



## ARIES AGRO LIMITED

(The Company was originally incorporated as "Aries Agro-Vet Industries Private Limited" on 27th November, 1969 under the Companies Act, 1956 with the Registrar of Companies, Maharashtra and was converted into Public Limited Company under section 21 of the Companies Act, 1956 and the name was changed to "Aries Agro-Vet Industries Limited" on 30th December, 1994. The name of the Company was further changed to "Aries Agro Limited" and a fresh Certificate of Incorporation was obtained on 27th October 2006 from the Registrar of Companies, Maharashtra, Mumbai. For details of changes in the Registered Office of the Company, please refer to page no. 11 of this Red Herring Prospectus)

**Registered & Corporate Office:** Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043

**Tel No:** +91 22 25564052/53 **Fax No:** +91 22 25564054/25502753

**Contact Person/Compliance Officer:** Mr. S. Ramamurthy, Chief Financial Officer

**E-mail:** investorrelations@ariesagro.com, **Website:** www.ariesagro.com

**INITIAL PUBLIC ISSUE OF 45,00,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING RS. [●] LAKHS, (HEREINAFTER REFERRED TO AS "THE ISSUE"). THE ISSUE WOULD CONSTITUTE 34.61% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.**

**PRICE BAND: RS. 120/- TO RS.130/- PER EQUITY SHARE OF FACE VALUE OF RS 10/-**

**THE ISSUE PRICE IS 12.0 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 13.0 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.**

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for three additional working days after such revision, subject to the Bidding/ Issue period not exceeding ten working days. Any revision in the price band, and the revised Bidding/Issue period, if applicable, will be widely disseminated by notification to Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited (NSE) by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager (BRLM) and at the terminals of the Syndicate Member(s).

The Issue is being made through the 100% Book Building Process wherein up to 50% of the issue shall be allocated on proportionate basis to Qualified Institutional Buyers out of which 5% will be available for allocation on a proportionate basis to Mutual Funds. The remaining QIB portion shall be available for allotment on a proportionate basis to QIB bidders including Mutual Funds, subject to valid bids being received at or above the Issue Price. Further, not less than 15% of the issue would be allocated to Non-Institutional Bidders on proportionate basis and not less than 35% of the issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

### RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10 and the Issue Price is 12.0 times of the face value at the lower end of the price band and 13.0 times of the face value at the higher end of the price band. The Price Band (as determined by the Company in consultation with the Book Running Lead Manager (BRLM) on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

**We have not opted for the grading of the Issue.**

### GENERAL RISKS

Investment in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of investors is invited to the section titled 'Risk Factors' beginning on page no. viii of this Red Herring Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The in-principle approvals from BSE and NSE for the listing of Equity Shares have been received vide their letter nos. DCS/ IPO/SC/IPO-IP/0289/2007-08 dated May 22, 2007 and NSE/LIST/53368-A dated August 13, 2007 respectively. For the purposes of this Issue, BSE is the Designated Stock Exchange.

#### BOOK RUNNING LEAD MANAGER



#### **SREI CAPITAL MARKETS LTD.**

'Vishwakarma', 86 C Topsia Road (South)  
Kolkata - 700 046, West Bengal, India  
Tel : +91-33-39873845  
Fax: +91-33-39873861/3863  
E-Mail: capital@srei.com  
Investors Grievance E-mail: scmlinvestors@srei.com  
Website: www.srei.com  
SEBI Regn. No.: INM 000003762

#### REGISTRAR TO THE ISSUE



#### **AARTHI CONSULTANTS PRIVATE LIMITED**

1-2-285, Domalguda,  
Hyderabad - 500 029, Andhra Pradesh, India  
Tel : +91-40-27634445 / 27642217  
Fax: +91-40-27632184  
E-mail: aries@aarthiconsultants.com  
Website: www.aarthiconsultants.com  
SEBI Regn. No.: INR 000000379

### ISSUE PROGRAMME

**BID/ISSUE OPENS ON : Friday, December 14, 2007**

**BID/ISSUE CLOSES ON : Wednesday, December 19, 2007**

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## SECTION I GENERAL

### DEFINITIONS AND ABBREVIATIONS

#### COMPANY RELATED TERMS

| Terms   | Description   |
|---|---|
| "Aries Agro Limited" or "Aries" or "Aries Agro" or "the Company" or "Issuer" or "We" or "us" or "our" | Unless the context otherwise require, refers to, Aries Agro Limited, a Public limited company incorporated under the Companies Act, 1956 and having its registered office at Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043  |
| Promoter(s)   | Shall mean jointly<br>Dr. T.B. Mirchandani<br>Dr. Jimmy Mirchandani<br>Dr. Rahul Mirchandani  |
| Promoter's Group  | As defined in Explanation II of Clause 6.8.3.2 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof Promoters' Group includes:<br>Mr. Akshay Mirchandani<br>Mr. Amol Mirchandani<br>Mrs. Sarasa Mirchandani<br>Mrs. Nitya Mirchandani<br>Mr. Ashok Mirchandani<br>Mrs. Meenaxi Subramanian<br>Mrs. Jayanti Gopalakrishnan |
| Group Companies/ Firms  | Aries Marketing Limited<br>Aries East West Nutrients Pvt Ltd<br>Mirabelle International<br>Blossoms International Ltd<br>Sreeni Agro Chemicals Pvt Ltd<br>Golden Harvest Middle East (FZC)  |
| Articles / Articles of Association/AoA  | Articles of Association of Aries Agro Ltd.  |
| Auditors  | The statutory auditors of the Company, M/s Kirti D Shah & Associates, Chartered Accountants   |
| Board/Board of Directors  | Board of Directors of Aries Agro Limited or a committee thereof   |
| Director(s)   | Director(s) of Aries, unless otherwise specified  |
| Subsidiary Companies  | Aries Agro Care Private Limited<br>Aries Agro Equipments Private Limited  |
| You   | Unless the context otherwise requires, refers to, investors.  |

