 931 were raised under intimation to the plaintiff, in the account of the plaintiff in the book of account of Oswal Extrusion Limited. Thus after debiting the above said amount a sum of ₹ 42,370 remained payable to Oswal Extrusion Limited by the Plaintiff. As an amount of ₹ 19,645 has been debited in the account of plaintiff in the books of account of our Company (Oswal Extrusion Limited being a wholly owned subsidiary of our Company) under intimation to plaintiff under regular course of his business a balance amount of ₹ 22,725 remained payable by plaintiff to Oswal Extrusion Limited. The matter is currently pending before the Court of the Additional Senior civil Judge, Gandhidham and the next date of hearing is December 8, 2010.

The amount owed to creditors who are small scale industries which are outstanding for more than 6 months as on date of filing of this Draft Red Herring Prospectus is ₹ one (1) Lac.

(in ₹ in Lacs)

Sr. No.	Name of Creditor	Amount outstanding as on November 22, 2010	Amount outstanding for more than 6 months
1.	Anand Polymers- Unit II	12.20	0.00
2.	Dic India Limited	11.95	0.05
3.	Deep Polymers Private Limited	7.40	0.00
4.	Varsha Printing Inks Manufacturing Company Limited	8.51	2.01
5.	Vyankatesh Udyog	19.22	1.26
6.	Karnavati Polyblends Private Limited	13.30	11.32
7.	Ved Graphics Industries	1.97	0.67
8.	Measure Age Inks Private Limited	2.34	0.33
9.	Parth Plastic	2.39	0.00
10.	Micro Inks Limited	40.61	0.00
	Total	119.88	15.63

Material Developments since the Last Balance Sheet Date

In the opinion of the Board, other than as disclosed in the chapter titled “*Management’s Discussion and Analysis Of Financial Condition and Results of Operations*” on page 180 of this Draft Red Herring Prospectus, there has not arisen, since the date of the last financial statements set out herein, any circumstance that materially or adversely affects our profitability taken as a whole or the value of our consolidated assets or our ability to pay our material liabilities over the next twelve months.



LICENSES AND APPROVALS

We have received all the necessary consents, licenses, permissions and approvals from the government and various government agencies/ private certification bodies for our present businesses and no further approvals are required for carrying on the present businesses except as stated in this Draft Red Herring Prospectus.

For further details in connection with the regulatory and legal framework within which we operate, please refer to the section titled “**Regulations and Policies**” on page 96 of this Draft Red Herring Prospectus.

Approvals for the Issue

1. The Board of Directors has, pursuant to resolution passed at its meeting held on August 30, 2010, authorised the Issue
2. The shareholders of our Company have, pursuant to a resolution dated September 21, 2010, authorised the Issue
3. In-principle approval from the National Stock Exchange of India Limited dated [●].
4. In-principle approval from the Bombay Stock Exchange Limited dated [●].

Incorporation Details

1. Certificate of Incorporation No. 04-34861 dated October 16, 1998 issued by Registrar of Companies, Gujarat, Dadra and Nagar Haveli.
2. Fresh Certificate of Incorporation on conversion to public limited company dated May 24, 2006 issued by Registrar of Companies, Gujarat, Dadra and Nagar Haveli noting change of name from Oswal Aglioimpex Private Limited to Oswal Aglioimpex Limited.
3. Fresh Certificate of Incorporation on upon change of name to Plastene India Limited. dated January 2, 2007 issued by Registrar of Companies, Gujarat, Dadra and Nagar Haveli noting change of name from Oswal Aglioimpex Limited to Plastene India Limited.
4. The Company Identification Number (CIN) is U25209GJ1998PLC034861.

We are required to obtain certain approvals from the Central / concerned State government departments and other authorities for setting up our projects and operating the same. These include:

- Approvals from various departments of the Government of India depending on the nature of the project. For example, approval from the Government of India, Secretariat For Industrial Assistance, Department for Industrial Policy and Promotion, environmental approvals from the Ministry of Environment and Forests (“MoEF”), and foreign trade approval from the Ministry of Commerce and Industry;
- Approvals such as consents to establish and operate a project, environmental clearances and authorizations to draw water, from concerned departments of state governments;
- Any other approvals that may be required by local authorities on a case to case basis.

Company Related Approvals

1. Permanent Account Number (AAACO3087C) under the Income Tax Act, 1961.
2. Tax Deduction Account Number (RKTO00008B) under the Income Tax Act, 1961.
3. Registration cum Membership Certificate (PLEPC/O/98/2009-2010) received from the Deputy Director of the Plastic Export Promotion Council dated April 29, 2009. The certificate is valid upto March 31, 2014.
4. Certificate of Importer- Exporter code under Foreign Trade Policy (IEC no. 3798000344) received from the Foreign Trade Development Officer, Rajkot vide his letter dated July 28, 1998. The Certificate is valid till cancellation.



5. Certificate of Registration of Logo in class 17 (Trademark Certificate No. 555942 and Trade Mark No. 1344244) dated September 15, 2006 issued by the Registrar of Trade Marks, Ahmedabad. It is valid till September 14, 2016.
6. Certificate of Registration of trademark 'Plastene' in class 22 (Certificate Number 684178 and Trade Mark No. 1433459) dated February 27, 2008 issued by the Registrar of Trade Marks, Ahmedabad. This registration is valid till February 26, 2018.

(A) Approvals received for the existing unit at Nani Chirai

1. SIA registration (no. 4452/SIA/IMO/2004) accorded by the Under Secretary to the Government of India, Secretariat for Industrial Assistance, Department for Industrial Policy and Promotion dated November 23, 2004 in respect of acknowledging manufacture of various products (i.e. Plastic Woven Sack and Fabric on Circular Loom, Jumbo bags, Coloured Master Batch, Polymer Filler, Packaging Film/Bags, Recycled granules). The approval is valid till cancelled or modified.
2. SIA registration (no. 286/SIA/IMO/2007) accorded by the Under Secretary to the Government of India, Secretariat for Industrial Assistance, Department for Industrial Policy and Promotion dated January 24, 2007 in respect of acknowledging manufacture of various products (i.e. Plastic Woven Sack and Fabric, Flexible Intermediate Bulk Packaging, Stitching Thread/Fabulated Tape, Manufacture of other Plastic Products including children's cycles, imitation jewellery, children's play equipment and artificial flowers of plastic). The approval is valid till cancelled or modified.
3. Certificate of Recognition for Star Export House (certificate no 013698) dated November 10, 2008 issued by the Joint Director General of Foreign Trade, Ministry of Commerce and Industry. The approval is valid till March 31, 2013.
4. Permission received from the Sarpanch and Talati of Gram Panchayat of the village Nani Chirai, in taluka Bhachau in Gujarat for construction of factory building for expansion of the existent plant *vide* letter dated March 17, 2006. The approval is valid till cancelled or modified.
5. Grant of permission (no. KC/TECH-2/HT/05/00604) by the Chief Executive Officer and Superintending Engineer (O & M), Bhuj, Kutch dated January 13, 2005 for the release of 1500 KVA HT power supply for existing unit at Nani Chirai. The permission is valid till cancellation/modification however the same is on contingent basis and may be with drawn at any time.
6. Grant of permission (no. KC/TECH-2/RO/06/01530) by the Chief Executive Officer and Superintending Engineer (O & M), Bhuj, Kutch dated February 22, 2006 for the release of additional 350 KVA power supply for existing unit at Nani Chirai. The permission is valid till cancellation/modification.
7. Permission under rule 47-A of Indian Electricity Rules 1956 (no. EIM INS – 501) accorded by the Electrical Inspector, Mehsana for installation of DG Set *vide* letter dated January 20, 2006. The approval is valid till cancelled or modified.
8. Grant of permission (no. PGVCL/TECH/HT/2006-07/PG-147/5880) by the Chief Engineer, PGVCL, Rajkot dated May 28, 2007 for the release of additional 550 KVA power supply for existing unit at Nani Chirai. The permission is valid till cancellation/modification.
9. ISO 9001-2008 certification (no IND95065/B) awarded by Bureau Veritas Certification (India) Private Limited dated July 13, 2009 and valid upto July 4, 2012.
10. Consolidated Consent and Authorization (CC and A) under the provision of Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Waste (Management and Handling) Rules, 1989 framed under the Environmental (Protection) Act, 1986 (Consent order no. 6252 *vide* letter no. PC/CCA-Kutch-249/21041) dated June 10, 2005 granted by the Gujarat Pollution Control Board. The same has been renewed *vide* consent order dated August 30, 2010 and is valid upto June 18, 2015.
11. Consent from Gujarat Pollution Control Board for amendment of the Consolidated Consent (no 6252) for operation of the Nani Chitrai unit modifying capacity of Products manufactured in the unit and allowing i) installation of new lignite based Thermic Fluid Heater ii) alteration of permissible limits of pollution and



- iii) change in quantity of discarded drums; in the existing Consolidated Consent and Authorisation, vide letter dated August 31, 2007.
12. Grant of allocation of water from water transmission line of Chopadva-Gandhidham section (GWSSB/ADB/Industrial connection/Order/145) dated February 09, 2005 by the Chief Engineer and Project Director, Gujarat Water Supply and Sewerage Board, Gandhinagar.
 13. Authorisation to procure and handle radioactive materials (No:AERB/RSD/NG/WR351/2008/2194 under section of the Atomic Energy Act, 1962 read in conjunction with rule 3 of the Atomic Energy(Radiation Protection) Rules 2004 granted by Scientific officer, Radiological Safety division Atomic Energy Regulatory Board dated March 4, 2008. The Authorisation for procurement was valid upto March 3, 2009 and our Company has been authorised to handle the radioactive material till the same is being used in the operations.
 14. Certificate of Registration no. AAACO3087CXM001 for the existing unit (manufacturer of excisable goods) at Nani Chirai under Central Excise Act, 1944 issued by the Assistant Commissioner, Central Excise Division – Bhuj dated March 21, 2007 on March 21, 2007 bearing validity till cancellation .
 15. Fresh Certificate of Registration for Service Tax (no. AR/GIM/GTA-096/05-06) dated December 3, 2008 issued by Superintendent, Service Tax Range, Gandhidham under the provisions of section 69 of the Finance Act, 1994 issued on cancellation of earlier certificate of registration dated July 01, 2005.
 16. Certificate of Registration (no. 24511001397) issued on July 24, 1998 under Central Sales (Registration and Turnover) Rules, 1957 by the Assistant Commissioner, Commercial Tax Unit, Ahmedabad bearing validity till cancellation.
 17. Certificate of Registration (no. 24011001397) issued on September 12, 2005 under Gujarat Value Added Tax Act, 2003 and Gujarat Value Added Tax Rules, 2006 by the Assistant Commissioner, Commercial Tax Unit, Ahmedabad bearing validity till cancellation.
 18. Certificate of Registration (no PR-0110000259) issued on October 5, 2006 under the Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976 granted by the Assistant Commissioner, Professional Tax, Gandhidham, Kutch bearing validity till cancellation.
 19. Final eligibility certificate for sales tax exemption (remission of tax) no. IC/INCS/ST/Kutchh/T5/2170 granted by the Commissioner of Industries (Incentive) Industries Commissioner, Gandhinagar vide letter dated September 06, 2007.
 20. Certificate of entitlement dated April 25, 2005 has been issued by the Commissioner of Commercial Tax granting exemption till April 12, 2012.
 21. Exemption under LST and VAT (S No./NA/V.25/S-49/2005-6/JA) under special scheme for industries after Gujarat Earthquake by the Assistant Sales Tax Commissioner, Gandhidham. The exemption is valid upto May 12, 2012.
 22. Permission (no. VIII/48-271/FS/MPSEZ/ 07.08) for One Time Factory/ Godown Staffing dated August 31, 2007 issued by the Commissioner of Customs, Mundra. Validity is one time.
 23. Permission no. F.No.VIII/MISC/TECH/2009-10 for storing of inputs outside factory premises dated May 19, 2009 issued by the Assistant Commissioner of Central Excise, Gandhidham. The permission is valid till March 31, 2011.
 24. Certification (no. V/30-27/CCO/Tech/Kutch/2004-05) for a new unit and being set up at Nani- Chirai dated July 13, 2005 by the Chief Commissioner, Central Excise and Customs, Ahmedabad as amended on November 29, 2007.
 25. Licence (No. 091296) and Registration (no. 25202/288A2/ (M)(i)) under the Factories Act, 1948 issued by the Director, Industrial Safety and Health, Ahmedabad on April 08, 2005. The registration is valid upto December 31, 2010.



26. Certificate of registration (no. 8/2005) dated April 12, 2005 granted under Section 7(2) of the Contract Labour (Regulation and Abolition) Act, 1970 and rules made thereunder for our Company's existing unit at Nani Chirai by the Office of the Registering Officer and Assistant Labour Commissioner, Gandhidham for employment of 50 contract labourers per day for the purposes of loading and unloading of materials and handling work.
27. Certificate of Registration under Employees Provident Funds and Miscellaneous Provisions Act, 1952 (GJ/51201) issued by the Regional Provident Fund Commissioner, Employees' Provident Fund Organisation Ahmedabad on February 15, 2005 having validity till cancellation.
28. Employer's Registration certificate (no. 01000300248001) dated December 28, 2008 issued by the Taluka Development Officer, Bhachau-Kutch having validity till cancellation.
29. Certificate of Enrolment under the Gujarat State Tax on Profession, Trades and Employment Act, 1976 (No:01000300248002) dated December 28, 2008 issued by the Taluka Development officer, Bhachau-Kutch having validity till cancellation.
30. Licence (no 280/2009) has been granted to Umesh J Vora by the Licensing Officer, Gandhidham under the provisions of the Contract Labour (Regulation and Abolition) Act 1970 for employing contracted workers at the unit at Nani Chirai. The same is valid upto January 31, 2011.
31. Licence (no 100/2006) has been granted to Dev Darshan Enterprises by the Licensing Officer, Gandhidham under the provisions of the Contract Labour (Regulation and Abolition) Act 1970 for employing contracted workers at the unit at Nani Chirai. The same is valid upto December 31, 2010.
32. Licence (no 147/2007) has been granted to SK Enterprises by the Licensing Officer, Gandhidham under the provisions of the Contract Labour (Regulation and Abolition) Act 1970 for employing contracted workers at the unit at Nani Chirai. The same is valid till December 31, 2010.
33. Licence (no 279/2009) has been granted to Shri Kesar Enterprises by the Licensing Officer, Gandhidham under the provisions of the Contract Labour (Regulation and Abolition) Act 1970 for employing contracted workers at the unit at Nani Chirai. The same was valid till January 31, 2011.
34. Licence (no 281/2009) has been granted to Ashapura Enterprises by the Licensing Officer, Gandhidham under the provisions of the Contract Labour (Regulation and Abolition) Act 1970 for employing contracted workers at the unit at Nani Chirai. The same is valid till January 31, 2011.
35. Licence (no 148/2007) has been granted to Gauranj Entrprises by the Licensing Officer, Gandhidham under the provisions of the Contract Labour (Regulation and Abolition) Act 1970 for employing contracted workers at the unit at Nani Chirai. The same is valid till December 31, 2010.
36. Licence (no 71/2006) has been granted to Gopal and Co by the Licensing Officer, Gandhidham under the provisions of the Contract Labour (Regulation and Abolition) Act 1970 for employing contracted workers at the unit at Nani Chirai. The same was valid till December 31, 2010.

Approvals applied for in the existing unit at Nani Chirai

Our Company has made applications for following mentioned approvals but the approvals are yet to be received:

1. Application made to the Asst. Director, Industrial Safety and Health, Adipur, Gujarat for License under the Factories Act, 1948 for getting the approval for employment 1000 or more employees and also seeking amendment in licence as there is an increase in power supply from existing 1850 KVA to 2400 KVA.



Approvals for which applications are to be made for the existing unit at Nani Chirai:

The following statement sets out the details of the licenses, permissions, consents, registrations, no objection certificates and approvals to be taken by the Company under various Central, State and local laws with respect to the existing unit of the Company:

(B) Approvals received for the unit at Rajpur

Business Approvals

1. Grant of approval (no. UGVCL/Regd/Comm/19701/1582) for release of additional 680 kVA Power Supply for unit at Rajpur dated February 20, 2009 from the Uttar Gujarat Vij Company Limited by the Executive Engineer (UGVCL), Kalol.
2. Grant of approval (no. UGVCL/Regd/Tech/5435) for supply of 120kVA Power Supply for unit at Rajpur dated February 06, 2008 from the Uttar Gujarat Vij Company Limited by the Additional Chief Engineer (UGVCL), Sabarmati.
3. No Objection Certificate (no. GPCB/RO-NG//Tech/CCA/MH-451/3269) under Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and Environment (Protection) Act, 1986 dated November 29, 2007 by the Gujarat Pollution Control Board.
4. Consolidated Consent and Authorisation under Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and Environment (Protection) Act, Consent No: 10081 dated August 21, 2008 by the Gujarat Pollution Control Board. and is valid upto July 15, 2013.
5. Central Excise Registration Certificate (no. AAACO3087CXM002) for Unit II under the Central Excise Rules, 2002 granted by Assistant Commissioner of Central Excise, , Kadi Division, Kalol dated November 08, 2007.
6. Certificate of Registration (no. 24073001303) Gujarat Value Added Tax Act, 2003 granted by Assistant Commissioner of Commercial Tax, Ahmedabad, dated November 22, 2007.
7. Certificate of Registration (no. 24573001303) under Rule 5(1) of the Central Sales Tax (Registration and Turnover) Rules, 1957 dated October 29, 2007 granted by Assistant Commissioner of Commercial Tax, Ahmedabad.
8. Certificate of Registration for Service Tax (no. AAACO3087CST002) dated March 27, 2008 issued by Assistant Commissioner of Central Excise, Division Kadi, Kalol under the provisions of section 69 of the Finance Act, 1994.
9. Employer's Registration Certificate (no. 04020920009) issued on April 01, 2008 by the Professional Tax officer, on behalf of Taluka Development, Officer, Kadi.
10. Agreement dated June 14, 2010 entered into between our Company and Uttar Bharat VIj Company Limited for supply of 800-1000 KVA HT power supply to the Rajpur Unit.
11. Licence (No. 1067) and Registration (no. 36/25202/2008) under the Factories Act, 1948 issued by the Assiatant Director, Industrial Safety and Health, Mehsana on January 1,2008. The registration is valid upto December 31, 2010.