#### ISSUE RELATED TERMS

| Term                     | Description   |
|--------------------------|---|
| Allotment/Allotted       | Unless the context otherwise requires, the issue/ allotment of Equity Shares of the Company pursuant to this Issue to the successful Bidders.   |
| Allottee                 | The successful Bidder to whom the Equity Shares are being/have been Issued / allotted.  |
| Banker(s) to the Issue   | ICICI Bank Limited, HDFC Bank Limited and Axis Bank Limited   |
| Bid                      | An offer made by a prospective investor to subscribe to or purchase the Equity Shares of the Company at a price within the Price Band, during the Bidding Period and includes all revisions and modifications thereto.                                  |
| 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 Members to the Issue will not accept any Bids for the issue; any such date shall be notified through a notice in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi news paper |

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| Bid / Issue Opening Date               | The date on which the Syndicate Members to the Issue shall start accepting Bids for the Issue; any such date shall be notified through a notice in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi news paper           |
| Bid-cum-Application Form               | The form in terms of which the Bidder shall make an offer to subscribe to or purchase the Equity Shares of the Company and which will be considered as the application for issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus       |
| Bidder(s)                              | Any prospective investor who makes a Bid for Equity Shares in terms of this Red Herring Prospectus and the Bid-cum-Application form through the Book Building Process  |
| Bidding / Issue Period                 | The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which period prospective investors can submit their Bids.   |
| Book Building Process / Method         | Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is made   |
| BRLM/Book Running Lead Manager         | Book Running Lead Manager, in this case being SREI Capital Markets Limited   |
| CAN / Confirmation of Allocation Note  | Means the note, advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process  |
| Cap Price                              | The higher end of the Price Band, Rs. 130/- per equity share in the issue above which the Issue Price will not be finalized and above which no bids will be accepted   |
| Companies Act/ The Act                 | The Companies Act, 1956, as amended from time to time.   |
| Cut-off / Cut-off Price                | Any price within the Price Band finalised by the Company in consultation with the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all Price levels within the Price Band   |
| Depositories Act                       | The Depositories Act, 1996, as amended from time to time   |
| Depository/Depositories                | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time  |
| Designated Date                        | The date on which Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account after the Prospectus is filed with the ROC, following which the Board of Directors shall transfer/allot the Equity Shares to successful Bidders |
| Depository Participant / DP            | A depository participant as defined under the Depositories Act   |
| Designated Stock Exchange              | Bombay Stock Exchange Limited  |
| Draft Red Herring Prospectus/ DRHP     | The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, 1956 and SEBI Guidelines, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue.                   |
| Eligible NRI                           | NRI from such jurisdiction outside India where it is lawful to make an offer or invitation under the issue.  |
| Equity Shares                          | Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof  |
| Escrow Account                         | Account opened with the Escrow Collection Bank and in whose favour the Bidder will Issue cheques/drafts in respect of the Bid amount/margin money, when submitting a Bid   |
| Escrow Agreement                       | Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s) and BRLMs for collection of the Bid Amounts and for remitting refunds, if any of the amounts collected to the Bidders   |
| Escrow Collection Bank(s)              | The banks, which are clearing members and registered with SEBI as Bankers to the Issue and with whom the Escrow Account will be opened in this Issue.  |
| FII(s)/Foreign Institutional Investors | Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India   |
| First Bidder                           | The bidder whose name appears first in the bid cum application   |

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|  | form or revision form  |
| Floor Price                              | The lower end of the Price Band, Rs. 120/- per equity share in the Issue below which the Issue Price will not be finalised and below which no bids will be accepted  |
| Fresh Issue/ Issue/ Public Issue/ Offer  | Public Issue of 45,00,000 Equity Shares of Rs. 10 each for cash at the Issue Price of Rs. [●] aggregating to Rs. [●] lakhs by the Company in terms of this Red Herring Prospectus  |
| FVCI                                     | Foreign Venture Capital Investor registered under the SEBI (Foreign Venture Capital Investor) Regulations, 2000  |
| Income Tax Act                           | The Income Tax Act, 1961, as amended from time to time   |
| Issue Price                              | The final price at which Equity Shares will be Allotted in terms of the Prospectus, as determined  |
| Issue Account                            | Account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue on the Designated Date   |
| Issuer                                   | Aries Agro Limited   |
| 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  |
| Memorandum of Association/Memorandum/MOA | The Memorandum of Association of Aries Agro Limited  |
| Mutual Funds                             | Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.   |
| Mutual Fund Portion                      | 5% of the QIB Portion or 1,12,500 Equity Shares (assuming the QIB Portion is for 50% of the Issue size) available for allocation to Mutual Funds only on proportionate basis, out of the QIB Portion.  |
| Non-Institutional Bidders                | All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000  |
| Non-Institutional Portion                | The portion of the Issue Size being 6,75,000 Equity Shares of Rs.10 each available for allocation to Non Institutional Bidders on proportionate basis  |
| OCB / Overseas Corporate Body            | Means and includes an entity defined in Clause (xi) of Regulation 2 of the Foreign Exchange Management (Transfer or Issue of Securities by a person Resident outside India) Regulations, 2000 and which was in existence on the date of commencement of the withdrawal of general permission to Overseas Body Corporate Regulations, 2003 and immediate prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Foreign Exchange Management (Transfer or Issue of Securities by a person Resident outside India) Regulations, 2000. |
| Pay-in-Date                              | Bid/Issue closing date or the last date specified in the CAN sent to Bidders as applicable   |
| Price Band                               | The price band with a minimum price (Floor Price) of Rs. 120/- and the maximum price (Cap Price) of Rs. 130/- per Equity Share, including any revisions thereof.   |
| Pay-in-Period                            | <ul style="list-style-type: none"> <li>i. With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and</li> <li>ii. With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date</li> </ul>   |
| Pricing Date                             | The date on which the Company in consultation with the BRLMs finalises the Issue Price   |
| Prospectus                               | The Prospectus filed with the RoC 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 for the Issue on the Designated Date.   |
| Qualified Institutional Buyers/QIB       | Public Financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Foreign Institutional Investors registered   |