Approvals applied for in the existing unit at Rajpur

The Company has made applications for following mentioned approvals but the approvals are yet to be received:

1. Application for change in purpose in the N.A for Survey No: 1551 to District Development officer, Mehsana under section 65 of Land Revenue Laws on December 2, 2008
2. Application for change in purpose in the N.A for Survey No: 1552/1 to District Development officer, Mehsana under section 65 of Land Revenue Laws on December 2, 2008.



3. Application for obtaining eligibility certificate for exemption from payment of electricity duty under sub clause (b) clause (vii) of sub section (2) of section 3 on June 11, 2008.

(C) Government approvals/licensing arrangements for the registered office located at HB Jirawala House, opp. Panchshil bus stop, Usmapura, Ahmedabad:

1. Certificate of Registration (no. PE/C015200009) dated June 22, 2007 under the Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976 granted by Professional Tax Officer, Ahmedabad Municipal Corporation.
2. Registration Certificate (no. PII/EL/05/0000814) dated June 14, 2007 under Bombay Shops and Establishments Act, 1948 issued by Deputy Municipal Commissioner, Ahmedabad Municipal Corporation is valid up to December 31, 2010.
3. Registration Certificate (no. PE/C015200009) for payment dated August 30, 2010 issued by Ahmedabad Municipal Corporation having validity upto March 31, 2011.



OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

This Issue has been authorized by the resolution of the Board of Directors at their meeting held on August 30, 2010 subject to the approval of the shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act and such other regulatory authority as may be necessary. The shareholders have, at the Extraordinary General Meeting of our Company held on September 21, 2010 in accordance with Section 81(1A) of the Companies Act, approved this Issue.

Our Company has obtained in principal listing approval dated [•] and [•] from the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited respectively.

We have also obtained all necessary contractual approvals required for this Issue. For further details, please refer to the chapter titled “*Licences and Approvals*” beginning on page 203 of this Draft Red Herring Prospectus.

Prohibition by SEBI, RBI or governmental authorities

Our Company, our Directors, our Promoters, our Subsidiary, our Promoter Group Companies or Group Companies, associates of our Group Companies and such other companies in which our Directors, our Promoters were or also are directors, promoters or person in control of such other companies, 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.

None of the Directors are associated in any manner with any entities, which are engaged in securities market related business and are registered with SEBI for the same.

Neither our Company, our Group companies, our Directors, our Promoters nor the relatives of the Promoters (as defined under the Companies Act), have been identified as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by any of them in the past and there are no such proceedings pending against them.

Entities of our Promoter Group and our associate companies do not appear on the RBI defaulter list, nor are there any violations of securities laws committed by them in the past or pending against them.

Eligibility for this Issue

Our Company is eligible for this Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations as explained under, with the eligibility criteria calculated in accordance with unconsolidated audited financial statements under Indian GAAP:

- Our Company has net tangible assets of at least ₹300 Lacs in each of the preceding three full years of which not more than 50% is held in monetary assets and is compliant with Regulation 26(1)(a) of the SEBI (ICDR) Regulation;
- Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceding five years and is compliant with Regulation 26(1)(b) of the SEBI ICDR Regulation ;
- Our Company has a net worth of at least ₹100 Lacs in each of the three preceding full years (of twelve months each) and is compliant with Regulation 26(1)(c) of the SEBI ICDR Regulation;
- The aggregate of the proposed Issue size and all previous issues made in the same financial year in terms of size (i.e. offer through the offer document + firm allotment + promoter’s contribution through the offer document) is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the last financial year and our Company is compliant with Regulation 26 (1)(d) of the SEBI ICDR Regulation;



- Our Company has not changed its name in the last fiscal year.

In terms of the certificate issued by Bhanwar Jain & Co., Chartered Accountants, dated November 23, 2010 our Company satisfies the aforementioned eligibility criteria (as derived from our Audit Report for the last five Fiscal years) as follows:

(₹ in Lacs)

Particulars	Period ended June 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006
Net tangible Assets	14,192.11	15,774.28	14,475.70	10,068.66	7,204.16	5,069.00
Monetary Assets	1,177.15	1,382.09	1,131.60	1,268.26	337.67	67.71
Monetary Assets as a percentage of the net tangible Assets	8%	9%	8%	13%	5%	1%
Distributable profits	212.22	802.15	315.73	715.51	911.15	234.20
Net Worth	7,747.95	7,534.57	4,534.73	3,514.41	2,520.15	1,473.46

* Net tangible assets is defined as the sum of all net assets of our Company, excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India;

**Monetary assets include cash on hand and bank and liquid investments. Distributable profits are as defined under Section 205 of the Companies Act, and have been calculated from the audited restated standalone financial statements of our Company.

Net worth is defined as the aggregate of paid up share capital, share premium account and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or not written off) and the debit balance of the profit and loss account.

Further, in accordance with sub-regulation (4) of Regulation 26 of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees i.e persons to whom the Equity Shares will be allotted in the Issue shall not be less than 1,000, failing which the entire application money shall be refunded forthwith. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e., from the date of refusal or within 10 Working Days from the Bid Closing Date, whichever is earlier), our Company and every officer in default will, on and from the expiry of eight days, be liable to repay such application money with interest at the rate of 15% *per annum* for the period of delay, as prescribed under Section 73 of the Companies Act.

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 THE SECURITIES AND EXCHANGE BOARD OF INDIA (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, MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED HAVE 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, AS AMENDED, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE



BOOK RUNNING LEAD MANAGER, MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED HAVE FURNISHED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI), A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 24, 2010 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 ISSUE.**
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - a. THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b. ALL THE LEGAL REQUIREMENTS RELATED TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC., FRAMED/ISSUED BY THE BOARD, 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 REGISTRATIONS ARE VALID.**
- (4) WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER’S 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 THE BOARD 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, AS AMENDED 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 AS AMENDED 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 THE BOARD. 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 COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. – **NOT APPLICABLE**

- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY 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 – **NOTED FOR COMPLIANCE**
- (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 EQUITY SHARES IN DEMAT OR PHYSICAL MODE. – **NOT APPLICABLE AS THE ISSUE SIZE IS MORE THAN ₹1000 LACS, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, THE ALLOTMENT WILL BE MADE ONLY IN DEMAT FORM.**
- (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, AS AMENDED, 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 COMPANY, AND
 - b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD 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 OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S 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 THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to this issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Gujarat at Ahmedabad, in terms of Section 56, Section 60 and Section 60B of the Companies Act.

DISCLAIMER STATEMENT FROM OUR COMPANY, OUR DIRECTORS AND THE BOOK RUNNING LEAD MANAGER

Our Company, our Directors and the Book Running Lead Manager accepts no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisement or any other material issued by or at our instance and that anyone placing reliance on any other source of information, including our website, www.champalagroup.com would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the BRLM Issue Agreement entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by our Company 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 centers, etc.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in the provision of financial services for which they have received, and may in future receive, compensation.

Neither our Company, its Directors and officers, BRLM nor any member of the Syndicate are liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Caution

Investors who bid in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters 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 offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company and the BRLM 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 Equity Shares of our Company.

Disclaimer in respect of jurisdiction

This Issue is made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), trusts (registered under Societies Registration Act, 1860, or any other trust law and are authorized under their constitution to hold and invest in equity shares) public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with



Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million, insurance funds set up and managed by the Department of Posts, India and the National Investment Fund, permitted non-residents including eligible NRIs and FIIs as defined under the Indian Laws and other eligible foreign investors (i.e., FVCIs, multilateral and bilateral development financial institutions) provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to equity shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe any such restrictions.

Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Mumbai, India 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. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of 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 of 1933, as amended (the “Securities Act”), or under 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 and applicable State Securities laws. Accordingly, the Equity Shares will be offered and sold only 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.

Each purchaser, by its acceptance of the Draft Red Herring Prospectus, Red Herring Prospectus and of the Equity Shares issued pursuant to this Issue, will be deemed to have acknowledged, represented to and agreed with our Company and the Underwriters that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Equity Shares issued pursuant to this Issue in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Equity Shares issued pursuant to this Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
- (3) the purchaser is purchasing the Equity Shares issued pursuant to this Issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- (4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares issued pursuant to this Issue, was located outside the United States and is not a U.S. person at the time the buy order for such Equity Shares was originated and continues to be located outside the United States and not a U.S. person and has not purchased such Equity Shares for the account or benefit of any person in the United States or who is a U.S. person or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States or to a U.S. person;
- (5) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;
- (6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only in accordance with Regulation S under the Securities Act or any



transaction exempt from the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

- (7) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- (8) our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
- (9) the purchaser acknowledges that our Company, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State") who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Draft Red Herring Prospectus and the Red Herring Prospectus will be deemed to have represented, warranted and agreed to and with each Underwriter and company that:

1. it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
2. in the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (ii) where Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Disclaimer Clause of the Bombay Stock Exchange Limited

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

Disclaimer Clause of the National Stock Exchange of India Limited

As required, a copy of this Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited ("NSE"). The disclaimer clause as intimated by the NSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.



Disclaimer clause of Credit rating agency

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Filing

A copy of this Draft Red Herring Prospectus has been filed with the SEBI Western Regional Office, Unit No. 002, Ground Floor, SAKAR I, Near Gandhigram Railway Station, Opposite Nehru Bridge, Ashram Road, Ahmedabad - 380 009.

Pursuant to the filing of this DRHP with SEBI, our Company shall on the next day, make a Public Announcement in one English and a Hindi national newspaper and in one Gujarati newspaper 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 this DRHP.

A copy of the Red Herring Prospectus, along with documents required to be filed under Section 60B of the Act, would be delivered for registration to the Registrar of Companies at Registrar of Companies, Gujarat, RoC Bhavan, Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380 013, at least 3 (three) days before the Bid / Issue Opening Date. A copy of the Final Prospectus would also be filed with the Corporate Finance Department of SEBI and the RoC at their respective addresses upon closure of this Issue and on finalization of the Issue Price.

Listing

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Initial listing applications shall be made to the BSE and the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. The National Stock Exchange of India Limited shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB (including Anchor Investor) portion, Non- Institutional portion, Retail portion and Employee portion. In case the permission for listing of the Equity Shares is not granted by any of the above mentioned Stock Exchanges and our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it or within 70 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 expiry of 8 days, be jointly and severally liable to repay that money with interest, at 15% per annum on the application monies 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 the Stock Exchanges mentioned above are taken within twelve (12) Working Days of Issue Closure.

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

The written consents of our Promoters, our Directors, our Company Secretary and Compliance Officer, our Auditors, the legal advisor, the Book Running Lead Manager, the Syndicate Members, the Registrar to the Issue, the Underwriters, Escrow Collection Bank(s), Refund Bank, IPO Grading Agency and the Bankers to our Company to act in their respective capacities, have been obtained and will be filed along with a copy of the Red



Herring Prospectus with the RoC as required under Section 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus with SEBI.

Bhanwar Jain & Co., Chartered Accountants, statutory Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of filing of this Draft Red Herring Prospectus with SEBI.

Bhanwar Jain & Co., Chartered Accountants have given their written consent to the statement of tax benefits accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and has not been withdrawn such consent up to the time of filing of this Draft Red Herring Prospectus with SEBI.

[•], 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 the inclusion of their report in the form and content in which it will appear in the Red Herring Prospectus and such consents and reports has not been withdrawn up to the time of filing of this Draft Red Herring Prospectus with SEBI.

Expert Opinion

Except for the below stated reports and certificate included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinions:

1. Report of [•] in respect of the IPO Grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange;
2. Certificate issued by Mr. Sudhir A. Kanada, Consulting Engineer and Government Approved Valuer and Chartered Engineer No. 58909/2 on the installed production capacity of our Company; and
3. Reports of the Auditors of our Company on the restated financial statements and Statement of Tax Benefits.

Expenses of the Issue

The expenses of the Issue includes, among others, underwriting and management fees, selling commission, legal fees, stamp duty, printing and distribution expenses, statutory advertisement expenses and listing fees. The total expenses of the Issue are estimated to be approximately ₹[•] million. The estimated Issue Expenses are as follows estimates:

Particulars	Amounts*	As a % of Total Issue expenses	As a % of Total Issue size
Issue management fees (Lead Management, Underwriting and Selling Commission include commission payable for collecting ASBA forms and submitting to the SCSBs)	[•]	[•]	[•]
Fees payable to SCSBs for processing ASBA forms procured by Syndicate members/ sub-syndicate members and submitted to SCSBs	[•]	[•]	[•]
Advertisement and Marketing Expenses	[•]	[•]	[•]
Printing, Stationery and Distribution Expenses	[•]	[•]	[•]
IPO Grading Expenses	[•]	[•]	[•]
Others (including Legal Advisors Fee, Auditors Fee, Registrars Fee, SCSB commission, Regulatory Fees including filing fees paid to SEBI and Stock Exchanges)	[•]	[•]	[•]
Total estimated Issue expenses	[•]	[•]	[•]

*would be incorporated post finalization of Issue Price



Details of Fees Payable

Fees payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager will be as per the Engagement Letter dated November 16, 2010 and as stated in the BRLM Issue Agreement dated November 17, 2010 signed and executed between our Company and the Book Running Lead Manager, a copy of which is available for inspection at our Registered Office.

Underwriting Commission, Brokerage and Selling Commission

The selling commission for this Issue is as set out in the Syndicate Agreement to be entered into between our Company and the BRLM. The underwriting commission shall be paid as set out in the Underwriting Agreement to be entered into between our Company and the BRLM, based on the Issue Price and amount underwritten in the manner mentioned in the Prospectus. Payment of underwriting commission, brokerage and selling commission would be in accordance with applicable laws.

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 our Equity Shares since our inception.

Fees payable to the Registrar to the Issue

The total 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 Memorandum of Understanding dated September 27, 2010 signed and executed between our Company and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refund orders or allotment advice by registered post/speed post/under certificate of posting

Fees Payable to Others

The total fees payable to the Legal Advisor, Auditor, Credit Rating Agency and Advertiser etc. will be as per the terms of their respective engagement letters.

Previous public or rights issues during last five years

We have not made any previous rights and/or public issues during the last five years, and are an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

Previous issue of shares otherwise than for cash

Please refer to the chapter titled ‘*Capital Structure*’ and ‘*History and Certain Corporate Matters*’ beginning on pages 22 and 102 respectively of this Draft Red Herring Prospectus for details of shares issued otherwise than for cash.

Commission or brokerage on previous issues

Subject to payments to be made, if any, for the Pre-IPO Placement, no sum has been paid or payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Outstanding debentures or bond issues

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding debentures and has not has made any bond issue.



Outstanding Preference Shares

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

Particulars in regard to our Company and other listed companies under the same management within the meaning of Section 370(1) (b) of the Companies Act which made any capital issue during the last three years.

Our Company

We have not made any previous rights and/or public issues during the last three years.

For further details please refer to chapter titled “Capital Structure” beginning on page 22 of this Draft Red Herring Prospectus

Listed Group Companies/ Subsidiaries/ Associate companies

There are no listed companies under the same management within the meaning of Section 370(1)(b) of the Companies Act that made any capital issue during the last three years.

Promises v. Performance

Not Applicable as our Company has not made any prior capital issue.

Option to Subscribe

Equity Shares being offered through the Red Herring Prospectus can be applied for in dematerialized form only.

Stock Market Data

Our Company is an “Unlisted Issuer” in terms of the SEBI ICDR Regulations, and this being the “Initial Public Offering” in terms of the SEBI ICDR Regulations, no stock market data is available for the Equity Shares of our Company.

Outstanding debentures or bond issues

Save and except as stated in the chapter titled “*History and Certain Corporate Matters*” and “*Financial Indebtedness*” beginning on page 102 and 192 respectively of this Draft Red Herring Prospectus, we do not have any outstanding debentures or any bond issue as on the date of this Draft Red Herring Prospectus.

Outstanding Preference Shares

As on the date of this DRHP, our Company does not have any outstanding preference shares.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar and us will provide for retention of records with the Registrar for a period of at least three (3) year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar with a copy to the Company Secretary and Compliance Officer, giving full details such as the name, address of the applicant, number of Equity Shares applied for, amount paid on application 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, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

**Disclosure on Investor Grievances and Redressal System**

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances. Our Company estimate that the average time required by us or the Registrar for the redressal of routine investor grievances shall be ten days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Nisha Jha, Company Secretary of our Company as the Compliance Officer for this Issue and he may be contacted in case of any Issue related problems at the following address:

Mrs. Nisha Jha

Plastene India Limited

H. B. Jirawla House,

13, Navbharat Society,

Opp. Panchshil Bus Stop,

Ushmanpura, Ahmedabad – 380 013

Tel:+91-79-27550764, 27551764

Fax:+91-79-27551764

Email: nishacs@champalalgroup.com

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will 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, we will seek to redress these complaints as expeditiously as possible. Our Company has also constituted an 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.

The composition of the Shareholders' / Investors' Grievance Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Mahesh Bhandari	Chairman	Independent Director
Major (Retd.) Parvesh Chander Suri	Member	Independent Director
Prakash H. Parekh	Member	Managing Director

Changes in the Auditors during last three years and reasons thereof

There have been no changes in our auditors in three (3) years prior to the filing of this Draft Red Herring Prospectus.

Capitalisation of reserves or profits during the last five years

Save and except as stated in chapter titled '*Capital Structure*', beginning on page 22 of this Draft Red Herring Prospectus our Company has not capitalized its reserves or profits at any time during the last five(5) financial years.

Revaluation of assets during the last five years

Our Company has not revalued its assets for a period of five (5) years prior to the date of this DRHP

Tax Implications

Investors that are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the Stock Exchanges. For details, please refer the chapter titled "*Statement of Tax Benefits*" on page 52 of this Draft Red Herring Prospectus.



SECTION VII: ISSUE INFORMATION

ISSUE STRUCTURE

Public Issue of 1,05,00,000 Equity Shares each for cash at a price of ₹[•] per Equity Share (including share premium of ₹[•] per Equity Share) to the public (hereinafter referred to as the “**Issue**”). This Issue comprises of 99,75,000 Equity Shares to the public (hereinafter referred to as the “**Net Issue**”) and a reservation for the Eligible Employees of upto 5,25,000 Equity Shares on a competitive basis (hereinafter referred to as the “**Employee Reservation Portion**”).

The Issue and the Net Issue will constitute 29.37 % and 27.90%, respectively, of the total post issue paid-up equity capital of our Company. This Issue is being made through the Book Building Process.

Particulars	Employee Reservation Portion	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Upto 5,25,000 Equity Shares	Upto 49,87,500 Equity Shares or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders	Not less than 14,96,250 Equity Shares shall be available for allocation or Net Issue less allocation to QIBs and Retail Individual Bidders	Not less than 34,91,250 Equity Shares shall be available for allocation or Net Issue less allocation to QIBs and Non-Institutional Bidders
Percentage of the Issue Size available for allocation	5% of Issue size available for Allotment/allocation (not exceeding 5% of the Post Issue capital of our Company)	<p>Upto 50% of Net Issue Size shall be allocated to QIBs.</p> <p>However, not less than 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.</p> <p>The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.###</p> <p>Upto 30% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for</p>	Not less than 15% of the Net Issue shall be available for allocation	Not less than 35% of the Net Issue shall be available for allocation



Particulars	Employee Reservation Portion	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
		allocation to domestic Mutual Funds [#] .		
Basis of allocation, if respective category is oversubscribed	Proportionate	Proportionate as follows: (a) 2,49,375 Equity Shares aggregating to ₹[•] Lacs, constituting 5% of the QIB portion, shall be available for allocation on a proportionate basis to Mutual Funds; (b) 47,38,125 Equity Shares aggregating to ₹[•] Lacs, shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	Proportionate
Minimum Bid	[•] Equity Shares	Such number of Equity Shares in multiple of [•] Equity Shares, such that the Bid Amount exceeds ₹2,00,000	Such number of Equity Shares in multiple of [•] Equity Shares, such that the Bid Amount exceeds ₹2,00,000	[•] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [•] so as to ensure that the Maximum Bid Amount by each Eligible Employee does not exceed ₹2,00,000	Such number of Equity Shares in multiple of [•] Equity Shares, such that Bid does not exceed the Issue size subject to regulations as applicable to the Bidder	Such number of Equity Shares in multiple of [•] Equity Shares, such that Bid does not exceed the size of the Net Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares in multiple of [•] Equity Shares, so as to ensure that the Bid Amount does not exceed ₹2,00,000
Mode of Allotment	Compulsorily in dematerialized form	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.	[•] 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.	[•] Equity Shares and in multiples of one Equity Shares, thereafter.
Trading Lot / Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Eligible Employees being a permanent	Public financial institutions, as	Resident Indian individuals, HUF	Individuals (including NRIs)



Particulars	Employee Reservation Portion	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
	and full-time employee, working in India or abroad, of the issuer or of the holding company or subsidiary company or of that material associate(s) of the issuer whose financial statements are consolidated with the issuer's financial statements as per Accounting Standard 21, or a director of the issuer, whether whole time or part time and does not include promoters and an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of that person or of the spouse)	specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investor and sub-accounts registered with SEBI (other than subaccounts being foreign corporates or foreign individuals), multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds, (subject to applicable laws) with minimum corpus of ₹2500 Lacs and pension funds with minimum corpus of ₹2500 Lacs in accordance with applicable law, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by the Department of Posts, India and insurance funds set up and managed by	(in the name of Karta), companies, corporate bodies, Eligible NRIs, Scientific Institutions Societies and Trusts	and HUFs in the name of karta) applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed ₹2,00,000 in value.



Particulars	Employee Reservation Portion	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
		the army, navy and air force of the Union of India.		
Terms of Payment***	Margin Amount applicable to Eligible Shareholders at the time of submission of Bid Cum Application Form to the Syndicate Members.	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.
Margin Amount	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

Our Company may allocate up to 30% of the QIB Portion to Anchor Investors At least one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Price. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two, where the allocation under the Anchor Investor Portion is upto ₹ 25, 000 Lacs and five, where the allocation under Anchor Investor portion is more than ₹ 25,000 Lacs. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least ₹1000 Lacs.

If the aggregate demand by Mutual Funds is less than 2,49,375 Equity Shares aggregating to ₹[•] Lacs, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in QIBs, Non-Institutional and Retail Individual categories 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 and in accordance with applicable laws, rules, regulations and guidelines. Any unsubscribed portion in any reserved category shall be added to the Net Issue to the public.

** 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 in the same sequence in which they appear in the Bid Cum Application Form.

*** In case of ASBA Bidders, submission of ASBA Bid cum Application Form shall be submitted to the SCSBs. The SCSBs 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.

Bid/Issue Program

BID/ISSUE OPENS ON	[•], 2010	FOR ALL BIDDERS*
BID/ISSUE CLOSES ON	[•], 2010	FOR QIBs
	[•], 2010	FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION)

*Our Company may consider participation by Anchor Investors in terms of the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date. Bids by Anchor Investors may be submitted to the members of Syndicate or their affiliates. The number of Equity Shares allocated to each Anchor Investor shall be made available in the public domain by the BRLM, before the Bid/ Issue Opening Date.

Bids and any revision in Bids 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 centres mentioned on 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) and uploaded until (i) 4.00 p.m. in case of Bids by QIBs and Non-Institutional Bidders; and (ii) 5.00 p.m. or such other time as permitted by the BSE and the NSE in case of Bids by Retail Individual Bidders and Eligible Employees.

Due to limitation of the 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 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are requested to note that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids not uploaded in the book would be rejected. If such Bids are not uploaded, our Company, BRLM, Syndicate Members and the SCSBs will not be responsible. Bids will be accepted only on Working Days. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Investors please note that as per letter no. List/smd/sm/2006 dated July 03, 2006 and letter no. NSE/IPO/25101-6 dated July 06, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and Holidays as declared by the Stock Exchanges.

Our Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations provided that the revised cap of the price band should not be more than 20% of the revised floor of the band i.e revised cap of the Price Band shall be less than or equal to 120% of the revised floor of the price band. The Floor Price can be revised up or down to a maximum of 20% of the original Floor Price. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹5,000 to ₹7,000.

In case of revision of the Price Band, the Issue Period will be extended for 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, if applicable, will be widely disseminated by notification to the BSE and the NSE and the SCSBs, 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.

Withdrawal of the Issue

Our Company, in consultation with the BRLM reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment, without assigning any reason thereof. In such an event our Company shall issue a public notice in the 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. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

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.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, on and from such expiry of 8 days, be liable to repay the money, with interest at



the rate of 15% per annum on application money. In the event that our Company decides not to proceed with the Issue after Bid/ Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

Letters of Allotment, Refund Orders or Instructions to SCSBs

Our Company shall credit the Equity Shares to the valid beneficiary account with its Depository Participants within 2 (two) Working Days from the date of the Allotment to all successful Allottees including ASBA Bidders which in any event shall not exceed eleven (11) Working Days of the Bid/Issue Closing Date.

Please note that only Bidders having a bank account at any of the 68 centres where the clearing houses for the ECS as notified by the RBI, and who have registered the nine digit MICR code of their bank branch with their depository participant are eligible to receive refunds or payment through electronic transfer of funds. For all other bidders, including Bidders having bank accounts in the said 68 centres who have not updated their bank particulars along with the nine-digit MICR code, the refund orders shall be dispatched in any event within eleven (11) Working Days of the Bidding/Issue Closing Date "Under Certificate of Posting" for refund orders less than or equal to ₹ 1,500 and through speed post/registered post, or Direct Credit, National Electronic Fund Transfer ("NEFT"), Real Time Gross Settlement ("RTGS") or National Electronic Clearing Service ("NECS") at the sole or First Bidder's sole risk within eleven (11) Working Days of the Bid Closing Date for refund orders exceeding ₹ 1,500.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA for withdrawn, rejected or unsuccessful or partially successful ASBAs in any event within eleven (11) Working Days of the Bid/Issue Closing Date.

Interest in case of delay in dispatch of Allotment Letters/ Refund Orders or Instructions to SCSBs

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI ICDR Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form in any event within eleven (11) Working Days from the Bid/ Issue Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done in any event within eleven (11) Working Days from the Bid/Issue Closing Date;
- Instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within 12 (twelve) Working Days of the Bid/Issue Closing Date.
- Our Company shall, in accordance with Regulation 18 of the SEBI ICDR Regulations, pay interest at 15% p.a. if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within eleven (11) Working Days from the Bid/Issue Closing Date provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the electronic transfer or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within eleven (11) Working Days of the Bid/Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue. Save and except refunds affected through the electronic mode i.e ECS, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on any one or more of the Escrow Collection Banks/ Refund Banker(s) and payable at par at places where Bids are received. Refunds will be made through any of the modes as described in this Draft Red Herring Prospectus and Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders. However, charges levied by the Refund Bank for electronic payments such as ECS, direct credit, RTGS or NEFT would be borne by our Company.

In case of ASBA Bidders, the SCSBs will unblock funds in the ASBA Account to the extent of the refund to be made based on instructions received from the Registrar to the Issue.



TERMS OF THE ISSUE

Authority for the Issue

This Issue of Equity Shares has been authorized by the resolution of the Board of Directors at their meeting held on August 30, 2010 subject to a approval of the shareholders through a Special Resolution to be passed pursuant to section 81(1A) of the Companies Act. The shareholders have, at the Extra-Ordinary General Meeting of our Company held on September 21, 2010 approved the Issue.

Principal Terms and Conditions of the Issue

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

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the other existing Equity Shares of our Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares in this Issue shall 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 chapter titled "**Main Provisions of the Articles of Association**" beginning on page 274 of this Draft Red Herring Prospectus.

Mode of payment of dividend

We shall declare and pay dividend to our shareholders as per the provisions of the Companies Act, and as recommended by our Board of Directors at their discretion, and approved by our Shareholders and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company.

Face Value and Issue Price

The Equity Shares with a Face Value of ₹10 each are being issued in terms of this Draft Red Herring Prospectus at a Price Band of ₹ [•] to ₹ [•] per Equity Share. The Floor Price of Equity Shares is ₹ [•] per Equity Share and the Cap Price is ₹ [•] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable laws.

The face value of the shares is ₹10 each and the Floor Price is [•] times of the face value and the Cap Price is [•] times of the face value.

Compliance with SEBI ICDR Regulations

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

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



- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- Right of free transferability of Equity Shares; 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 agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the chapter titled “**Main provision of the Articles of Association**” beginning on page 274 of this Draft Red Herring Prospectus.

Promoter and Promoter Group

Out Promoters, Group Companies and the member of the Promoter Group will not be eligible to participate in this Issue.

Market Lot and Trading Lot

Under Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialized mode, the tradable lot is one Equity Share.

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of one Equity Share to the successful Bidders, subject to a minimum allotment of [•] Equity Shares. For details of allocation and allotment, please refer to the chapter titled “**Issue Procedure**” beginning on page 232 of this Draft Red Herring Prospectus.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares transferred, 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 this manner prescribed. A fresh nomination can only be made on the prescribed form available on request at our Company’s Registered / Corporate Office or to our Registrar and Transfer Agent.

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

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such allotment of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to 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 monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository



participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Bid/Issue Program

BID/ISSUE ON	OPENS	[•], 2010	FOR ALL BIDDERS*
BID/ISSUE ON	CLOSES	[•], 2010	FOR QIBs
		[•], 2010	FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION)

**Our Company may consider participation by Anchor Investors in terms of the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date. Bids by Anchor Investors may be submitted to the members of Syndicate or their affiliates. The number of Equity Shares allocated to each Anchor Investor shall be made available in the public domain by the BRLM, before the Bid/ Issue Opening Date.*

Bids and any revision in Bids 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 centres mentioned on 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) and uploaded until (i) 4.00 p.m. in case of Bids by QIBs and Non-Institutional Bidders; and (ii) 5.00 p.m. or such other time as permitted by the BSE and the NSE in case of Bids by Retail Individual Bidders and Eligible Employees.

Due to limitation of the 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 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are requested to note that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bids not uploaded in the book would be rejected. If such Bids are not uploaded, our Company, BRLM, Syndicate Members and the SCSBs will not be responsible. Bids will be accepted only on Working Days. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Investors please note that as per letter no. List/smd/sm/2006 dated July 03, 2006 and letter no. NSE/IPO/25101-6 dated July 06, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and Holidays as declared by the exchanges.

Our Company reserve the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations provided that the revised cap of the price band should not be more than 20% of the revised floor of the band i.e revised cap of the Price Band shall be less than or equal to 120% of the revised floor of the price band. The Floor Price can be revised up or down to a maximum of 20% of the original Floor Price. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹5,000 to ₹7,000.

In case of revision of the Price Band, the Issue Period will be extended for 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, if applicable, will be widely disseminated by notification to the BSE



and the NSE and the SCSBs, 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.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue including devolvement of the Underwriters within 60 days from the date of closure of the Issue, 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 as prescribed under Section 73 of the Companies Act.

Further, in terms of sub-regulation (4) of Regulation 26 of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will not be less than 1,000. If the number of Allottees in the proposed Issue is less than 1000 Allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate 15% per annum for the delayed period.

Arrangement for Disposal of Odd Lots.

The Equity Shares will be traded in dematerialized form only and therefore the marketable lot is one (1) Equity Share. Hence, there is no possibility of any odd lots.

Application by Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI

It is to be understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or FVCIs registered with SEBI. Such Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

As per the extant policy of the Government of India, OCBs cannot participate in this Issue.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

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

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts / authorities in Mumbai, Maharashtra, India.

The Equity Shares, represented hereby, have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or with any Securities Regulatory Authority of any state or other jurisdiction of in the United States and may not be offered , pledged, or otherwise transferred, 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). The Equity Shares shall be sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.



Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment, without assigning any reason thereof. In such an event our Company shall issue a public notice in the 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. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

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.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, on and from the expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

In the event that our Company decides not to proceed with the Issue after Bid/ Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

Restriction on Transfer and Transmission of Equity Shares

Except for lock-in as detailed in “*Capital Structure – Promoters Contribution and Lock-in*” beginning on page 30 of this Draft Red Herring Prospectus, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer to chapter titled “*Main Provisions of the Articles of Association*” beginning on page 274 of this Draft Red Herring Prospectus.

Option to receive Equity Shares in Dematerialized Form

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.



ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders 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 with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSB.

In respect of QIBs that are Anchor Investors, the issue procedure set out below should be read with, and is qualified by, the paragraphs below relating to Anchor Investors, including without limitation, the section on "Anchor Investor Portion".

Our Company and the BRLM are not liable for any amendments, modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus.

It may be noted that pursuant to the SEBI Circular (no. CIR/CFD/DIL/2/2010) dated April 06, 2010 SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 1, 2010. Any Bidder may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by SCSBs.

Book Building Procedure

This Issue is being made through the 100% Book Building Process wherein up to 50% of the Net Issue shall be available for allocation QIBs on a proportionate basis. Out of the QIB Portion, 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price.

Our Company may, in consultation with the BRLM, consider participation by Anchor Investors in the Issue for up to 14,96,250 Equity Shares in accordance with the applicable SEBI ICDR Regulations. Only QIBs can participate in the Anchor Investor Portion. For further details in relation to participation in the Anchor Investor Portion, please refer to "**Bids by the Anchor Investors**" on page 237 of this Draft Red Herring Prospectus.

Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non - Institutional Bidders and not less than 35% of the Net 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.

Bidders are required to submit their Bids through the Syndicate or their affiliates. ASBA Bidders are required to submit their Bids to SCSBs. In case of QIBs, our Company may, in consultation with BRLM, reject their Bids at the time of acceptance of the Bid-cum-Application Form, provided that the reasons for such rejection shall be disclosed to such QIB in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have the right to reject the Bids only on technical grounds.

Any Bidder may participate in this Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedures applicable to Bidders other than ASBA Bidders. Hence, Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process.

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository accounts shall be treated as incomplete and will be rejected. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Further, our Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed



the applicable limits under applicable laws, regulations or approvals. Bidders are advised to make their own enquiries about the limits applicable to them.

Bid cum Application Form and ASBA Forms

Bidders shall only use the Bid-cum-Application Form (except in case of ASBA Bidders) bearing the stamp of a Syndicate Member for making a Bid in terms of this Draft Red Herring Prospectus. The Bid cum Application Form (except in relation to ASBA Bidders) before being issued to Bidders, shall be serially numbered and the date and time shall be stamped at the Bidding centres and such form shall be signed by the Bidder and countersigned by the relevant member of the Syndicate. ASBA Bidders shall submit the ASBA Bid cum Application Form either in physical or electronic form (through the internet banking facility available with the SCSBs 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. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Form at the relevant Designated Branch. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the ASBA Form. ASBA Bidders may also submit the ASBA Form with a member of the Syndicate who shall then deposit the same with the concerned SCSB.

The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the valid Application Form. Upon completion and submission of the Bid cum Application Form to a Syndicate Member (and in the case of an ASBA Bid cum Application Form, to the SCSB), the Bidder is deemed to have authorized us to make the necessary changes in this Draft Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder. All Bidders can participate in this Issue by way of the ASBA process.

Note for ASBA Bidders : Please provide your bank account details in the space provided in the application form. Applications that do not contain such details shall be rejected.