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|  | with SEBI, Multilateral & Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory And Development Authority (IRDA), Provident Funds with minimum corpus of Rs. 2500 Lakhs and Pension Funds with minimum corpus of Rs. 2500 Lakhs |
| QIB Portion                                  | The portion of the issue size being 22,50,000 Equity Shares of Rs.10 each available for allocation to QIB Bidder(s)   |
| QIB Margin amount                            | An Amount representing at least 10% of the Bid Amount   |
| Refund Banker                                | HDFC Bank Limited   |
| Refunds through electronic transfer of funds | Refunds through electronic transfer of funds means Refunds through ECS, Direct Credit or RTGS as applicable.  |
| Registrar/Registrar to the Issue             | Registrar to the issue, in this case Aarthi Consultants Private Limited having its registered office at 1-2-285, Domalguda, Hyderabad – 500 029.  |
| Retail Individual Bidders                    | Individual Bidders (including HUFs) who have bid for Equity Shares for an amount less than or equal to Rs. 1,00,000.  |
| Retail Portion                               | The portion of the Issue size being 15,75,000 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)  |
| Revision Form                                | The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)  |
| RHP/Red Herring Prospectus                   | Means this offer document issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus which will be filed with the RoC at least 3 days before the Bid Opening Date and will become a Prospectus after filing with the RoC after pricing and allocation.                          |
| ROC/Registrar of Companies                   | Registrar of Companies, Maharashtra, Mumbai   |
| SCML/SREI                                    | SREI Capital Markets Limited a public limited company incorporated under the provisions of the Companies Act, 1956 and with its registered office at "Vishwakarma", 86 C, Topsia Road, (South), Kolkata-700 046   |
| Stock Exchanges                              | The BSE and the NSE   |
| Syndicate                                    | The BRLMs and Syndicate Member(s).  |
| Syndicate Agreement                          | The agreement to be entered into among the Syndicate Members and the Company in relation to the collection of bids in this Issue  |
| Syndicate Member                             | Aum Capital Market Private Limited  |
| TRS or Transaction Registration Slip         | The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid.   |
| Underwriters                                 | [•]   |
| Underwriting Agreement                       | The agreement between the Underwriters and the Company to be entered into on or after the Pricing Date  |
| VCFs   | Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time.  |

#### TECHNICAL AND INDUSTRY TERMS

| Term   | Description                              |
|--|--|
| (NH <sub>4</sub> ) <sub>6</sub> Mo <sub>7</sub> O <sub>24</sub> .4H <sub>2</sub> O | Ammonium Molybdate                       |
| AIBP   | Accelerated Irrigation Benefit Programme |
| B  | Boron                                    |
| Ca   | Calcium                                  |
| Cl   | Chlorine                                 |
| Co   | Cobalt                                   |
| Cu   | Copper                                   |
| CuSO <sub>4</sub> .5H <sub>2</sub> O   | Copper Sulphate Pentahydrate             |
| DAP  | Di Ammonium Phosphate                    |
| DCP  | Di-Calcium Phosphate                     |



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| DTPA   | Di-ethylene-tri-amine-penta-acetic acid               |
| EDDHA  | Ethylene-diamine(o-dihydroxyphenyl) acetic acid       |
| EDTA   | Ethylene-diaminetetraacetic acid                      |
| FAI  | Fertilizer Association of India                       |
| FCO  | Fertilizer Control Order, 1985                        |
| Fe   | Iron  |
| Fe – EDTA  | Chelated Iron   |
| FeSO <sub>4</sub> .7H <sub>2</sub> O                               | Ferrous Sulphate                                      |
| FSI  | Floor Space Index                                     |
| HEDTA  | Hydroxy-ethyl-ethylene-diamine-tri-acetic acid        |
| IMMA   | Indian Micro Fertilizers Manufacturers Association    |
| K  | Potassium   |
| KCl  | Potassium Chloride                                    |
| Mg   | Magnesium   |
| Mn   | Manganese   |
| MnSO <sub>4</sub> .4H <sub>2</sub> O                               | Manganese Sulphate                                    |
| Mo   | Molybdenum  |
| MOP  | Muriate of Potash                                     |
| MT/Mt  | Metric Tonnes   |
| N  | Nitrogen  |
| Na <sub>2</sub> B <sub>4</sub> O <sub>7</sub> .10 H <sub>2</sub> O | Borax or Sodium Borate                                |
| NTA  | Nitrilotriacetic acid                                 |
| OGL  | Open General License                                  |
| P  | Phosphorous   |
| pH   | pondus hydrogenii (latin term for Measure of acidity) |
| ppm  | Parts per million                                     |
| S  | Sulphur   |
| TDR  | Transferable Development Rights                       |
| Zn   | Zinc  |
| Zn – EDTA  | Chelated Zinc   |
| ZnSO <sub>4</sub> .7H <sub>2</sub> O                               | Zinc Sulphate Monohydrate                             |