The prescribed colour of the Bid-Cum-Application Form for various categories is as follows:

Category	Colour of the Bid-cum-Application Form
Resident Indians including resident QIBs, Non-Institutional Bidders and Retail Individual Bidders or Eligible NRIs applying on a non-repatriation basis.	White
Eligible NRIs applying on a repatriation basis, FIIs and their Sub-Accounts (other than a Sub - Account which is a foreign corporate or a foreign individual), FVCIs, multilateral and bilateral financial institutions and other Non-Residents.	Blue
ASBA Bidders bidding through a physical form	White
Eligible Employees	Pink

** Bid-Cum-Application Forms for Anchor Investors shall be made available at the offices of the BRLM*

Who can Bid?

1. Indian nationals resident in India who are not minors, in single or joint names (not more than three);
2. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity Shares;
4. Mutual Funds registered with SEBI;
5. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI ICDR Regulations, as applicable);
6. Multilateral and Bilateral Development Financial Institution;
7. Venture Capital Funds registered with SEBI;
8. Foreign Venture Capital Investors registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in this Issue;



9. FIIs and sub-accounts registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in this Issue;
10. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
11. State Industrial Development Corporations;
12. Insurance companies registered with the Insurance Regulatory and Development Authority;
13. Subject to applicable laws, provident funds with a minimum corpus of ₹2500 Lacs and who are authorized under their constitution to invest in Equity Shares;
14. Subject to applicable laws, pension funds with a minimum corpus of ₹2500 Lacs and who are authorized under their constitution to invest in Equity Shares;
15. National Investment Fund set up by the Government of India
16. Insurance funds set up and managed by the Department of Posts, India
17. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their respective constitutions to hold and invest in Equity Shares;
18. Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable local laws. NRIs other than eligible NRIs are not eligible to participate in this Issue;
19. Scientific and/or industrial research organizations authorized under their constitution to invest in Equity Shares;
20. Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in this Issue;
21. Insurance funds set up and managed by army, navy or air force of the Union of India.
22. Persons otherwise eligible to invest under all applicable laws, rules, regulations and guidelines;
23. Eligible Employees.

As per the existing regulations, OCBs are not eligible to participate in this 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.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means all or any of the following:

- (a) A permanent and full time employee of our Company or our Subsidiary as on the date of filing of this Red Herring Prospectus with the RoC and based, working and present in India as on the date of submission of the Bid cum Application Form.
- (b) A director of our Company, whether a whole time director, part time director or otherwise, except any Promoters or an immediate relative of a Promoter, as on the date of filing of the Red Herring Prospectus with the RoC and based and present in India or abroad as on the date of submission of the Bid cum Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour form).
- Only Eligible Employees (as defined above) would be eligible to apply in this Issue under the Employee Reservation Portion.
- Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
- The sole/first Bidder shall be the Eligible Employee as defined above.
- Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- The Bids must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, so as to ensure that the Bid Amount does not exceed ₹ 2,00,000.
- Eligible Employees who Bid for Equity Shares in the Employee Reservation Portion can apply at Cutoff Price. Bids by Eligible Employees can also be made in the Net Issue portion and such Bids shall not be treated as multiple Bids.
- If the aggregate demand in this category is less than or equal to 5,25,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Any unsubscribed portion in this category shall be added to the Net Issue to the public.



- If the aggregate demand in this category is greater than 5,25,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, please refer to the paragraph titled “*Basis of Allotment*” on page 260 of this Draft Red Herring Prospectus.

The Allotment in the Employee Reservation Portion will be on a proportionate basis. However, the maximum Bid by an Eligible Employee cannot exceed ₹ 2,00,000 in order to be eligible for applying in the Employee Reservation Portion.

Bids by Mutual Funds

As per SEBI ICDR Regulations, one-third of the Anchor Investor Portion will be available for allocation on a discretionary basis to domestic Mutual Funds and 5% of the QIB Portion has been reserved for allocation in favour of Mutual Funds on a proportionate basis. 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 from Mutual Funds is greater than 5% of the QIB portion, 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 met by allocation proportionately out of the remainder of the QIB Portion.

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.

A separate Bid can be made in respect of each scheme of the Mutual Fund 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 individual scheme concerned for which the Bid has been made. Asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are being made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in 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.

Application by Eligible NRIs

Bid cum Application forms (blue) and physical ASBA Forms have been made available for eligible NRIs at the Registered Office of our Company and with the members of the Syndicate and Registrar to the Issue.

Eligible NRIs should note that only such applications as are accompanied by payment in free foreign exchange or by debit to their NRE/FCNR accounts shall be considered for Allotment under the Eligible NRI category on repatriation basis. Eligible NRIs intending to participate in the bidding process shall ensure that their foreign address is registered with their depository participant or furnished on the Bid-cum-Application form. Post Allotment, if any, on repatriable basis, our Company is required to file FC-GPR with the Reserve Bank of India through an authorised dealer along with a KYC (Know Your Client) report issued by their banker, eligible NRIs who may be Allotted Equity Shares of our Company in the Issue are required to facilitate the issue of the above said report to be furnished to RBI.

The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians and not use the forms meant for reserved category. All instruments accompanying bids shall be payable in Mumbai only.

Bids by Eligible NRIs for a Bid Amount of up to ₹2,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹2,00,000 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 the 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 the total issued capital of our Company or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in our Company cannot exceed 24% of the total paid-up capital of our Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date no such resolution has been recommended 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 SEBI 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 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 an FII 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. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity. 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 on or an interest in our Company.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/ foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers of venture capital undertakings.

Pursuant to the SEBI Regulations, the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an Initial Public Offering would be exempt from Lock-in requirements only if the shares have been held by them for atleast one year prior to the date of filing this Draft Red Herring Prospectus with SEBI.

Bids and revision of Bids by Non Residents including NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis must be made in the following manner:

- On the Bid cum Application Form or the Revision Form, as applicable, 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 (3) and in the same order as their Depository 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.

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 will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.



Participation by Associates / Affiliates of BRLM and Syndicate Members

The BRLM and Syndicate Members shall not be allowed to subscribe to this Issue in any manner, except towards fulfilling their underwriting obligations as stated in the Prospectus. However, associates or affiliates of the BRLM and Syndicate Members may Bid either in the 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 account or on behalf of their clients. All categories of investors, including associates or affiliates of BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid-Cum-Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Bids by provident funds/ pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 2500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid-Cum-Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

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 SEBI ICDR Regulations. Only QIBs as defined in Regulation 2(1) (zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Schedule XI of the SEBI ICDR Regulations are eligible to invest.

The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. In accordance with the SEBI ICDR Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

- a) Anchor Investors shall be QIBs as defined in the SEBI ICDR Regulations;
- b) Anchor Investors Bid cum Application Forms will be made available for the Anchor Investor Portion at our Registered Office and with the members of the Syndicate.
- c) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount equals to or exceeds ₹ 1000 Lacs. A Bid cannot be submitted for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 1000 Lacs.
- d) One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.
- e) The Bidding for Anchor Investors shall open one Working Day before the Bid/Issue Opening Date and shall be completed on the same day.
- f) Our Company, in consultation with the BRLM, shall finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion shall not be less than:
 - two, where the allocation under Anchor Investor Portion is up to ₹ 25,000 Lacs; and
 - five, where the allocation under Anchor Investor Portion is over ₹ 25,000 Lacs.
- g) Allocation to Anchor Investors shall be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM before the Bid/ Issue Opening Date.
- h) Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.



- i) In the event 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. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the higher price i.e. the Anchor Investor Issue Price.
- 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.
- k) None of the BRLM shall participate in the Anchor Investor Portion. The parameters for selection of the Anchor Investors shall be clearly identified by the BRLM and shall be made available as part of the records of the BRLM for inspection by SEBI.
- l) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- m) The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident Anchor Investors: “**Escrow Account – Plastene India Public Issue – Anchor Investor - R**”;
 - In case of Non-Resident Anchor Investor: “**Escrow Account – Plastene India Public Issue – Anchor Investor - NR**”

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band which shall be published by our Company in English national newspaper, Hindi national newspaper and Gujarati newspaper, each with wide circulation at least two Working Days prior to the Bid/Issue Opening Date.

Bids under Power of Attorney

By limited companies, corporate bodies, registered societies

A certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the MoA and AoA and/or bye laws must be submitted along with the Bid-cum-Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

By FIIs, FVCIs, VCFs and Mutual Funds

A certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted along with the Bid-cum-Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

Our Company at its absolute discretion reserves the right to relax the above conditions of simultaneous lodging of the powers of attorney, subject to the terms and conditions that our Company in consultation with the BRLM deem fit.

ASBA Bidders

In case of an ASBA Bid pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, our Company, in consultation with the BRLM, reserves the right to reject such Bids.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Bid-Cum-Application Form or the ASBA Form, as the case may be, subject to such terms and conditions that our Company 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 / allocation advice, the Demographic Details (as defined in “**Bidder’s Depository Account and Bank Account Details**” on page 266 of this Draft Red Herring Prospectus) 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 on the Bid cum Application Form instead of those obtained from the Depositories.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits / restrictions applicable to them. Our Company, its Directors and officers, its directors, affiliates, associates and their respective directors and officers and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company, its Directors and officers, its directors, affiliates, associates and their respective directors and officers and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

For Retail Individual Bidders: The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, subject to maximum Bid amount of ₹2,00,000 . In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹2,00,000 . In case the maximum Bid amount is more than ₹2,00,000 then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders, including ASBA Bidders, and Eligible Employees Bidding under the Employee Reservation Portion, indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Non-Institutional Bidders and QIB Bidders (excluding Anchor Investors): The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds ₹2,00,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under SEBI ICDR Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the entire Bid Amount upon submission of Bid.

In case of revision of bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than ₹2,00,000 for being considered for allocation in the Non-Institutional category. In case the Bid Amount reduces to ₹2,00,000 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 Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'Cut-Off'. **A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.**

For Bidders in the Anchor Investor Portion: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹1,000 Lacs and in multiples of [•] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in date mentioned in the revised Anchor Investor Allocation Notice.**

For Bidders in the Employee Reservation Portion: The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹2,00,000 . In case of revision of Bids, the Eligible Employee has to ensure that the Bid Amount does not exceed ₹2,00,000 . The option to Bid at the Cut-Off Price is given to the Bidders in the Employee Reservation Portion, including ASBA Bidders, whose Bid Amount does not exceed ₹2,00,000 indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process. The Allocation in the Employee Reservation Portion will be on a proportionate basis in case of oversubscription in this category.

For Resident Retail Individual Bidders bidding through ASBA process: The maximum and minimum bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

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 or regulation or as



specified in this Draft Red Herring Prospectus. Bidders are advised to make independent enquiries about the limits applicable to them and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be bid for by them under applicable laws or regulations or as specified in this Draft Red Herring Prospectus.

Retail Individual Bidders bidding at a price within the Price Band have to make payment based on their highest bid price option. Retail Individual Bidders bidding at Cut-Off Price have to make payment at the upper end of the Price Band.

Information for Bidders

1. Our Company shall, pursuant to the filing of this DRHP with SEBI make a Public Announcement in one English and a Hindi national newspaper and in one Gujarati newspaper 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 this DRHP.
2. Our Company, in consultation with the BRLM shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one Gujarati newspaper with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.
3. The Price Band and the minimum bid lot as decided by our Company in consultation with the BRLM, including the relevant financial ratios computed for both the Cap Price and the Floor Price shall be published at least two Working Days prior to the Bid/Issue Opening Date in English and Hindi national newspapers, (i.e., [•] edition of [•] and [•] edition of [•]) and one regional newspaper (i.e., [•] edition of [•]), each with wide circulation.
4. Our Company will file the Red Herring Prospectus with the ROC at least three days prior to the Bid/ Issue Opening Date.
5. The BRLM shall dispatch the Red Herring Prospectus and other issue material including ASBA Forms, to the Designated Stock Exchange, members of the Syndicate, Bankers to the Issue, investors' associations and SCSBs in advance. The members of the Syndicate and the SCSBs, as applicable will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors. The SCSBs shall ensure that the electronic ASBA Bid cum Application Form and the abridged prospectus are made available on their respective websites.
6. Any Bidder (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and / or the Bid cum Application Form can obtain the same from our Registered Office or from the BRLM / Syndicate Membes.
7. Eligible Bidders who are interested in subscribing the Equity Shares should approach the BRLM or Syndicate Members or their authorized agent(s) or the SCSBs (as applicable) to register their Bid. Bidders can also approach the Designated Branch of the SCSBs to register their Bids under the ASBA process.
8. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the members of the Syndicate otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of SCSBs in accordance with the SEBI ICDR Regulations and any circulars issued by SEBI in this regard. Bidders (other than Anchor Investors) applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.
9. Bidding by QIBs (except Anchor Investors) will close one day prior to the Bid Closing Date, provided that Bidding shall be kept open for a minimum of three (3) Working Days for all other categories of Investors.
10. The Price Band has been fixed at ₹[•] to ₹[•] per Equity Share. The Bidders can Bid at any price within the Price Band, in multiples of [•] Equity Shares. In accordance with the SEBI Regulations, our Company in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/Issue period. The cap on the Price Band will not be more than 120% of the floor of the Price Band. Subject to compliance



with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

11. Our Company in consultation with the BRLM shall finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.
12. In case the Price Band is revised, the Bid/Issue period shall be extended, by an additional three days, subject to the total Bid/Issue period not exceeding 10 Working Days. The revised Price Band and Bid/Issue period, if applicable, will be widely disseminated by notification to the Stock Exchanges, and by publishing in two national daily newspapers (one each in English and Hindi) and one regional daily language newspaper, with wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.

The applicants may note that in case the DP ID and Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate do not match with the DP ID and Client ID and PAN available in the Settlement Depository database, the application is liable to be rejected.

Information specific to ASBA Bidders

- (a) ASBA Bidders who would like to obtain the Red Herring Prospectus and / or the ASBA Form can obtain the same from the Designated Branches or the BRLM. ASBA Bidders can also obtain a copy of the Red Herring Prospectus on the website of the Company and the website of the BRLM as also the website of SEBI and / or the ASBA Form in electronic form on the websites of the SCSBs.
- (b) The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Forms to the SCSBs. The SCSBs will then make available such copies to investors intending to apply in this Issue through the ASBA process. Additionally, the BRLM shall ensure that the SCSBs are provided with soft copies of the Draft Red Herring Prospectus as well as the ASBA Forms and that the same are made available on the websites of the SCSBs.
- (c) The Bids should be submitted to the SCSBs on the prescribed ASBA Form if applied in physical mode. 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.
- (d) Bids can also be submitted to the members of the Syndicate who shall submit the same with the SCSB.
- (e) The SCSBs shall accept Bids only during the Bidding Period and only from the ASBA Bidders and/ or members of the Syndicate.
- (f) ASBA Form should bear the code of the Syndicate Member and / or Designated Branch of the SCSB.
- (g) ASBA Bidders shall correctly mention the bank account number in the ASBA Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA 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.
- (h) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the account holder as provided in the ASBA Form.
- (i) ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Form.

The applicants should note that in the event that the Depository Participant identification number (DP ID), the client identification number (Client ID) and PAN mentioned in their Bid-cum- Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Stock Exchanges of the SCSBs, as the case may be,



do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bid is liable to be rejected.

General Instructions

Do's:

- (a) Check if you are eligible to apply as per the terms of this Draft Red Herring Prospectus under applicable laws, rules and regulations;
- (b) Read all the instructions carefully and complete the prescribed Bid-Cum-Application Form;
- (c) Ensure that the details about Depository Participant and beneficiary account are correct and the beneficiary account is activated as allotment of Equity Shares will be in the dematerialised form only;
- (d) Ensure that the Bid-Cum-Application Forms submitted at the Bidding Centres bear stamp of a member of the Syndicate or their affiliates;
- (e) Ensure that you have collected TRSs for all options in your Bid;
- (f) Ensure that you Bid within the Price Band;
- (g) Ensure that you submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (h) Ensure that you have mentioned your PAN allotted under the IT Act;
- (i) Ensure that the Demographic Details are updated, true and correct in all respects; and
- (j) 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:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid or revise Bid to a price lesser than the Floor Price or higher than the Cap Price;
- (c) Do not Bid for allotment of Equity Shares in physical form;
- (d) Do not Bid on another Bid-Cum-Application Form after you have submitted a Bid to a member of the Syndicate or their affiliates;
- (e) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;
- (f) Do not send Bid-Cum-Application Forms by post; instead submit the same to a member of the Syndicate;
- (g) QIBs and Non-Institutional Bidders should not Bid at Cut-Off Price;
- (h) Do not Bid such that the Equity Shares bid for exceeds the size of this Issue, subject to the applicable investment limits under the applicable laws or regulations;
- (i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
- (j) Do not submit the Bid without payment of the entire Bid Amount; and
- (k) Do not Bid at Bid Amount exceeding ₹ 2,00,000 in case of a Bid by Retail Individual Bidders bidding at Cut-Off Price.

Instructions for completing the Bid cum Application Form and ASBA Forms

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the BRLM or Syndicate Member or Registered Office of our Company or Registrar to the Issue.

- (a) Bid-Cum-Application Forms or Revision Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus.
- (b) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Bids must be in single name or joint name (not more than three, and in the same order as their Depository Participant details).
- (c) Bids through ASBA must be:
 - Made only in the prescribed ASBA Form (if submitted in physical mode) or the electronic mode.
 - Made in single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant).
 - Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and in the ASBA Form.
 - For a minimum of [●] Equity Shares and in multiples of [●] Equity Shares. Bid by an ASBA Bidder



falling under the Retail Individual Bidder category cannot exceed [●] Equity Shares in order to ensure that the Bid Amount blocked in the ASBA Account does not exceed ₹ 2,00,000 .

- (d) ASBA Bidders should correctly mention the ASBA Account number and ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the Designated Branch, otherwise the concerned SCSB shall reject the Bid.
- (e) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the ASBA Form.
- (f) Bidders should correctly mention their DP ID and Client ID in the Bid-Cum-Application Form, or the ASBA Form, as the case may be. For the purpose of evaluating the validity of Bids, the Demographic Details of Bidders shall be derived from the DP ID and Client ID mentioned in the Bid cum Application Form, or the ASBA Form, as the case may be.
- (g) For ASBA Bidders, the Bids in physical mode should be submitted to the SCSBs or a member of the Syndicate on the prescribed ASBA Form. 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.
- (h) ASBA Forms should bear the stamp of the Syndicate Member and/or Designated Branch. ASBA Forms which do not bear the stamp will be rejected.

Method and Process of Bidding

- (a) Our Company in consultation with the Book Running Lead Manager will decide the Price Band and the minimum Bid lot for the Issue and the same shall be advertised in one English, one Hindi national newspapers, and one Gujarati newspaper, each with wide circulation at least two (2) Working Days prior to the Bid/ Issue Opening Date. The members of Syndicate and the SCSBs shall accept Bids from the Bidders during the Bidding Period.
- (b) The Bidding Period shall be for a minimum of three (3) Working Days and shall not exceed ten (10) Working Days. The Bidding Period maybe extended, if required, by an additional three (3) Working Days, subject to the total Bidding Period not exceeding ten (10) Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be published in English and Hindi national newspapers, and one Gujarati newspaper, each with wide circulation and also by indicating the change on the website of the BRLM and the members of Syndicate.
- (c) During the Bidding Period, Bidders other than Anchor Investors should approach members of the Syndicate or their authorised agents to register their Bids. ASBA Bidders should approach the SCSBs to register their Bids. Anchor Investors should approach the BRLM on the Anchor Investor Bidding Date to register their Bids.
- (d) Each Bid-Cum-Application Form will give the Bidder the choice to Bid for three optional prices within the Price Band and the requirement to specify the corresponding demand (i.e., the number of Equity Shares). For details, please refer to the paragraph below titled “**Bids at different price levels**” on page 244 of this Draft Red Herring Prospectus. The prices 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 prices, will become automatically invalid.
- (e) 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 their affiliates. Submission of a second Bid-Cum-Application Form (to either the same or to another member of the Syndicate) or an ASBA Form to any SCSB will be treated as multiple Bids and are liable to be rejected either before entering the Bid into the ‘Electronic Bidding System’, or at any point of time prior to the finalisation of the ‘Basis of Allocation’. However, the Bidder can revise a Bid through the Revision Form, the procedure for which is detailed in “**Build up of the Book and Revision of Bids**” on page 254 of this Draft Red Herring Prospectus. Bids submitted by a QIB in the Anchor Investor Portion and the QIB Portion will not be considered as multiple Bids.
- (f) Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate will enter each Bid Price into the ‘Electronic Bidding System’ as a separate Bid and generate a Transaction Registration Slip (“**TRS**”), for each Bid Price and demand option and give the same to the Bidder.



Therefore, a Bidder can receive up to three TRSs for each Bid-Cum-Application Form.

- (g) All Bidders will make payment of entire Bid Amount along with the Bid-Cum-Application Form, in the manner described in “**Payment Instructions**” on pages 245 of this Draft Red Herring Prospectus.
- (h) For the Bidders who apply through the ASBA process, SCSBs shall block the Bid Amount in an ASBA Account. Upon submission of an ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block an amount equivalent to the Bid Amount and authorized the Designated Branch to block the Bid Amount in the ASBA Account.
- (i) Upon receipt of the ASBA Form, 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 Form, prior to uploading such Bids with the Stock Exchanges.
- (j) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- (k) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a TRS. The TRS shall be furnished to the ASBA Bidder on request.
- (l) The Bid Amount shall remain blocked in the ASBA Account until finalization of the ‘Basis of Allocation’ or withdrawal/failure of the Issue or withdrawal/rejection of the ASBA Bid, as the case may be. In the event the ASBA Account does not have a sufficient credit balance for the Bid Amount, the Bid shall be rejected by the SCSB and no funds shall be blocked in that ASBA Account.
- (m) The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Form. Such acknowledgment does not in any manner guarantee that the Equity Shares Bid for shall be Allocated to the ASBA Bidders.
- (n) The ASBA Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.
- (o) On the Designated Date, the SCSBs shall initiate transfer of the blocked Bid Amount from the ASBA Account for successful Bids into the Public Issue Account and the balance amount, if any, shall be unblocked. Not more than five ASBA Forms can be submitted when utilizing an ASBA Account.

Bids at Different Price Levels

The Bidders can Bid at any price within the Price Band, in multiples of ₹1.

1. Our Company shall, in consultation with the BRLM, decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in one English national daily, one Hindi national daily and one Gujarati daily newspaper with wide circulation at least two Working Days prior to the Bid/ Issue Opening Date. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bidding/Issue Period. In accordance with SEBI ICDR Regulations, our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/Issue Period, provided 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. The Cap Price will be revised accordingly and will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in two national newspapers (one each in English and Hindi) and one Gujarati newspaper, each with wide circulation in the place where our Registered Office is situated and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.
2. Our Company in consultation with the BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.



3. Our Company, 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.
4. Bidders can bid at any price within the Price Band. Bidders have to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Eligible Employees submitting bids in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding ₹2,00,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.
5. Retail Individual Bidders and Eligible Employees submitting bids in the Employee Reservation Portion who Bid at the 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 deposit the Bid Amount based on the Cap Price in the respective Escrow Accounts. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Eligible Employees submitting bids in the Employee Reservation Portion who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and Eligible Employees submitting bids in the Employee Reservation Portion, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Escrow Accounts/refund account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.
6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees submitting bids in the Employee Reservation Portion who had bid at Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, 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 ₹2,00,000, the Bid will be considered for allocation under the Non Institutional category in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off.
7. In case of a downward revision in the Price Band, Retail Individual Bidders and Eligible Employees submitting bids in the Employee Reservation Portion 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 respective Escrow Accounts/refund account(s) or unblocked by the SCSBs, as applicable.
8. Our Company, 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.
9. When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the BRLM shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst our Company, the BRLM, Escrow Bankers and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. Payments of refunds to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.



The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, Registrar to the Issue and BRLM to facilitate collection from the Bidders.

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 withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one Working Day of receipt of such instruction. 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.

Payment into Escrow Account for Bidders other than ASBA Bidders:

1. QIB, Non-Institutional Bidders and Retail Individual Bidders including Eligible Employees submitting bids in the Employee Reservation Portion shall, with the submission of the Bid cum Application Form * (*Except in case of ASBA Bids*), draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
2. Anchor Investors would be required to pay the Bid Amount at the time of submission of the application form through RTGS mechanism. In the event of 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 within two Working Days of the Bid/ Issue Closing 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.
3. The payment instruments for payment into the Escrow Account should be drawn in favor of:
 - a. In case of QIBs: **"Escrow Account – Plastene India Public Issue - QIB - R"**;
 - b. In case of Resident Anchor Investors: **"Escrow Account – Plastene India Public Issue –Anchor Investor - R"**;
 - c. In case of Non-Resident Anchor Investor: **"Escrow Account – Plastene India Public Issue –Anchor Investor - NR"**
 - d. In case of non-resident QIB Bidders: **"Escrow Account - Plastene India Public Issue - QIB - NR"**;
 - e. In case of Resident Retail and Non Institutional Bidders:**"Escrow Account - Plastene India Public Issue - R"**;
 - f. In case of Non Resident Retail and Non Institutional Bidders:**"Escrow Account – Plastene India Public Issue - NR"**;
 - g. In case of Eligible Employees applying in the Employee Reservation Category:**"Escrow Account – Plastene India - Employees"**;
4. In case of bids by Eligible NRIs applying on a 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 the Non-Resident External (NRE) Accounts or the Foreign Currency Non-Resident Accounts (FCNR), 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 the NRE Account or the Foreign Currency Non- Resident Account.
5. In case of Bids by NRIs applying on non-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 or out of a Non-Resident



Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

6. In case of Bids by FIIs and sub-account and FVCIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
7. 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 Accounts.
8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Banker to the Issue and the surplus amount to be transferred to refund account.
10. On the Designated Date and no later than 11 days from the Bid/Issue Closing Date, the Refund Bank shall also 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 center where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted.
11. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

* *Except in case of ASBA Bids, Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.*

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.001/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Payment by cash/ money order

Payment through cash/ money order shall not be accepted in this Issue.

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 favor of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ('First Bidder'). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the demographic details received from the Depository or otherwise. Further, ASBA Bids may be made in single or joint names (not more than three). In case of joint Bids by ASBA Bidders, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.



The PAN of the first/sole Bidder as furnished in the Bid-Cum-Application Form or as recorded with the Depositories shall be the criteria to identify multiple Bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- (a) All applications will be checked for common PAN and Bids with common PAN will be identified as multiple unless they are from mutual funds for different schemes / plans or from portfolio Manager registered as such with SEBI seeking to invest under different schemes / plans.
- (b) Mutual Fund applications under different schemes can be made with the same PAN. Similarly FII applications under different sub-accounts can be made with same PAN, PMS applications for different schemes can be made with same PAN and individual application by PAN exempted cases such as Sikkim applicants and other specific PAN exempted category can be made. Further, Eligible Employees bidding in the Employee Reservation Portion can also Bid in the Net issue Portion and such Bids shall not be treated as multiple Bids.
- (c) All Bids will be checked for common PAN and will be accumulated and taken to a separate process file which would serve as a multiple master.
- (d) In this master document, 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 document.
- (e) The Registrar to the Issue will obtain from the depositories, details of the applicant's address based on the DP ID and beneficiary account number provided in the Bid-Cum-Application Form and create an address master.
- (f) The addresses of all these applications from the multiple master documents will be strung from the address master document. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with the same name and same address will be treated as multiple applications.
- (g) The applications will be scanned for similar DP ID and beneficiary account numbers. In cases where applications bear the same DP ID or beneficiary account numbers, they will be treated as multiple applications.

Our Company, in consultation with the BRLM reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

After Bidding on an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the Designated Branches of SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form. Submission of a second Bid cum Application Form, whether an ASBA Bid cum Application Form, to either the same or to another Designated Branch of the SCSB, or a Non-ASBA Bid cum Application Form, will be treated as multiple Bids and will be 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 ASBA Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in “—Build up of the Book and Revision of Bids” above.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than five ASBA Bid cum Application Forms from such ASBA Bidders with respect to any single account.

Upon completion, the applications may be identified as multiple applications. Our Company in consultation with the BRLM, reserves the right to reject at their absolute discretion, all or any multiple Bids in any or all categories.



Cases where there are more than 20 valid applicants having a common address shall be reported to the Stock Exchanges and other appropriate regulatory authorities such as the SEBI and such Equity Shares will be kept in abeyance post Allotment and will be released on receipt of appropriate confirmation from such authorities.

Permanent Account Number (“PAN”)

The Bidder 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. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

The SEBI Regulations stipulate that all applicants are required to disclose their PAN allotted under the I.T. Act in the Bid cum Application Form (including the ASBA Form), irrespective of the amount of the Bid. Applications in which PAN so allotted is not mentioned would be rejected. SEBI had issued a circular directing that with effect from July 2, 2007, PAN would be the sole identifiable number for participants transacting in the securities market, irrespective of the amount of transaction.

Therefore, irrespective of the amount of the Bid, the Bidder 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.

Bid-cum-Application Forms (including the ASBA Form) without PAN number will be considered incomplete and are liable to be rejected. In terms of SEBI Circular bearing no. MRD/DoP/Cir-20/2008 dated June 30, 2008, certain categories of investors (namely the Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government)) shall be exempted from submitting their PAN, only if such organisations submit sufficient documentary evidence to support the veracity of their claim for such exemption.

Unique Identification Number (“UIN”)

SEBI has, vide circular no. MRD/DoP/Cir- 05/2007 dated April 27, 2007, with effect from July 2, 2007 declared that the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Thus, the requirement of Unique Identification Number (UIN) under the SEBI (Central Database of market Participants Regulations), 2005/circulars by SEBI has been discontinued vide circular No. MRD/DoP/Cir- 08/2007 dated June 25, 2007.

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:

- makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein; or
- 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”.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

With respect to ASBA Bidders, the ASBA Bid Cum Application Form or the ASBA Revision Form can either be submitted to the Designated Branches of the SCSBs or with members of Syndicate who shall thereafter deposit the same with the SCSB.

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.

Electronic Registration of Bids

- (a) The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one facility for on-line connectivity to each city where a Stock Exchange is located in India and where the Bids are being accepted.
- (b) The BRLM, our Company 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 Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the members of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
- (c) The Stock Exchanges will offer a screen-based facility for registering Bids for this Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the members of the Syndicate and the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. 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 be uploaded will not be considered for allocation. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation under this Issue. Bids will only be accepted on Working Days.
- (d) The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bidding/Issue Period along with category wise details. Details of allocation made to Anchor Investors shall also be made available on the websites of the Stock Exchanges.
- (e) At the time of registering each Bid, the Syndicate Members shall enter the following details of the Bidder 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;
 - Numbers of Equity Shares Bid for;
 - Bid price and price option;
 - Bid cum Application Form number;
 - Depository Participant Identification Number and Client Identification Number of the Demat Account of the Bidder; and
 - PAN
 - Cheque amount and Cheque Number
- (f) 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 request and obtain the TRS from the members of the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the Syndicate Members or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated either by the Syndicate Members or our Company.
- (g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.



- (h) In case of QIB Bidders bidding in the QIB Portion, the members of the Syndicate can reject the Bids at the time of accepting the Bid provided that the reason for such rejection is provided in writing. In case of Bids under the Non- Institutional Portion and Bids under the Retail Individual Portion would not be rejected except on the technical grounds listed in this Draft Red Herring Prospectus. The SCSB shall have no right to reject Bids except on technical grounds.
- (i) The permission given by the Stock Exchanges to use their network and software of the online IPO system should neither in any way be deemed or construed to mean compliance with various statutory and other requirements by our Company and/or the BRLM nor approval in any way, of the Stock Exchanges, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the statutory and other compliance requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (j) It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed to signify that the Draft Red Herring Prospectus have been cleared or approved by the Stock Exchanges, 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 Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate will be given up to one day after the Bid/Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bidding/Issue Period after which the data will be sent to the Registrar 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 or the Designated Branches, the decision of our Company, in consultation with the BRLM and the Registrar, based on the physical records of Bid Application Forms shall be final and binding on all concerned. If the Syndicate Member finds any discrepancy in the DP name, DP ID and the client ID, the Syndicate Members will correct the same and the send the data to the Registrar for reconciliation and Allotment of Equity Shares.
- (l) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of electronic facilities of BSE and NSE. Anchor Investors cannot use the ASBA process and should approach the BRLM to submit their Bids.

Electronic registration of Bids by ASBA Bidders

Upon receipt of the ASBA Form, the Designated Branch shall register and upload the Bid. **Our Company, our Directors and officers, the Registrar to the Issue, the BRLM, their affiliates and associates and their respective directors and officers shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Bids accepted by SCSBs, Bids uploaded by SCSBs, Bids accepted but not uploaded by SCSBs or Bids accepted and uploaded without blocking adequate funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the ASBA Account.**

At the time of registering each Bid, the Designated Branches shall enter the information pertaining to the investor into the online IPO system, including the following details:

- Name of the Bidder(s);
- Application number;
- PAN;
- Investor Category and Sub-Category:

RETAIL	NON-INSTITUTIONAL	QIB
(No sub-category)	Individual	Mutual Funds
	Corporate	Financial Institutions
	Others	Insurance Companies
		FII's (other than individual sub-accounts)
		Others

- Number of Equity Shares Bid for;



- Depository Participant Identification Number and Client identification number of the Bidder's beneficiary account;
- Price;
- Bank Account Number;
- Cheque Amount; and
- Cheque Number

In case of electronic ASBA Form, the ASBA Bidder shall fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchanges.

A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branch.** The registration of the Bid by the Designated Branch does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidder. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

The Stock Exchanges offer a screen-based facility for registering Bids which will be available on the terminals of Designated Branches during the Bidding Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid Closing Date, the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received 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 are not uploaded may not be considered for allocation.

Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for Allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches, the decision of the Registrar to the Issue, in consultation with the BRLM, our Company and the Designated Stock Exchange, based on the physical records of the ASBA Forms shall be final and binding on all concerned.

The Syndicate or the SCSB, as the case may be, will be responsible for any error in the Bid details uploaded by them in the on-line IPO system of the Stock Exchanges. The BRLM, the Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commission in relation to Bids accepted by SCSBs, Bids uploaded by SCSBs, Bids accepted but not uploaded by SCSBs or Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

Right to Reject Bids

Our Company, in consultation with BRLM, may reject Bids received from QIB Bidders in the QIB Portion provided the reason for such rejection is provided in writing to such QIB Bidders at the time of rejection of the Bids. Further, our Company, in consultation with BRLM, reserves the right to reject any Bid received from Anchor Investors without assigning any reasons. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have the right to reject Bids based on technical grounds only. Consequent refunds shall be made in the manner described in this Draft Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

Right to reject ASBA Bids

The Designated Branches shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA Account, the respective Designated Branch ascertains that sufficient funds are not available in the ASBA Account.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

Withdrawal of ASBA Bids

The ASBA Bidders are entitled to revise their Bids. ASBA Bidders can withdraw their Bids during the Bidding Period by submitting a request for the same to the SCSBs who shall do the requisite, including deletion of



details of the withdrawn ASBA Form from the electronic bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account.