#### CONVENTIONAL AND GENERAL TERMS / ABBREVIATION

| Term                       | Description  |
|----------------------------|--|
| Act or Companies Act       | Companies Act, 1956 and amendments thereto   |
| AED                        | Monetary Unit used in UAE  |
| AGM                        | Annual General Meeting of the shareholders   |
| AS                         | Accounting Standards issued by the Institute of Chartered Accountants of India                               |
| AY                         | Assessment Year  |
| BSE                        | Bombay Stock Exchange Ltd.   |
| CAGR                       | Compounded Annual Growth rate  |
| CDSL                       | Central Depository Services (India) Limited  |
| cm                         | Centimeter   |
| DIP Guidelines             | SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended   |
| DP ID                      | Depository Participant's Identity  |
| ECS                        | Electronic Clearing Service  |
| EGM                        | Extraordinary General Meeting of the shareholders  |
| EPS                        | Earnings Per Share   |
| FCNR Account               | Foreign Currency Non Resident Account  |
| FDI                        | Foreign Direct Investment  |
| FEMA                       | Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed there under. |
| FIPB                       | Foreign Investment Promotion Board   |
| FY / Fiscal/Financial Year | Period of twelve months ended March 31 of that particular year, unless otherwise stated                      |
| FZC                        | Free Zone Company (in UAE)   |
| GIR Number                 | General Index Registry Number  |
| Golden Harvest             | Golden Harvest Middle East (FZC), A Company incorporated in UAE  |
| GOI                        | Government of India  |

| <b>Term</b>               | <b>Description</b>   |
|---------------------------|--|
| GDP                       | Gross Domestic Product   |
| HUF                       | Hindu Undivided Family   |
| Ha                        | Hectare  |
| ICAI                      | Institute of Chartered Accountants of India  |
| IPO                       | Initial Public Offering  |
| IMMA                      | Indian Micro-Fertilisers Manufacturers Association   |
| I.T. Act                  | The Income Tax Act, 1961, as amended from time to time   |
| LLC                       | Limited Liability Company  |
| MOF                       | Ministry of Finance, Government Of India   |
| MOU                       | Memorandum of Understanding  |
| Mt                        | Metric tonne   |
| NA                        | Not Applicable   |
| NAV                       | Net Asset Value  |
| NEFT                      | National Electronic Funds Transfer   |
| NR                        | Non Resident   |
| NRE Account               | Non-Resident External Account  |
| NRI                       | Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.                                  |
| NRO Account               | Non Resident Ordinary Account  |
| NSDL                      | National Securities Depository Limited   |
| OGL                       | Open General Licence   |
| PAN                       | Permanent Account Number   |
| PAT                       | Profits After Taxation   |
| PBT                       | Profits Before Taxation  |
| P/E Ratio                 | Price/Earnings Ratio   |
| RBI                       | The Reserve Bank of India  |
| RONW                      | Return on Net Worth  |
| Rs. / Rupees / INR        | Indian Rupees  |
| RTGS                      | Real Time Gross Settlement   |
| SCRR                      | Securities Contracts (Regulation) Rules, 1957, as amended from time to time  |
| SCRA                      | Securities Contract (Regulation) Act, 1956, as amended from time to time   |
| SEBI                      | Securities and Exchange Board of India constituted under the SEBI Act.   |
| SEBI Act                  | Securities and Exchange Board of India Act, 1992, as amended from time to time   |
| SEBI DIP Guidelines       | SEBI (Guidelines for Disclosure and Investor Protection) 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended.   |
| TAN                       | Tax Account Number   |
| tpa/TPA                   | Tonnes Per Annum   |
| UAE                       | United Arab Emirates   |
| WOS                       | Wholly Owned Subsidiary  |



## SECTION II RISK FACTORS

### **i. CERTAIN CONVENTIONS; USE OF FINANCIAL & MARKET DATA**

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from the restated financial statements as of and for the years ended March 31, 2003, 2004, 2005, 2006, 2007 and for the four months ended 31<sup>st</sup> July, 2007, prepared in accordance with Indian GAAP, the Companies Act, 1956 and restated in accordance with SEBI Guidelines, as stated in the report of our Statutory Auditors, M/s. Kirti D Shah & Associates, Chartered Accountants, included on page 164 of this Red Herring Prospectus. The fiscal year commences on April 1 and ends on March 31. In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakh" or "Lac" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million". In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

All references to "India" contained in this Red Herring Prospectus are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "AED", are to the monetary unit used in United Arab Emirates.

Market and Industry Data used throughout this Red Herring Prospectus has been obtained from publications available in the public domain and internal Company reports. These publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent source.

### **FORWARD-LOOKING STATEMENTS**

This 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", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our 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 forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, but are not limited to:

- Dependence of Indian Agriculture on monsoon and weather conditions
- Changes in law and regulations that apply to Agri-business in India
- Increasing competition and the conditions of the customers of the Company and the micronutrients/agro-chemical industry
- Changes in Government policies towards our industry
- The Company's ability to successfully implement its strategy, growth and expansion plans;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies.
- Changes in the value of the Rupee vis-à-vis other currencies
- Changes in political and socio-economic conditions in India.
- The Company's ability to meet its capital expenditure requirements;

For further discussion of factors that could cause the actual results to differ, please refer to the section titled "Risk Factors", " Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page viii, 93 and 252 of this Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Directors, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLM will ensure that investors in India are informed of material developments until such time of the grant of listing and trading permission by the Stock Exchanges.

## ii. RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the Company's business, results of operations and financial condition could suffer, the trading price of its Equity Shares could decline, and you may lose all or part of your investment.*

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

### **Materiality**

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

- 1. Some events may not be material individually but may be found material collectively.*
- 2. Some events may have material impact qualitatively instead of quantitatively.*
- 3. Some events may not be material at present but may be having material impacts in future.*

### **Internal Risk Factors:**

#### **1. There are qualifications for non provisioning of certain expenses in the Auditors Report to Accounts**

To meet the provisioning requirements in respect of Gratuity, the Company has opted for Life Insurance Corporation of India's Group Gratuity Scheme for its employees. The total contribution payable including arrears as per Life Insurance Corporation of India as on 31/03/2007 is Rs. 126.24 lakhs. The Company has provided Rs. 37.00 lakhs in audited accounts for FY 2005-06, FY 2006-07 and for the four month period ended 31<sup>st</sup> July, 2007 and has also provided additional Rs. 40 lakhs (pertaining to period FY 2001-02 to FY 2004-05) in these restated Accounts. The balance liability of Rs. 49.24 lakhs pertaining to period prior to 1.4.2001 remains unprovided for. The Company has not taken the credit for deferred Tax asset of Rs. 16.58 lakhs on such unprovided liability. Due to this the Reserves and Surplus are higher by Rs. 32.66 lakhs, Current Liabilities and Provisions are lower by Rs. 49.24 lakhs and Deferred Tax Liability is higher by Rs. 16.58 lakhs.