In case an ASBA Bidder (other than QIB bidding through an ASBA Form) wishes to withdraw the Bid after the Bid Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after finalization of the 'Basis of Allocation'.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected among others on the following technical grounds:

- 1) Amount paid doesn't tally with the highest number of Equity Shares Bid for. With respect to ASBA Bids, 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;
- 2) 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;
- 3) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4) PAN number not stated and GIR number given instead of PAN (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts);
- 5) Bids for lower number of Equity Shares than specified for that category of investors;
- 6) Bids at a price less than lower end of the Price Band;
- 7) Bids at a price more than the higher end of the Price Band;
- 8) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 9) Bids for number of Equity Shares which are not in multiples of [•];
- 10) Category not ticked;
- 11) Multiple bids as defined in this Draft Red Herring Prospectus;
- 12) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 13) Bids accompanied by Stock invest/ money order/postal order/cash;
- 14) 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;
- 15) Bid cum Application Form does not have the stamp of the BRLM or Syndicate Member;
- 16) ASBA Bid cum Application Form does not have the stamp of the SCSB;
- 17) Bids by QIBs not submitted through the BRLM or their affiliates or in case of ASBA Bids for QIBs, not intimated to the BRLM;
- 18) Signatures of the bidder not matching with his sign on record with the SCSB in the event an ASBA Bid cum Application Form is submitted through a Syndicate/ sub – syndicate member.
- 19) Bid cum Application Form does not have Bidder's depository account details;
- 20) In case no corresponding record is available with the Depository that matches three parameters: PAN of the sole name of the Bidder, Depository Participant's identity (DP ID) and beneficiary's account number;



- 21) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;
- 22) 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;
- 23) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. For further details, please refer to the paragraph titled '*Issue Procedure - Maximum and Minimum Bid Size*' beginning on page 239 of this Draft Red Herring Prospectus;
- 24) Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- 25) Bids by U.S. Persons (as defined in Regulation S)
- 26) Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- 27) Bids not uploaded on the terminals of the Stock Exchanges;
- 28) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- 29) Bids by OCBs;
- 30) 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 by the members of the Syndicate do not match with the DP ID, client ID and PAN available in the records with the depositories;
- 31) Non-submissions bank account details in the space provided in the application form;
- 32) Submission of more than five ASBA Bid cum Application Forms per ASBA Account;
- 33) Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
- 34) Bids that do not comply with the securities laws of their respective jurisdictions;
- 35) Bids or revision thereof by QIB Bidders and Non-Institutional Bidders uploaded after 4.00 P.M. on the Bid/Issue Closing Date;
- 36) Bids by persons who are not Eligible Employees and have submitted their Bids under the Employee Reservation Portion;
- 37) Age of First Bidder not given; and
- 38) Application on plain paper.

BUILD UP OF THE BOOK AND REVISION OF BIDS

Build up of the Book and Revision of Bids (For Bidders other than ASBA Bidders)

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available from the BRLM on a regular basis.



3. During the Bidding/Issue Period, any Bidder who has registered his or her Bid 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.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form. 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 complete all the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
5. The Bidder can make this revision any number of times during the Bidding/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 through whom the original Bid was placed.
6. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.
7. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In the case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of revision of the original Bid.
9. Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for allocation/Allotment.

Build up of the book and revision of Bids (For ASBA Bidders)

1. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available with the BRLM, the Stock Exchanges and the Designated Branches of the SCSBs on a regular basis.
3. During the Bidding/Issue Period, any ASBA Bidder who has registered his/ her or its interest in the Equity Shares at a particular price level is free to revise his/ her or its Bid within the Price Band using the printed ASBA Revision Form, which is a part of the ASBA Form. Revisions can be made in both the desired number of Equity Shares and the Bid Amount (including the price per Equity Share) by using the ASBA Revision Form. Apart from mentioning the revised options in the revision form, the ASBA Bidder must also mention the details of all the options in his/ her or its ASBA Form or earlier ASBA Revision Form. For example, if an ASBA Bidder has Bid for three options in the ASBA Form and he is changing only one of the options in the ASBA Revision Form, he is required to fill in the details of the remaining two options that are not being revised, in the ASBA Revision Form. The SCSB will not accept incomplete or inaccurate Revision Forms.
4. The ASBA Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revision(s) in the Bid, the ASBA Bidders will have to use the services of the same Designated Branch of the SCSB with whom he/she or it holds the bank account. ASBA Bidders are advised to retain copies of the ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.
5. Any revision of the Bid shall be accompanied by an instruction to block the incremental amount on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be unblocked by the SCSB.



6. When an ASBA Bidder revises his/her or its Bid, he/she or it shall surrender the earlier TRS and get a revised TRS from the SCSBs. It is the responsibility of the ASBA Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
7. The SCSBs shall provide aggregate information about the numbers of ASBA Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue. Further the decision of the Registrar to the Issue in consultation with the BRLM, our Company and the Designated Stock Exchange, in this regard shall be final and binding.
8. Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment.

Bids and Revisions of Bids

Bids and Revisions of Bids must be:

- (a) Made only on the prescribed Bid-Cum-Application Form or Revision Form, as applicable (White, Pink or Blue in colour).
- (b) Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (c) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in this Draft Red Herring Prospectus, in the Bid-Cum-Application Form or in the Revision Form. Incomplete Bid-Cum-Application Forms or Revision Forms are liable to be rejected.
- (d) Bids by Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, subject to a maximum Bid Amount of ₹ 2,00,000 .
- (e) Bids by QIBs bidding in the QIB Portion and Non-Institutional Bidders must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the size of this Issue, subject to applicable investment limits under laws or regulations to the Bidders. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date and QIBs bidding in the QIB Portion cannot withdraw their Bids after the Bid Closing Date.
- (f) In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 2,00,000 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 Retail Portion would be considered for allocation under the Retail Portion. As per the provisions of SEBI 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. Subject to compliance with the immediately preceding sentence, the revised Floor Price Band can move up or down to the extent of 20% of the Floor Price disclosed in the Red Herring Prospectus or the issue advertisement, as the case may be.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher cap of the revised Price Band (such that the total amount i.e., the original Bid Amount plus additional payment does not exceed ₹ 2,00,000 if the Bidder wants to continue to Bid at the Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 2,00,000 for the Retail Individual Bidders, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. In case of Retail Individual Bidders who do not revise the Bid or make additional payment, where the Issue Price is higher than the cap of the Price Band before revision, the number of Equity Shares Bid shall be adjusted downwards for the purpose of Allotment,



such that no additional payment would be required from such Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Accounts. In case of downward revision in the Price Band, the number of Equity Shares Bid for shall be adjusted upwards to the higher Bid lot for the purpose of Allotment.
- (i) 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.

Bids by Non-Residents, including Eligible NRIs and FIIs on repatriation basis Bids and revision to the Bids must be made:

- (a) On the Bid-Cum-Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- (b) In a single name or joint names (not more than three and in the same order as their Depository Participant details).
- (c) In the names of individuals, or in the names of FIIs or FVCIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees in case of Bids by Eligible NRIs, FIIs, eligible/permitted Sub-Accounts, FVCIs etc. on a repatriation basis.

Eligible NRIs bidding with a Bid Amount of up to ₹ 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than ₹ 2,00,000 would be considered under the Non-Institutional Portion for the purposes of allocation. Other Non Resident Bidders must bid for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 . For further details, please refer to paragraph titled “*Maximum and Minimum Bid Size*” on page 239 of this Draft Red Herring Prospectus.

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 are received from the Depositories as part of the Demographic Details of the first/sole Bidder or in the space provided for this purpose in the Bid-Cum-Application Form. Neither our Company, its Directors and officers, nor the BRLM nor the Registrar to the Issue nor the Escrow Collection Banks nor their affiliates, associates or their respective directors and officers shall be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with our Company. The Registrar to the Issue shall aggregate the demand generated under the ASBA and provide the same to the BRLM. Our Company, in consultation with BRLM shall finalise the Issue Price, the number of Equity Shares to be allotted and the allocation to successful Bidders. The Anchor Investor Price shall also be finalised by our Company, in consultation with the BRLM.

- a. Upto 50% of the Net Issue (including 5% specifically reserved for Mutual Funds) would be available for allocation on a proportionate basis, 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.
- b. Not less than 15% and 35% of the Net Issue, would be available for allocation on a proportionate basis to Non- Institutional Bidders and Retail Individual Bidders, respectively, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.



- c. Undersubscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than [•] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the 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 DSE.
- d. Allocation to eligible NRIs or FIIs or Foreign Venture Capital Fund registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis will be subject to the terms and conditions stipulated by RBI.
- e. Our Company reserves the right to cancel the Issue any time after the Bid/Issue Closing Date but before Allotment without assigning any reasons whatsoever.
- f. In terms of SEBI ICDR Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/ Issue Closing Date. Further, Anchor Investors shall not be allowed to withdraw their Bid after the Anchor Investor Bidding Date
- g. The Basis of Allotment details shall be put up on the website of the Registrar to the Issue.
- h. Bids received from ASBA Bidders will be considered at par with Bids received from other Retail Individual Bidders and Non-Institutional Bidders. No preference shall be given to ASBA Bidders vis-à-vis other QIBs, Retail Individual Bidders and Non-Institutional Bidders or vice versa. The 'Basis of Allotment' to such valid ASBA and other QIBs, Retail Individual Bidders and Non-Institutional Bidders will be that applicable to QIBs, Retail Individual Bidders and Non- Institutional Bidders.
- i. The BRLM, in consultation with our Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- j. Our Company, in consultation with the BRLM, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.

Public Announcement upon filing of the DRHP

Pursuant to the filing of this DRHP with SEBI, our Company shall on the next day, make a Public Announcement in one English and a Hindi national newspaper and in one Gujarati newspaper 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 this DRHP.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one Gujarati language daily newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.



Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, our Company and the Book Running Lead Manager would update and file the updated Red Herring Prospectus with RoC, which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue Size, underwriting arrangements and will be complete in all material respects.

Filing of the Prospectus with the ROC

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Issuance of Confirmation of Allocation Note ("CAN")

- (a) Upon approval of basis of allocation by the Designated Stock Exchange, the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders (including Anchor Investors) may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that the date of Allotment of the Equity Shares to all Bidders in this Issue shall be done on the same date.
- (b) The BRLM or the members of the Syndicate will then dispatch the 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 to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.
- (d) The Issuance of CAN is subject to "Notice to Anchor Investors - Allotment Reconciliation and Revised CANs" as set forth below.

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company and the BRLM, select Anchor Investors may be sent a CAN, within two Working Days of the Anchor Investor Bid/ Issue Period, indicating the number of Equity Shares that may be allocated to them shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investor to pay the entire Issue Price for all the Equity Shares allocated to such Anchor Investor. This provisional CAN and the final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents being received from Registrar to the Issue, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors. In the event that the Issue Price is higher than the Anchor Investor Issue Price, a revised CAN will be sent to Anchor Investors. The price of Equity Shares in such revised CAN shall be different from that specified in the earlier CAN. Anchor Investors should note that they shall be required to pay additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within two Days after the Bid/ Issue Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.



Notice to QIBs: Allotment Reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids received. This shall be followed by a physical book prepared by the Registrar on the basis of Bid cum Application Forms received. Based on the electronic book or physical book, QIBs may be sent a CAN indicating the number of Equity Shares that may be allotted to them. This CAN is subject inter alia to the approval of the basis of Allotment by the Designated Stock Exchange. Subject to the SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt/availability of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, one or more revised CAN(s) may be sent to QIBs bidding in the QIB Portion and the allocation of Equity Shares in such revised CAN(s) may be different from that specified in the earlier CAN(s). QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN(s), for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB bidding in the Net QIB Portion to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in its entirety the earlier CAN.

Issuance of CAN to ASBA Bidders

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue, along with:

- (a) The number of Equity Shares to be allotted against each successful ASBA;
- (b) The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA;
- (c) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and
- (d) The details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective ASBA Accounts.
- (e) Investors should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date.

The ASBA Bidders shall directly receive the CANs from the Registrar. The dispatch of a CAN to an ASBA Bidder shall be deemed a valid, binding and irrevocable contract with the ASBA Bidder.

Designated Date and Allotment of Equity Shares

1. Our Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 11 Working Days of the Bid/Issue Closing Date.
2. As per SEBI ICDR 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, if they so desire, in the manner stated in the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

Basis of Allotment

For Retail Individual Bidders

1. 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.
2. The Net Issue less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to 34,91,250 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.



4. If the aggregate demand in this category is greater than 34,91,250 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to a minimum of [•] Equity Shares. For the method of proportionate basis of allotment, refer below.

For Employee Reservation Portion

1. The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. The allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding ₹2,00,000 may bid at Cut-Off Price.
2. Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category.
3. If the aggregate demand in this category is less than or equal to 5,25,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
4. If the aggregate demand in this category is greater than 5,25,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to a minimum of [•] Equity Shares either on a firm basis or as per the drawal of lots, if any, approved by the Designated Stock Exchange. For the method of proportionate basis of allocation, refer below.
5. Only Eligible Employees are eligible to apply under Employee Reservation Portion.

For Non-Institutional Bidders

1. 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.
2. The Net Issue Size less allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have Bid in the Net Issue at a price that is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to 14,96,250 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
4. In case the aggregate demand in this category is greater than 14,96,250 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis, subject to a minimum of [•] Equity Shares. For the method of proportionate basis of allotment refer below.

For Qualified Institutional Bidders

1. Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
2. The 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.
3. Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion (excluding the Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion (excluding the Anchor Investor Portion).
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding the Anchor Investor 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 shall be determined as follows:

- In the event that the oversubscription in the 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 QIB Portion.
- Mutual Funds, who have received allocation as per (a) 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 QIB Portion (excluding the Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The aggregate allotment available for allocation to QIB Bidders shall not be more than 49,87,500 Equity Shares.

For Anchor Investor Portion

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:

1. not more than 30% of the QIB Portion will be allocated to Anchor Investors;
2. 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;
3. allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto ₹25,000 and minimum number of five Anchor Investors for allocation more than ₹25,000 Lacs.

The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLM before the Bid/ Issue Opening Date by intimating the Stock Exchanges.

Method of proportionate basis of allotment in this Issue

Except in relation to Anchor Investors, in the event of this Issue being over-subscribed, our Company shall finalize the 'Basis of Allocation' 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 Allocation' is finalized in a fair and proper manner.

Except in relation to Anchor Investors, the allocation shall be made in marketable lots, on a proportionate basis as explained below:

1. Bidders will be categorized according to the number of Equity Shares applied for by them.
2. The total number of Equity Shares to be allocated 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.
3. Number of Equity Shares to be allocated to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
4. If the proportionate allocation to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal will be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it will be rounded off to the lower whole number. Allocation to all in such categories shall be arrived at after such rounding off.



5. In all Bids where the proportionate allocation is less than [●] Equity Shares per Bidder, the allocation shall be made as follows:
 - Each successful Bidder shall be allocated a minimum of [●] Equity Shares.
 - 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 (3) above; and
6. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allocated to the Bidders in that category, the remaining Equity Shares available for allocation shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allocation to the successful Bidders in that category. The balance Equity Shares, if any, after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.
7. Investors should note that the Equity Shares will be allocated to all successful Bidders in dematerialised form only. Bidders will not have the option of being allocated Equity Shares in physical form.

Illustration of Allotment to QIBs (other than Anchor Investors) and Mutual Funds (“MF”) in the Net QIB Portion

A. Issue Details

Sr. No.	Particulars	Issue details
1.	Issue size	2000 Lacs equity shares
2.	Allocation to QIB (upto 50% of the issue)	1000 Lacs equity shares
3.	Anchor Investor Portion (upto 30% of QIB Portion)	300 lacs equity shares
4.	Portion available to QIBs other than Anchor Investors, i.e., the Net QIB Portion [(2) minus (3)]	700 Lacs equity shares
	Of which:	
	Allocation to MFs (5%)	35 Lacs equity shares
	Balance for all QIBs (including MFs)	665 Lacs equity shares
5.	No. of QIB applicants	10
6.	No. of shares applied for	5000 Lacs equity shares

B. Details of QIB Bids in the Net QIB Portion

Sr. No.	Type of QIB bidders [#]	No. of shares bid for (in mn)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
	Total	500

[#] A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are MFs)



C. Details of Allotment to QIB Bidders/ Applicants

Type of QIB Bidders	Shares bid for	Allocation of 35 Lacs 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	50	0	66.5	0
A2	20	0	26.6	0
A3	130	0	172.9	0
A4	50	0	66.5	0
A5	50	0	66.5	0
MF1	40	7	53.2	60.2
MF2	40	7	53.2	60.2
MF3	80	14	106.4	120.4
MF4	20	3.5	26.6	30.1
MF5	20	3.5	26.6	30.1
	500	35	665	301

Notes:

- The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in “*Issue Structure*” on page 221 of this Draft Red Herring Prospectus.
- Out of 700 Lacs equity shares allocated to QIBs, 35 Lacs (i.e., 5%) will be allocated on a proportionate basis among five (5) Mutual Fund applicants who applied for 2000 Lacs equity shares in the QIB Portion.
- The balance 665 Lacs equity shares, i.e., 700 - 35 (available for Mutual Funds only) will be Allotted on a proportionate basis among 10 QIB Bidders who applied for 5000 Lacs equity shares (including 5 Mutual Fund applicants who applied for 2000 Lacs Equity Shares) The figures in the fourth column titled “Allocation of balance 798 Lacs Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
- The figures in the fourth column entitled “Allocation of balance 665 Lacs equity shares to QIBs proportionately” in the above illustration are arrived at as explained below:
 - For QIBs other than Mutual Funds (A1 to A5) = Number of equity shares Bid for (i.e., in column II of the table above) X 665/4965
 - For Mutual Funds (MF1 to MF5) = (No. of equity 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
 - The numerator and denominator for arriving at the allocation of 665 Lac equity shares to the 10 QIBs are reduced by 35 Lac 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 Equity Shares in this Issue shall be allotted only in a dematerialized 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 us, the respective Depositories and the Registrar to the Issue:

- a tripartite agreement dated November 2, 2010 with NSDL, our Company and Registrar to the Issue;
- a tripartite agreement dated November 4, 2010 with CDSL, our Company and Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.



- (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 and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
- (c) Equity Shares allotted 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) Non-transferable allotment advice will be directly sent to the Bidder by the Registrar to this Issue. Refunds will be made directly by the Registrar to the Issue as per the modes disclosed.
- (f) If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid cum Application Form, ASBA Form or Revision Form, it is liable to be rejected.
- (g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form or ASBA Form vis-à-vis those with his or her Depository Participant.
- (h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (i) The trading of the Equity Shares of our Company would be in dematerialized form only for all investors.

Procedure and Time of Schedule for Allotment and demat Credit of Equity Shares

This Issue will be conducted through the '**Book Building Process**' pursuant to which the members of the Syndicate will accept Bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●] and expire on [●]. Anchor Investors shall bid on the Anchor Investor Bidding Date, i.e., [●], 2010. Our Company in consultation with BRLM, will determine the Issue Price and the 'Basis of Allocation' and entitlement to Allotment following the expiration of the Bidding Period, based on the Bids received and subject to confirmation by the Designated Stock Exchange. Successful Bidders will be provided with an intimation of allocation in their favour through a CAN, subject to revised CAN(s) and will be required to pay any unpaid Bid Amount for the Equity Shares within the Pay-in Date mentioned in the CAN, subject to revised CAN(s). The SEBI ICDR Regulations require our Company to complete the Allotment to Allottees within twelve (12) Working Days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant Depository Participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence within twelve (12) Working Days of expiration of the Bid / Issue Closing Period.

Letters of Allotment or refund orders or instructions to the SCSBs

As per Regulation 18, of the SEBI (ICDR) Regulations read with Circular Number CIR/CFD/DIL/3/2010 dated April 22, 2010 issued by SEBI, the allotment and refund has to be done in any event within eleven (11) Working Days from the Bid/Issue Closing Date.

However, in accordance with the Circular bearing no. CIR/CFD/DIL/3/2010 dated April 22, 2010, we shall give credit to the beneficiary account with Depository Participants within two (2) working days from the date of allotment to all successful bidders, including ASBA bidders, which in any event shall not in any event exceed eleven (11) Working Days from the Bid/Issue Closing Date. Applicants residing at 68 centres where clearing houses are managed by the RBI, will get refunds through NECS (subject to availability of information for crediting the refund through NECS) except where applicant is otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS. In case of other applicants, we shall ensure dispatch of refund orders, if any, of value up to ₹1,500 by "Under Certificate of Posting", and shall dispatch refund orders above ₹1,500, if any, by registered post or speed post only at the sole or First Bidders sole risk in any event within eleven (11)



Working Days of the Bid/ Issue Closing Date and adequate funds for the purpose shall be made available to the Registrar by us. 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 in any event within eleven (11) Working Days of the Bid/Issue Closing Date.

In accordance with the requirements of the Stock Exchanges and SEBI ICDR Regulations, we undertake that:

- Allotment shall be made only in dematerialised form in any event within eleven (11) Working Days from the Bid/Issue Closing Date;
- Despatch of refund orders shall be done in any event within eleven (11) Working Days from the Bid/Issue Closing Date; and
- Our Company shall pay interest at 15% (fifteen) per annum (for any delay beyond the ten (11) Working Day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the eight (8) days from the day on which our Company is liable to repay (i.e. 11 Working Days of the Bid Closing Date or date of refusal of the Stock Exchange(s), 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 in default shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the demat credit.

We will provide adequate funds required for despatch 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 the Escrow Collection Bank(s) and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Sole/First Bidder, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository 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 and RTGS) to the Bidders. 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 or our Company 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 PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and making refunds as per the modes disclosed and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar. 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, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.



In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, 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 the Registrar, Escrow Collection Bank(s) nor 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 that matches three parameters, namely, PAN of the sole/first Bidders, the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

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 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 Bidders will be treated on the same basis with other categories for the purpose of allocation.

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, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, number and issuing bank thereof or with respect to ASBA Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

Investors 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 Equity 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.

PAYMENT OF REFUNDS

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant identification number and 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 a nine digit MICR code. 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 credit of refunds through dispatch of refund orders or through electronic transfer of funds, as the case may be. Any such delay shall be at the Bidders' sole risk and neither our Company, its Directors and officers, nor the BRLM nor the Registrar to the Issue nor the Escrow Collection Banks nor their affiliates, associates or their respective directors and officers shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or be liable to pay any interest for such delay.

MODE OF MAKING REFUNDS

The payment of refund, if any, would be done through various modes in the following order of preference:

1. **NECS** – Payment of refund would be done through NECS for applicants having an account at any of the following 68 centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI);



Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakhpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). 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. Payment of refund would be done through NECS for applicants having an bank 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 centers where such facility is available, except where the applicant, being eligible, opts to receive refund.

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/pmd/scsb.html>. For details on designated branches of SCSB collecting the ASBA forms, please refer the above mentioned SEBI link.

2. **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 Banker(s) for the same would be borne by our Company.
3. **RTGS** – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 1 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 Indian Financial System Code (“**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 Banker(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.
4. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the applicants’ bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC 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 code of the Bidder’s bank. Wherever the applicants have registered the nine digit MICR code of the branch of the bank where they are having their account and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method. It is observed that the payment through this mode is successful, if the correct account number has been registered with the depository participant. It is also observed that a number of banks, particularly in the public sector, have assigned a new multi digit account number as a consequence to the implementation of centralised core banking solution in the branches.
5. For all the other applicants, including applicants who have not updated their bank particulars with the nine-digit MICR code, the refund orders will be dispatched “Under Certificate of Posting” for refund orders of value up to ₹ 1,500 and through “Speed Post/ Registered Post” for refund orders of ₹ 1,500 and above. Refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banker(s) 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 centers will be payable by the Bidders.

Disposal of Applications and Application Moneys

With respect to Bidders other than ASBA Bidders, our Company shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within two (2) Working Days from the date of allotment to all successful bidders, including ASBA bidders, which in any event shall not exceed twelve (12) Working Days of the Bid Closing Date / Issue Closing Date.



Applicants residing at 68 centers where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicants are otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS. In case of other applicants, our Company shall ensure dispatch of refund orders, if any, of value up to ₹1,500 by "Under Certificate of Posting", and shall dispatch refund orders above ₹1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the Direct Credit, NEFT, RTGS or ECS facility. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within ten (10) Working Days of closure of Issue. Our Company shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or Direct Credit, NEFT, RTGS or ECS, as applicable, only at the sole or First Bidder's sole risk within ten (10) Working Days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer. Our Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two (2) Working Days of date of Allotment. 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 within 12 (Twelve) Working Days after Bid/Issue Closing Date. In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations we further undertake that:

- 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, within Eleven (11) Working Days of the Bid /Issue Closing Date;
- 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 within 10 Working Days of the Bid Closing Date would be ensured. With respect to the ASBA Bidders' instructions for unblocking of the ASBA Bidder's bank account shall be made within Eleven (11) Working Days from the Bid Closing Date; and
- Our Company shall pay interest at 15% (fifteen) per annum (for any delay beyond the 10 (ten) Working Day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the eight (8) days from the day on which our Company is liable to repay (i.e. 11 Working Days of the Bid Closing Date or date of refusal of the Stock Exchange(s), 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 in default shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the Direct Credit, NEFT, RTGS or ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders

Letters of Allotment or Refund Orders or instructions to the SCSBs

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 within eleven Working Days of the Bid 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 SCSB by the Registrar

Our Company agrees that the Allotment of Equity Shares in the Issue shall be made not later than 11 days of 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 manner disclosed above.



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.

Undertaking by the Company

We undertake as follows:

1. that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
2. that all steps will be taken for the 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 within twelve (12) Working Days from the closure of the Issue;
3. that the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. That the Promoters' contribution in full has already been brought in;
6. That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time;
7. 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.; and
8. That adequate arrangement 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.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves 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 our Company would issue a public notice in the 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.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

Utilisation of proceeds of the Issue

Our Board certifies that:

1. All monies received out of this Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
2. Details of all money utilised out of the Issue shall be disclosed under an appropriate head in our balance sheet, indicating the purpose for which such monies have been utilised;
3. Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet, indicating the form in which such unutilised monies have been invested;



4. Our Company shall comply with the requirements of Clause 49 of the listing agreement in relation to the disclosure and monitoring of the utilization of the Net Proceeds; and
5. Our Company shall not have recourse to the proceeds of the Issue until the approval for trading of the Equity Shares from the Stock Exchanges has been received.



RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the GoI, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued thereunder. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("FIPB") and the RBI.

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations. The Department of Industrial Policy and Promotion ("DIPP") has issued 'Circular 1 of 2010' (the "FDI Circular") which consolidates the policy framework on FDI, with effect from April 1, 2010. The FDI Circular consolidates and subsumes all the press notes, press releases, clarifications on FDI issued by DIPP as on March 31, 2010. All the press notes, press releases, clarifications on FDI issued by DIPP as on March 31, 2010 stand rescinded as on March 31, 2010.

Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made.

Currently, the Industrial Policy and FEMA stipulate that companies investing in a manufacturing unit such as Arch Pharmed Labs Limited do not require the prior approval of the FIPB for investments by persons resident outside India and that 100% investment in the outstanding capital of our Company may be made by persons resident outside India.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. However, it may be distinctly understood that there is no reservation for FIIs, NRIs or OCBs and in view of the SEBI ICDR Regulations, the allotment and/or transfer of shares to FIIs, NRIs or OCBs would be made in the manner detailed in the chapter titled "**Terms of the Issue**" on page 227 of this Draft Red Herring Prospectus.

The allotment of Equity Shares to non-resident Bidders shall be subject to RBI approval or any requisite permission as may be necessary under the FEMA.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian companies is available to individuals of Indian nationality or origin residing outside India ("**NRIs**"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of a company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-offer paid up capital of our Company. However, this limit may be increased to 24% if the shareholders of our Company pass a special resolution to that effect. No single NRI may own more than 5% of the post-offer paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remain non-repatriable.

As per the RBI Exchange Control Department Circular No. ADP (DIR Series) 13 dated November 29, 2001, OCBs are not permitted to invest under the portfolio investment scheme in India. However, OCBs would continue to be eligible for making foreign direct investment under FEMA and the regulations thereunder as per notification no. FEMA 20/20000 RB dated May 3, 2000. Also, OCBs can sell their existing shareholdings through a registered broker on the stock exchanges.

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 Manager can invest in all



the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from 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 realize 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 a sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of 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 for that company if the approval of the board of directors and the shareholders of our Company is obtained. The offer of shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in 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.

Under the SEBI Takeover Regulations, upon the acquisition of more than 5.0% of the outstanding shares or voting rights of a listed public Indian company, a purchaser is required to notify our Company of such acquisition, and our Company and the purchaser are required to notify all the stock exchanges on which the shares of such company are listed. Upon the acquisition of 15.0% or more of such shares or voting rights or a change in control of our Company, the purchaser is required to make an open offer to the other shareholders offering to purchase at least 20.0% of all the outstanding shares of our Company at a minimum offer price as determined pursuant to the SEBI Takeover Regulations.

The Equity Shares have not been and will not be registered under the US Securities Act of 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 except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions 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 above information is given for the benefit of the Bidders and neither our Company nor the BRLM are liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.



SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

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:

Pursuant to Schedule II of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

SHARE CAPITAL AND VARIATION OF RIGHTS

5. (a) The Authorised ,Share Capital of our Company shall be as per paragraph V of the Memorandum of Association of our Company with rights to alter the same in whatever way as deemed fit by our Company. Our Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as our Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time' to time in accordance with the Regulations of our Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

(b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of our Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

INCREASE REDUCTION AND ALTERATION OF CAPITAL

6. Our Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.

On what conditions the new shares may be issued.

- a) Subject to the provisions of sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets of our Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of our Company are liable to be redeemed.

Further Issue of Shares.

- b) Where at the time after the expiry of two years from the formation of our Company or at any time after the expiry of one year from the allotment of shares in our Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of our Company by allotment of further shares whether out of the unissued capital or out of the increased share capital then:
- i) Such further shares shall be offered to the persons who at the date of the Issue, are holders of the equity shares of our Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.



- ii) Such Issue shall be made by a notice specifying the number of shares offered and limiting a time not less than fifteen days from the date of the Issue and the Issue if not accepted, will be deemed to have been declined.
- iii) The Issue aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.
- iv) After expiry of the time specified in the aforesaid notice 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 our Company.
- c) Notwithstanding anything contained in sub-clause (1) thereof, 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.
 - i) If a special resolution to that effect is passed by our Company in General Meeting, or
 - ii) Where no such special resolutions is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, 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 our Company.
- d) Nothing in sub-clause (c) of (1) hereof shall be deemed
 - (a) To extend the time within which the Issue should be accepted; or
 - (ii) To authorise 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.
- e) Nothing in this Article shall apply to the increase of the subscribed capital of our Company caused by the exercise of an option attached to the debenture issued or loans raised by our Company:
 - i) To convert such debentures or loans into shares in our Company; or
 - ii) To subscribe for shares in our Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and
- ii) in the case of debentures or loans or other than debentures issued to or loans obtained from 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 debentures or raising of the loans.

Directors may allot shares as fully paid up.

- f) Subject to the provisions of the Act and these Articles, the Directors may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly



paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up shares as the case may be.

Same as original capital

- g) Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls, installments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.

Power to issue Redeemable Preference Shares.

7. (a) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed;

Provided that.

- i) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of redemption;
 - ii) no such shares shall be redeemed unless they are fully paid;
 - iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed;
 - iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the capital redemption reserve account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the capital redemption reserve account were paid up share capital of the Company.
- b) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
- c) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorized Share Capital.
- d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue equity shares upto the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

- e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

Provision in case of Redemption of preference Shares.

8. The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six months' previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding, by



payment of the nominal amount thereof with dividend calculated upto the date or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect:

- a) The shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made at its registered office in the presence of one Director at least; and
- b) Forthwith after every such drawing, the Company shall notify the shareholders whose shares have been drawn for redemption its intention to redeem such shares by payment at the registered office of the Company at the time and on the date to be named against surrender of the Certificates in respect of the shares to be so redeemed and at the time and date so notified each such shareholder shall be bound to surrender to the Company the Share Certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid. Where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefor.

Power To Issue Sweat Equity Shares

- c) The Board shall have a power to issue sweat equity shares in manner and subject to conditions contained in section 79 (A) of the Act,

Reduction of capital

- d) The Company may from time to time by special resolution, subject to confirmation by the court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its share capital and any Capital Redemption Reserve Account or premium account in any manner for the time being authorised by law and in particular without prejudice to the generality of the foregoing power may be :
 - i) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;
 - ii) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or
 - iii) either with or without extinguishing or reducing liability on any of its shares, payoff any paid up share capital which is in excess of the wants of the Company;

and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares.

10. Subject to the provisions of Section 94 of the Act. the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say, it may:

- b) Consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;
- c) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act. be given any preference or advantage over the others or any other such shares.
- d) Convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination.



- e) Cancel, shares which at the date of such general meeting have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Notice to Registrar of Consolidation of Share Capital, Conversion of shares into stocks etc.

11. (a) If the Company has:

- i) Consolidated and divided its Share Capital into shares of larger amount than its existing shares;
- ii) converted any shares into stock;
- iii) reconverted any stock into shares;
- iv) sub-divided its share or any of them;
- v) redeemed any redeemable preference shares; or
- vi) cancelled any shares otherwise than in connection with a reduction of

Share Capital under Sections 100 to 104 of the Act,

The Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stocks reconverted.

- (b) The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.

Modifications of rights.

12. 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 and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be quorum.

SHARES AND CERTIFICATES

Issue of further shares not to affect right of existing share holders.

13. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking pari passu therewith.

Provisions of Sections 85 to 88 of the Act to apply

14. The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.

Register of Members and Debenture holders

- 15. (a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.
- (b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filling of Annual Returns.



- (c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Commencement of business.

16. The Company shall comply with the provisions of Section 149 of the Act.

Restriction on allotment.

17. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

Shares to be numbered progressively and no shares to be subdivided.

18. The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Shares at the disposal of the Directors.

19. 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 either as right or bonus 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 and other related provisions 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 any 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.

Every share transferable etc.

20. (i) The shares or other Interest of any member In the Company shall be a movable property, transferable in the manner provided by the Articles.
- (ii) Each share in the Company shall be distinguished by its appropriate number.
- (iii) A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie, evidence of the title of the member of such shares.

Application of premium received on issue of shares

21. a) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account to be called "the share premium account" and the provisions of the Act relating to the reduction of the Share Capital of the Company shall except as provided in this Article, apply as if the share premium account were paid-up share capital of the Company.
- b) The share premium account may, notwithstanding, anything in clause (a) above be applied by the Company.
- i) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
 - ii) in writing off the preliminary expenses of the Company;
 - iii) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or
 - iv) in providing for the premium payable on the redemption of any redeemable preference shares or of any debenture of the Company.



Sale of fractional shares.

22. If and whenever, as the result of issue of new or further shares or any consolidation or sub-division of shares, any shares are held by members in fractions, the Directors shall, subject to the provisions of the Act and these Articles and to the directions of the Company in general meeting, if any, sell those shares, which members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Acceptance of Shares.

23. [A] An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares 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 of Members shall for the purpose of these Articles be a member. The Director shall comply with the provisions of Sections 69, 70, 71, 72 and 73 of the Act in so far as they are applicable.

Power of Company to purchase its own Securities.

[B] Notwithstanding anything contained in the Act, but subject to the provision of Sub-section (2) and Section 77 B of the Act, the Company shall have power to purchase its own shares or other specified securities (Referred to as Buy-Back) from.

- i. Out of free Reserve or,
- ii. Out of Share Premium Account or,
- iii. Out of proceeds of an earlier Issue other than fresh Issue of share made specifically for the purpose of Buy-Back Shares.

Deposits and calls etc. to be a debt payable immediately.

24. 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, immediately, on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt, due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Trusts not recognized

25. Save as herein 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 the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust of equity or equitable, contingent, future, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provisions of Section 153 of the Act shall apply.

Issue of Certificates of Shares to be governed by Section 84 of the Act etc.