#### **Management Perception**

We intend to pay unprovided liability in 5 equal installments as permitted by Life Insurance Corporation of India and will provide the liability in the year of payment.

#### **2. Majority of the Trade Marks of our Company are not registered and in case we do not receive the new registrations or renewal of the existing registrations, it may affect our business goodwill on account of possible misuse by any third party.**

We have Certificates of Registration in our name for 18 Trade Marks, out of which 3 have been applied for renewal. The Trade Marks are renewed from time to time from the Registrar of Trademarks, Mumbai for our various products in routine course. We have also applied to the Trade Marks Registry for registration of 24 Trade Marks (including Logo). The Registration of Trade Mark is normally valid for 10 years from the date of the application and may be subsequently renewed. Non-receipt of the new registrations and non-renewal of Trademarks applied for by us may affect our business goodwill on account of possible misuse by any third party.

For details of trade marks expired and applications for renewal and the new registration applications, please refer to the section titled 'Intellectual Property' on page 103 of the Red Herring Prospectus.

#### **Management Perception**

We do not foresee any difficulty in getting the registration/renewals of these trade marks. Although there is likelihood of Company losing business or goodwill on account of use or misuse of our trademarks by any third party or concern, we have been using the trademarks and logo consistently and therefore believe that we have a proprietary right and ownership over the logo and trademarks.

#### **3. Some of secretarial and accounting records were damaged / lost / washed out from the Company's premises in the unprecedented floods in Mumbai during the month of July, 2005. We have vide our letter dated 25<sup>th</sup> August, 2005 intimated the Senior Inspector, Deonar Police**

**Station of such loss. We have also initiated necessary actions and efforts have been made to re-create the lost records, as far as possible.**

#### **Management Perception**

The Company lost the Index of Members as on 26.7.2005, Register of Members as on 26.7.2005, General Meeting Attendance Register as on 26.7.2005, Board Meeting Register upto 31.3.1994, General Meeting Minutes upto July, 1994, Board Meeting minutes upto July, 1994, Register of Directors upto 26.7.2005, Register of Directors' Shareholding upto 26.7.2005, Register of Transfer and Transmission upto 26.7.2005, Register of Charges upto July, 2005, Copies of Annual Returns, Audited Accounts, Notice & Directors Report upto 31.3.2001, Books of Account upto 31.3.2001, Register of Investments upto July, 2005, Register of Loans upto July, 2005, RoC records file upto July, 2005, Form 24AA upto July, 2005, Board Meeting Agenda upto July, 2005 and, Transfer Deeds for transfers upto July, 2005.

In the absence of documents like Form 5 and the minutes of General Meeting the date of increase in Authorised Share Capital of the Company during 1976 by 5,000 shares has been shown as last date of the financial year i.e., 31.12.1976. Similarly, in the absence of availability of Form 2 and ROC receipts of Form 2, the date of increase in paid up capital during financial year ended on 31<sup>st</sup> December, 1973, 1974, 1975, 1977, 1979, 1982 and 1985 and financial year ended on 31<sup>st</sup> March, 1991 and 1995 has been shown as last date of the respective financial years. Please refer to "Share Capital History of the Company" on page 19 of RHP. In the absence of unavailability of the documents as mentioned above exact date of increase in authorised share capital or paid up capital could not be disclosed.

In the absence of availability of Form 2 and ROC receipts of Form 2, the dates of shares issued to Dr. T. B. Mirchandani on 27.11.1969, 31.12.1973, 31.12.1974, 31.12.1975, 31.12.1977, 31.12.1979, 31.12.1985, 5.8.1991, 20.6.1994; shares issued to Dr. Jimmy Mirchandani on 31.12.1973, 31.12.1974, 31.12.1975, 31.12.1977, 31.12.1979, 31.12.1982, 5.8.1991, 30.8.1996 and shares issued to Mr. Rahul Mirchandani on 31.12.1973 and 30.8.1996 have been taken as per our Certificate. Similarly, the dates of the shares acquired through transfer on 21.10.1988 by Dr. T. B. Mirchandani and through transmission on 24.2.1991 by Dr. T. B. Mirchandani, Dr. Jimmy Mirchandani and Mr. Rahul Mirchandani have been taken as per our certificate. Please refer to "Share Capital History of the Promoters" on page 19 of RHP. In the absence of unavailability of the documents as mentioned above shares acquired by promoters on the dates as detailed above through the transmission of shares or transfer could not be verified independently.

Although, we have been unable to access information from the above original documents lost in floods, we have however managed to recreate the entire information by reconstructing past information from Computer files, past Balance Sheets Minutes books etc.

Other than as indicated above, there is no compliance which involves reliance on any of the damaged / lost/washed out papers.

#### **4. Various licences/approvals required for the proposed new units at Ahmedabad, Lucknow, Maharashtra and Medak, Andhra Pradesh are yet to be obtained.**

We require following consents/permissions/licenses/approvals from various Governmental Authorities for the proposed new units at Ahmedabad, Lucknow, Maharashtra and Medak, Andhra Pradesh:

- Provisional SSI for Maharashtra unit
- Building Drawing approval for Ahmedabad, Lucknow and Maharashtra units.
- Power Sanction for Lucknow and Maharashtra units
- Factory License for all units
- Agricultural Dept. Manufacturing License for all units
- Agricultural Dept. Marketing Permission for all units
- Permanent SSI registration for all units
- Pollution Control consent for Maharashtra unit.
- Manufacturing License for Ahmedabad,, Medak (Andhra Pradesh) and Maharashtra units.

The applications for such licenses/approvals would be made to the respective authorities at various stages of project implementation. There can be no assurance that we will receive the approvals on a timely basis, or at all. If we do not receive the requisite approvals for our new factories or if such approvals are delayed, our operations and proposed expansion plans may be adversely affected.