26. (a) The issue of certificates of shares or of duplicate or renewal of certificates of Shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed for the time being.



Certificate of Shares

(b) The certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorised persons as may be prescribed by the Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.

(c) The Company shall comply with all rules and regulations and other directions which may be made by any competent authority under Section 84 of the Act.

Limitation of time for issue of certificate

27. (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 may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment unless the conditions of issue thereof otherwise provide, or within two month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case maybe. Every Certificate of shares shall be under the seal of the company and shall specify the numbers 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 or 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.

(b) The Company shall not entertain any application for split of share/debenture certificate for less than (Ten) Equity shares/10 (Ten) debentures (all relating to the same series) in market lots as the case may be.

Provided however this restriction shall not apply to an application made by the existing member or debenture holder for split of share/debenture certificates with a view to make an odd lot holding into a marketable lot subject to verification by the Company.

(c) Notwithstanding anything contained in Clause (a) above the Directors shall, however, comply with such requirements of the Stock Exchange where Shares of the Company may be listed or such requirements of any rules made under the Act or such requirements of the Securities Contracts (Regulation) Act, 1956 as may be applicable.

Issue of new certificate in place, lost or destroyed

28. 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/or execution of such indemnity as the company deem adequate, being given, an a new Certificate in Lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificates 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 in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the company.

CALLS

Directors may make calls

31. The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/debentures may have been issued and subject to the conditions of allotment, by a resolution



passed at a meeting of the Board (and not by circular resolution) make such calls as they think fit upon the members/debenture holders in respect of all moneys unpaid on the shares/debentures held by them respectively and such member/debenture holders shall pay the amount of every call so made on him, to the person(s) who has/have been given the option or right to call of shares with the sanction of the company in general meeting, at times and places appointed by the Directors. A call may be postponed or revoked as the Board may determine.

Calls to date from resolution.

32. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed and may be made payable by members/debenture holders on a subsequent date to be specified by the Directors.

Notice of call.

33. Thirty days notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debenture holders revoke the same.

Directors may extend time.

34. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture holders who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favour.

Sums deemed to be calls.

35. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date whether on account of the nominal value of the share/debenture or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

Instalments on shares to be duly paid.

36. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

Calls on shares of the same class to be made on uniform basis.

37. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: For the purpose of this provision, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

Liability of joint holders of shares.

38. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalment and calls due in respect of such shares.

When interest on call or Installment payable

39. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due, shall pay interest as shall be



fixed by the Board from the day appointed for the payment thereof or any such extension thereof to time of actual payment but the Directors may waive payment of such interest wholly or in part.

Partial payment not to preclude forfeiture.

40. 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 thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

Proof on trial of suits for money due on shares

41. On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears in the Register of Members as the holder or one of the holders, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered, and that the resolution making the call is duly recorded in the Minutes Book; and that the notice of such call was duly given to the member or his representatives, sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such calls nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry interest.

42. (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, to the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.

(b) The member shall not however be entitled to any voting rights in respect of the moneys so paid by him until the same would be for such payment, become presently payable.

(c) The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

Term of issue of Debenture.

43. 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.

LIEN

Company's lien on Shares/Debentures

44. The Company shall have first and paramount lien upon all the shares/debenture (other than fully paid up shares/debentures) registered in the name of each member/debenture holder (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares/debenture shall be created except upon the footing and condition that Article 25 hereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate



as a waiver of the Company's lien if any on such shares/ debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Clause.

As to enforcing lien by sale

45. For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorise one of their member or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfilment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

46. (a) 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 a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debentures at the date of the sale.

Outsiders lien not to affect Company's lien

(b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute required) be bound to recognise equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

FORFEITURE

If call or installment not paid notice must be given

47. (a) If any member or debenture holder fails to pay the whole or any part of any call or instalment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as "the call or any instalment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debentureholder or on the person (if any) entitled to the share by transmission requiring him to pay such call or instalment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

Form of Notice

(b) The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or instalment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or instalment or such part or other moneys is or are payable will be liable to be forfeited.

In default of payment shares or debentures to be forfeited

48. If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the company, in respect of the payment of any such money, shall preclude the company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such



forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actually paid before the forfeiture.

Entry of forfeiture in Register of members/debenture holders

49. When any shares/debenture shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder 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 or debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

Forfeited share/debenture to be property of Company and may be sold

50. Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

Power to annul forfeiture

51. The Directors may, at any time, before any share or debenture so forfeited shall have been sold, re-allotted or otherwise disposed of, annul forfeiture thereof upon such conditions as they think fit.

Shareholders or Debenture holders still liable to pay money owing at time of forfeiture and interest

52. Any member or debenture holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, installments, interest expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture to gather with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.

Effect of forfeiture

53. The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly saved.

Certificate of forfeiture.

54. A Certificate in writing under the hand of one Director and counter signed by the Secretary or any other officer authorised by the Directors for the purpose, that the call in respect of a Share or debenture was made and notice thereof given and that default in payment of the call was made and that the forfeiture of the share or debenture was made by the resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.

Validity of sales under Articles 45 and 50.

55. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of members or Register of debenture holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register of members or debenture holders in respect of such shares or debenture the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.

Cancellation of share/debenture Certificate in respect of forfeited shares/debentures.

56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by



the Company has been previously surrendered to it by the defaulting member or debentureholder) stand canceled and become null and void and be of no effect, and the directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debentures to the person/s entitled thereto.

Title of purchaser and allottee of forfeited shares/debentures

57. The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed of may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the share or debenture.

Surrender of Shares or Debentures

58. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Register of transfers

59. The Company shall keep a book to be called the "Register of transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Instrument of transfer

60. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies ACT, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Instrument of transfer to be executed by transferor and transferee

61. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.

Directors may refuse to register transfer.

62. (a) 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 reasons, 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 circumstances 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 on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

(b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission on legal documents by operation of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.

Transfer of shares

63. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of members the



name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

(b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent 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 to him in the ordinary course of post.

(c) It shall not be lawful for the Company to register a transfer of any shares 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 alongwith the Certificate relating to the shares and if no such Certificate is in existence, alongwith the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.

(d) Nothing in clause (c) above shall prejudice any power of the company to register as share holder any person to whom the right to any share has been transmitted by operation of law.

(e) The company shall accept all applications for transfer of shares/debentures however, this condition shall not apply to requests received by the company;

(A) for splitting of a share or debenture certificate into several scripts of very small denominations;

(B) proposals for transfer of shares/debentures comprised in a share/debenture certificate to several parties involving, splitting of a share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need.

- i) (i)transfer of Equity shares/debentures made in pursuance of any statutory provision or an order of a competent court of law;
- ii) (ii)the transfer of the entire Equity shares/debentures by an existing shareholder/debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.
- iii) (iii)the transfer of not less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares/10 (ten) debentures.
- iv) (iv)the transfer of less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) to the existing share holder/debenture holder subject to verification by the Company.

Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).

(f) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

No fee on transfer or transmission

74. 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.



GENERAL MEETINGS

Annual General Meeting

- 93.** Subject to the provisions contained in Sections 166 and 210 of the Act, as far as applicable, 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 fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

Provided that if the Registrar for any special reason, extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.

Summary of Annual General Meeting

The Company may in anyone general meeting fix the place for its any annual general meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor. At every annual general meeting of the Company, there shall be laid on the table, the Director's report, the audited statements of accounts and auditor's report (if any, not already incorporated in the audited statements of accounts). The proxy registered with the Company and Register of Director's Share holdings of which latter register shall remain open and accessible during the continuance of the meeting. The Board shall cause to prepare the Annual list of members, summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Time and place of Annual General Meeting

- 94.** Every annual general meeting shall be called at any time during business hours, on a day that is not a public holiday, and 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 of the Company is situate, and the notice calling the meeting shall specify it as the annual general meeting.

Sections 171 to 186 of the Act shall apply to meetings

- 95.** Sections 171 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or debentureholders of the Company in like manner as they apply with respect to general meetings of the Company.

Powers of Director's to call Extraordinary General Meeting.

- 96.** The Directors may call an extraordinary general meeting of the Company whenever they think fit.

Calling of Extra Ordinary General Meeting on requisition.

- 97.** (a) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extraordinary general meeting of the Company.

(b) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists, and shall be de'posited at the registered office of the Company.

(c) The requisition may consist of several documents in like form, each signed by one or more requisitionists.

(d) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid up share capital of the Company as at that date carried the right of voting in regard to that matter.

(e) Where two or more distinct matters are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.



(f) If the Board does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty five days from the date of the deposit of the requisition, the meeting may be called:

- i) by the requisitionists themselves;
- ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of such of the paid-up share capital of the Company as is referred to in clause (d) above, whichever is less.

Explanation: For the purpose of this clause, the Board shall in the case of a meeting at which resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section 189 of the Act.

(g) A meeting, called under clause (f) above, by the requisitionists or any of them:

- (i) shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but
- (ii) shall not be held after the expiration of three months from the date of the deposit of the requisition.

Explanation: Nothing in clause (g) (ii) above, shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

(h) Where two or more persons hold any shares or interest in the Company jointly, a requisition, or a notice calling a meeting, signed by one or some of them shall, for the purposes of this Article, have the same force and effect as if it had been signed by all of them.

(i) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Length of notice for calling meeting.

98. (a) A general meeting of the Company may be called by giving not less than twenty one days' notice in writing.

(b) A general meeting of the Company may be called after giving shorter notice than that specified in clause (a) above, if consent is accorded thereto;

- (i) in the case of an annual general meeting by all the members entitled to vote thereat: and
- (ii) in the case of any other meeting, by members of the Company holding not less than 95 (ninety five) per cent of such part of the paid up 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 the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

Contents and manner of service of notice and persons on whom it is to be served.

99. (a) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.

(b) Notice of every meeting of the Company shall be given:

- (i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act;
- (ii) to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased or assignees of the insolvent, or by any like description, at the address, if any, in India



supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred;

- (iii) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of any member or members of the Company and
- (iv) to all the Directors of the Company

Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

(c) The accidental omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Explanatory statement to be annexed to notice

100.(A) For the purpose of this Article:

- i) in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to
 - (a) the consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors.
 - (b) the declaration of a dividend;
 - (c) the appointment of Directors in the place of those retiring, and
 - (d) the appoint of and the fixing of the remuneration of the auditors, and
- ii) in the case of any other meetings, all business shall be deemed special.

(B) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the manager, if any.

Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates, to or affects, any other company, the extent of shareholding interest in that other Company of any such person shall be set out in the circumstances specified in the proviso to sub-section (2) of Section 173 of the Act.

(C) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

Quorum for meeting

101. (a) Five members personally present shall be the quorum for a general meeting of the company.

If quorum not present meeting to be dissolved or adjourned

- (b) (i) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand dissolved.
- (ii) In any other case, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place, as the Board may determine.

Adjourned meeting to transact business.

(c) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.



Presence of quorum

102. (a) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

Business confined to election of chairman whilst chair vacant

(b) No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the Chair is vacant.

Chairman of general meeting

(c) (i) The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be the Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Directors present be willing to take the chair, the members present shall choose one of themselves to be the Chairman.

(ii) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice Chairman of the Board or by a Director at the expiration of 15 (fifteen) minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.

Chairman with consent may adjourn the meeting

(d) The Chairman with the consent of the meeting may adjourn any meeting from time to time and from place to place in the city, town or village where the registered office of the Company is situate.

Business at adjourned meeting

(e) No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Notice of adjourned meeting

(f) When a meeting is adjourned only for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting.

In what cases poll taken with or without adjournment

(g) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith, save as aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

Proxies

103.(a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in the case of joint holders all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting.

Provided that unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

(b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member.



(c) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty eight) hours before the meeting in order that the appointment may be effective thereat.

(d) The instrument appointing a proxy shall .

- (i) be in writing, and
- (ii) be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.

Form of proxy

(e) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form.

(f) An instrument appointing a proxy, if in any of the forms set out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles.

(g) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.

VOTES OF MEMBERS

Restrictions on exercise of voting rights of members who have not paid calls

104. (a) No member shall exercise any voting right 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 and has exercised any right of lien.

(b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.

Restriction on exercise of voting right in other cases to be void

105. A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article

Equal rights of share holders

106. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Voting to be by show of hands in first instance.

107. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.

108. (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

No voting by proxy on show of hands.

(b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187 A of the



Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

How members non compos minutes and minor may vote

(c) A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or anyone of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

Votes in respect of shares of deceased or insolvent members etc.

(d) Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Custody of Instrument

(e) If any such instrument of appointment be confined to the object of appointing proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

Validity of votes given by proxy notwithstanding death of members etc.

(f) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting.

Time for objections for vote

(g) No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever.

Chairman of any meeting to be the judge of any vote.

(h) 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 taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Chairman's declaration of result of voting by show of hands to be conclusive

109. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

Demand for poll

110. (a) Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth



of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

(b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking poll

111. (a) A poll demanded on a question of adjournment shall be taken forthwith.

(b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.

Right of a member to use his votes differently.

112. On a poll taken at a meeting of the Company a member 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.

Scrutineers at poll

113. (a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.

(b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.

(c) Of the two scrutineers appointed under this article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.

Manner of taking poll and result thereof

114. (a) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

(b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Casting Vote

115. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

Representation of Body Corporate

116. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

Representation of the President of India or Governors

117. (a) The President of India or the Governor of a State if he is a member of the Company may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company in accordance with provisions of Section 187 A of the Act or any other statutory provision governing the same.



(b) A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the President or as the case may be the Governor could exercise, as a member of the Company.

Public Trustee

(c) The Company shall observe the provisions of Section 187B of the Act, in regard to the Public Trustee.

Circulation of member's resolution

118. The Company shall comply with provisions of Section 188 of the Act, relating to circulation of member's resolutions.

Resolution requiring special notice

119. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice. Resolutions passed at adjourned meeting

Resolutions passed at adjourned meeting

120. The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.

Registration of resolutions and agreements

121. The Company shall comply with the provisions of Section 192 of the Act relating to registration of certain resolutions and agreements.

WINDING UP

Distribution of Assets

219. (a) Subject to the provisions of the Act, if the company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up; or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.

(b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions subject to the provisions of the Act.

Distribution in specie or kind

220. (a) If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributories, in specie or kind the whole or any part of the assets of the Company, and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.

(b) If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced



thereby shall have the right, if any to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.

(c) in case any shares to be divided as aforesaid involved a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

Rights of shareholders in case of sale

221. Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the act.



SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies, Gujarat, Dadra and Nagar Haveli for registration and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of our Company from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Letters of appointment dated November 16, 2010 between our Company and BRLM, Motilal Oswal Investment Advisors Private Limited.
2. Agreement between our Company and the Book Running Lead Manager dated November 17, 2010.
3. Agreement between our Company and the Registrar to the Issue dated September 27, 2010.
4. Escrow Agreement dated [•] between our Company, the Book Running Lead Manager, the Escrow Banks and the Registrar to the Issue.
5. Syndicate Agreement dated [•] between our Company, the Book Running Lead Manager and the Syndicate Members.
6. Underwriting Agreement dated [•] between our Company, the Book Running Lead Manager and the Syndicate Members.

Material Documents

1. Our Memorandum and Articles of Association, as amended from time to time.
2. Our certificate of incorporation.
3. Board resolutions in relation to the Issue.
4. Shareholders' resolutions in relation to the Issue.
5. Shareholders' Resolutions of the general body for appointment and remuneration of our whole-time Directors.
6. Statements of Assets and Liabilities, Statement of Profits and Losses, as Restated and Cash Flows, as restated, under Indian GAAP as at and for the period ended June 30, 2010 and Fiscal ended March 31, 2010, 2009, 2008, 2007 and 2006 by Bhanwar Jain and Associates, Chartered Accountants and their audit report on the same, dated.
7. Statement of Tax Benefits from [•], Chartered Accountants dated [•] – Auditor's Report on possible Income-tax benefits available to our Company and our shareholders.
8. Copies of annual reports of our Company for the years ended March 31, 2006, 2007, 2008 and, 2009 and 2010.
9. Copy of the Audited report of the Company for the quarter ended June 30, 2010.
10. Consent of Bhanwar Jain and Associates, Chartered Accountants, our Auditors for inclusion of their reports on restated financial statements and auditors report on audited financial statements in the form and context



in which they appear in this Draft Red Herring Prospectus.

11. Consents of Book Running Lead Manager, Syndicate Members, Registrar to the Issue, IPO Grading Agency, Bankers to the Issue, Legal Counsel to the Issue, Directors of our Company, Company Secretary and Compliance Officer, Bankers to our Company, as referred to, in their respective capacities.
12. Listing Agreement dated [•] with [•].
13. Initial listing applications dated [•] and [•] filed with BSE and NSE respectively.
14. In-principle listing approval dated [•] and [•] from BSE and NSE respectively.
15. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated November 2, 2010.
16. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated November 4, 2010.
17. Due diligence certificate dated November 23, 2010 to SEBI from the Book Running Lead Manager.
18. SEBI interim observation letter [•] dated [•] and SEBI observation letter no. [•] dated [•].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of 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

Declaration by our Company

We, the Directors of our Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines/ regulations issued by the Government of India or the regulations issued by 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 this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992, as amended or rules made thereunder or guidelines / regulations issued, as the case may be. We further certify that all the disclosures made in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Company



Mr. Champalal G Parekh
Chairman



Mr. Prakash H. Parekh
Managing Director

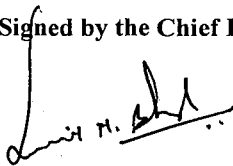


Major (Retd.) Parvesh Chandar Suri
Independent Director



Mr. Mahesh Bhandari
Independent Director

Signed by the Chief Financial Officer



Mr. Sunil Bhagat
Chief Financial Officer

Place : Ahmedabad

Date : November 24, 2010



ANNEXURE

(Report of the IPO grading agency [•])