For status of all such licences/approvals relating to the above expansion projects, please refer to the section titled 'Regulatory and Other Approvals' on page 271 of the Red Herring Prospectus.

5. **Industrial Finance Corporation of India Limited (IFCI) had filed a case against us in the Honourable High Court at Mumbai for non payment of their dues. Subsequently, we entered into a one time settlement of our dues with IFCI. However, we are yet to receive "No Dues Certificate" from IFCI. Further, as per one of the conditions of the settlement letter of IFCI, IFCI shall have the right of recompense of the monetary value of sacrifices, in terms of the Negotiated Settlement and the Company will have to make good the sacrifices made by IFCI, if in the view of IFCI, the profitability and the cash flow of the Company so warrant. This may impact the future profitability of the Company, if IFCI raises any claims in this regard in future.**

We had availed Lease Finance of Rs. 253.75 lakhs from IFCI. We had defaulted in making payment of instalments to IFCI of Rs. 248.46 Lakhs. IFCI filed a case against us in the Honourable High Court at Mumbai for recovery of their dues as above and also compound interest, other costs, liquidated damages of Rs. 1179.69 lakhs totalling to Rs. 1428.15 lakhs. Subsequently, IFCI vide its letter dated 16<sup>th</sup> March, 2001 agreed for one time settlement of its dues on the terms and conditions contained in the said letter. IFCI waived Rs.1179.69 lakhs being the simple interest, CI/LD. We were required to pay Rs. 248.46 lakhs with interest @ 13.5% (at the then adjusting PLR) on reducing balance over a period of April, 2001 to March, 2002. Further, as per the letter no. Chem/ELS/2001-2429 dated 16.03.2001 by the IFCI, IFCI shall have the right of recompense of the monetary value of sacrifices, in terms of the aforesaid Negotiated Settlement and the Company has to make good the sacrifices made by IFCI if in the view of IFCI, the profitability and the cash flow of the Company so warrant. The Company vide its letter dated 27th March, 2001 while accepting the Negotiated Settlement conveyed its non acceptance of the recompense clause. IFCI vide its letter dated 29th March, 2001 has informed the Company that the recompense clause can not be deleted as it is their standard practice in terms of the extant guidelines to stipulate the same in all such settlement proposals. Subsequently, the Company vide its letter dated 31<sup>st</sup> March, 2001 informed IFCI that the recompense clause should not form part of the consent terms against the suit. Against the negotiated amount of Rs.248.48 lakhs, we have paid Rs. 266.54 lakhs. However, till date the consent terms have not been filed with the Honourable Court and we are yet to receive "No Dues Certificate" from IFCI. Till the receipt of No Dues Certificate from IFCI, we are unable to estimate additional liability, if any, that may be claimed in future by IFCI.

6. **We are party to certain legal proceedings, incidental to our business and operations, which if not determined in our favour, could have a material adverse impact on our business, results of operations and/or financial condition.**

There are legal proceedings and claims in relation to certain civil matters, FCO cases and sales tax cases pending against us which are under the normal course of business. There are also cases preferred by us in relation to civil suits and numerous cases under Negotiable Instruments Act, for recoveries. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Though, the liabilities involved are not significant, we may need to make provisions in our financial statements in case of any of them getting materialised. We cannot give any assurance that these legal proceedings will be decided favourably. Any adverse decision may have an effect on our business and results of operations.

Details of levy of penalties on Company during last three years are as below:

(Figure in Rs.)

| Sl. No | Year    | Branch                        | Bombay Sales Tax/<br>Local sales Tax | CST      | Total | Authority  |
|--------|---------|-------------------------------|--------------------------------------|----------|-------|--|
| 1      | 2003-04 | Mumbai                        | 1000                                 | 100<br>0 | 2000  | Assessing authority under Bombay Sales Tax       |
| 2      | 2003-04 | Kanpur/ Lucknow/<br>Ghaziabad | 1360                                 | 0        | 1360  | Assessing authority under UPTT, Kanpur           |
| 3      | 2003-04 | Patna                         | 30                                   | 0        | 30    | Assessing authority under Bihar Sales Tax, Patna |

A classification of the legal proceedings instituted against the Company and the monetary amount involved in these cases is given in the following table:

| Type of Litigation   | Amount Involved<br>(Rs. in lakhs) | Status  |
|----------------------|-----------------------------------|---|
| Suit for recovery of | Unascertainable                   | IFCI had filed a suit for recovery of their dues. |

|  |  |  |
|--|--|--|
| dues by IFCI.  |  | Company entered into a One Time Settlement of its dues with IFCI. The negotiated payment was made. The consent terms have not been filed with the Honourable Court in terms of the Negotiated Settlement and the Company is yet to receive No Dues Certificate from IFCI.  |
| Sales Tax Matters (4 cases)                                  | 3 cases – Rs. 2.24 lakhs<br>1 case - Unascertainable | Appeal/revision pending for disposal in 3 cases. In another case, the liability will be payable by us on receipt of Order of the Tribunal.   |
| FCO Cases (13 cases)   | Unascertainable                                      | Pending for disposal.  |
| Excise Duty (1 Case)   | Rs. 802 lakhs  | The Central Excise Dept had issued various Show Cause Notices to the Company against our classification of our products under Chapter Sub Heading 3105.00 wherein we had claimed exemption of Rs. 802 lakhs in Central Excise Duty pertaining to the period from April, 1998 to June, 2007. Vide the Order in Original No. 26/2006 dated 27 <sup>th</sup> November, 2006 passed by CCE, Mumbai –II, our contention on the classification was accepted and the proceedings were dropped. The Chief Commissioner of Central Excise, Mumbai Zone I, vide his Order dated 08.05.2007 reviewed the above Order of CCE, Mumbai-II and directed CCE Mumbai II to prefer an appeal against the said Order of 27 <sup>th</sup> November, 2006 before the Central Excise Service Tax Appellate Tribunal, West Zone Branch, Mumbai. |
| Legal cases regarding quality of material supplied (5 Cases) | Rs. 38.50 lakhs                                      | Pending for disposal.  |
| Legal case regarding non payment of loan                     | Rs. 2.00 lakhs                                       | Case yet to come for hearing.  |

**Following are the cases preferred by the Company:**

| Type of Litigation                    | Amount Involved (Rs. in lakhs) | Status  |
|---------------------------------------|--------------------------------|---|
| Suit for recovery of amount (2 Cases) | Rs. 23.80 lakhs                | One case is pending for non filing of written statement and the other pending for hearing and disposal. |

**Following are the cases involving Group Companies:**

| Type of Litigation   | Amount Involved (Rs. in lakhs) | Status   |
|--|--------------------------------|--|
| Case Against Group Company by its ex-employee by raising additional claim      | Rs. 0.73 lakhs                 | The matter is pending for disposal.                |
| Suit filed by a Group Company for recovery of amount                           | Rs. 19.25 lakhs                | Case is pending for hearing and disposal.          |
| 8 cases filed by a Group Company under Negotiable Instruments Act for recovery | -                              | Case has been abated due to demise of the accused. |

For particulars of outstanding legal proceedings, notices, violations and defaults involving the company, directors, promoters and associate/group companies refer to “Outstanding Litigations” on page 261 of this Red Herring Prospectus.

7. **The objects of the issue for which funds are being raised have not been appraised by any Bank or Financial Institution. The estimate of costs is based on quotations received from vendors and management estimates. The requirement of working capital has been determined based on the Company's estimates in line with the past trends. Though these quotes/estimates have been taken recently, they are subject to change and may result in cost escalation.**

**Management Perception:**

The Objects for which the funds are being raised has not been appraised by any bank or financial institution. The Company has in-house expertise of over three decades in this business. The requirement of working capital has been determined based on the Company's estimates in line with the past trends. The management has done an evaluation of the cost structures involved and has factored in any price escalations expected in the product quotes received. The management feels that any change or cost escalation can be effectively managed by the organisation at the time of deployment.

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines. However, the Audit Committee of the Board would monitor the deployment of the issue proceeds. In terms of the clause 49 of the Listing Agreement to be entered into with the exchanges where our shares are proposed to be listed, the Audit Committee shall deliberate on the uses / applications of funds by major category, on a quarterly basis as a part of their quarterly declaration of financial results. Further, on an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in the Prospectus, if any, and place it before the audit committee. Such disclosure shall be made only till such time that the full money raised through the issue has been fully spent. This statement shall be certified by the statutory auditors of the company. The audit committee shall make appropriate recommendations to the Board in such matters.

8. **Our business is seasonal in nature and hence we require substantial working capital.**

We are producers of the products used by farmers. We have to give extended credit to our customers and build up stocks for the peak season; hence our requirement of working capital is substantial.

9. **We have taken various properties on a leasehold/leave license basis and any termination of these leases/leave licenses and/or non-renewal could adversely affect our operations temporarily. Validity of lease agreement for the property at Hyderabad has expired. Further, validity of lease agreements for the properties at Gunupur, Guwahati, Rudrapur (Uttaranchal), Patna, Jodhpur, Nagpur and Hyderabad, where our branches are located have expired. Registration and payment of stamp duty on some lease deeds are still pending and hence the leases may not be fully enforceable.**

Further, the property at Hyderabad on which one of our production facilities is situated has been taken on lease basis by one of our Group Companies i.e., Aries Marketing Ltd (AML). The lease agreement between AML and Veerabhadra Industries (Lessor) has expired on 14<sup>th</sup> May, 2005 and it is yet to be renewed. We cannot assure that the Group Company/Lessor would not ask us in future to vacate the same or stipulate terms and conditions unfavourable to us.

In Nagpur, the premises of our Marketing Agent is being used as a Branch Office but no written agreement has been entered into. Other than the commission being paid by us for sale of our products, no separate lease rent is being paid to the said marketing agent. There is no lease agreement for the branch at Sanjeeva Reddy Nagar, Hyderabad. There is a memo dated 13.10.2006 for revised rent of Rs.18,285/- per month, which is being paid.

**Management Perception**

Normally, the Lease Agreements are renewed as soon as they expire. In case where validity of the Lease Agreements has expired, we are in occupation and possession of those premises at the same monthly lease rents in accordance with the last renewed Lease Agreements. The lessors continue to receive the said rentals of the properties where lease has expired. We are in the process of renewing those agreements, which have expired.

For more particulars and status of these agreements kindly refer to the Paragraph titled 'Property' on page 130 of the Red Herring Prospectus.

10. **We are yet to receive renewal of the license to establish a factory and to work at Deonar (Mumbai Unit) from Brihan Mumbai Mahanagar Palika. The License No. SUB/M/49/82-83 dated**



25.02.1983 from Brihanmumbai Mahanagar Palika to establish a factory and to work at Deonar was valid upto 31.3.2004, and an application for renewal was made on 26.7.2004. Permission to stock/sell/exhibit insecticides in the State of Haryana was valid upto 19.7.2007 and an application for renewal has been made on 4.8.2007. Certificate of Registration to carry on the business of selling fertilizers in retail, wholesale in the State of Assam was valid till 21.6.2007 and an application to renew it has been made on 25.6.2007. We are yet to get the renewal of these licences and permissions and if not renewed, our operations and consequently the financials may suffer.

**Management Perception:**

Although there might be delay in a few cases, we do not foresee any difficulty in getting renewal of these licenses. For status of all such licences/approvals, please refer to the section titled 'Regulatory and Other Approvals' on page 271 of the Red Herring Prospectus.

11. **We have not yet finalised the land for the proposed new unit in Maharashtra. We have awarded contracts for civil works only for the Hyderabad unit and are yet to award contracts for the other three proposed units.**

**Management Perception**

We have short listed two locations at Khopoli and Taloja in Raigad District in the state of Maharashtra and are in the process of finalising the location. We have obtained quotations for the civil works for the projects at all locations, and shall be awarding contracts at the appropriate time.

12. **We have not yet placed orders for majority of the capital equipments.**

**Management Perception**

We have already identified the machineries to be installed and have floated enquiries for all the equipments, plant and machineries, and the quotations from various parties have already been received. Since we have already set up similar facilities earlier, we will have an advantage in identifying and selecting the right supplier at competitive rates.

We have received quotations from various suppliers for plant and machinery, electricals, lab equipments, mobile/rural retail vehicles and computers aggregating Rs. 1201.06 lakhs. As regards to expenditure on Furniture & Fixtures, Foundation for Machinery, Erection and Commissioning expenses and Freight, we have relied upon our own judgement in estimating the cost based on our past experience and we have not obtained any quotations for the same. We have placed orders for machineries/ equipments worth Rs. 120.20 lakhs constituting 10% of the total machineries required. We are yet to place orders for the balance machineries worth Rs. 1080.86 lakhs.

13. **We have not identified alternate sources of financing for the Equity component of the Expansion Project**

**Management Perception**

The total fund requirement is proposed to be funded through a mix of internal accruals and net proceeds from the Issue. The Cost of the proposed Projects is estimated at Rs. 4754.57 lakhs excluding General Corporate Purposes and Initial Public Offer Expenses.

We have been sanctioned term loan of Rs. 195 lakhs by Indian Overseas Bank, Chembur Branch for part financing the project in Andhra Pradesh to be repaid in one shot from proposed IPO within three months from the date of avallment or if the same is not materialized, in 21 EMIs of Rs. 10,29,570/- each with 3 months holiday period. The setting up of Project in Medak (Andhra Pradesh) is one of the objects of the issue.

Other than above, we have not identified alternate sources of financing for the equity component of the Project Cost. Any delay on our part to raise money through this Issue will delay the implementation of the proposed Projects.

14. **Our insurance coverage may not adequately protect us against certain natural calamities like earthquakes, floods etc.**

**Management Perception**

In the past, the Company had incurred loss due to flood at Govandi where our Registered & Corporate office and manufacturing facilities are located. Currently, we maintain general liability insurance in relation



to our assets and stocks. However, we cannot assure that such coverage will be able to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. An assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, could adversely affect our results of operations.

**15. Our dependence on Key Management Team and our inability to retain them due to competition may affect our business and hence financial performance**

**Management Perception**

Our growth and success is highly dependent on the continuance and performance of our team of key personnels. Our employee turnover of Key personnels is low. However, competition for senior management in the industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. The loss of any other member of our senior management or other key personnel may adversely affect our business, results of operations and financial condition. Our failure to attract and retain talented professionals or the resignation or loss of key management personnel may have an adverse impact on our business and financial performance.

**16. We may not be able to sustain effective implementation of our business and growth strategy which may affect our financial performance.**

**Management Perception**

The current positive shifts in Government Policies towards agriculture, the change in cropping patterns in favour of highly profitable crops, the growth in contract farming and corporate farming, the entry of mega corporates into retailing, all of which translate into immense growth potential for our range of products. Hence, the success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Whilst we have successfully executed our business strategy in the past, there can be no assurance that we will be able to execute our strategy on time and within the estimated budget, or that we will meet the expectations of targeted customers. We expect our growth strategy to place significant demands on our management and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and growth strategy could have a material adverse effect on our business, financial condition and results of operations.

**17. Fluctuations in the price, availability and quality of raw materials could cause delay and increase costs.**

**Management Perception**

We rely on third-party suppliers for raw materials. Fluctuations in the price, availability and quality of the raw materials used by us in our manufacturing of standard product could have a material adverse effect on our cost of sales or our ability to meet our customers' demands. The prices for such product depend largely on the market prices for the raw materials used to produce them. The price and availability of such raw materials may fluctuate significantly, depending on many factors, including government import policy. Any material shortage or interruption in the supply or decrease in the quality of these raw materials due to natural causes or other factors could result in increased production costs that we may not be able to pass on to our customers, which in turn would have a material adverse effect on our margins and results of operations.

Further, our suppliers of raw materials may allocate their resources to service other clients ahead of us. While we believe that we can find additional vendors to supply raw materials, any failure of our suppliers to deliver these raw materials in the necessary quantities or to adhere to delivery schedules or specified quality standards and technical specifications would adversely affect our production processes and our ability to deliver orders on time and at the desired level of quality.

**18. We are dependent on third-party transportation providers for the supply of raw materials and delivery of products.**

**Management Perception**

We normally use third-party transportation providers for the supply of most of our raw materials and for deliveries of our finished products to our customers. Transportation strikes by members of various Indian Truckers' Unions have had in the past, and could in the future, an adverse effect on our receipt of supplies and our ability to deliver our finished products. In addition, transportation costs have been steadily increasing. Continuing increases in transportation costs may have an adverse effect on our business and

results of operations.

19. **Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees.**

**Management Perception**

We have 516 full-time employees, who are working at our existing units and at our Registered and Corporate Office. The number of employees 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 future interruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

20. **The Company would be continued to be controlled by the Promoter Group after the IPO and other shareholders may not be able to affect the outcome of shareholding voting. The Promoter Group stake post issue would be 50.33% of the total paid up capital.**

21. **Our Company may face growing / new competition from existing players and new entrants due to which the performance of our Company and profitability may be adversely affected.**

**Management Perception:**

We are in the business of micronutrients for more than last three decades and have established our name with the customers. We have also developed relations with the trade channels over a period of long time. Though it would be difficult for the new entrant to replicate the relationships developed by us, over a long run, we may face competition from the existing as well as new entrants.

22. **We rely to a certain extent on contract labour for the performance of some of our operations which may adversely affect our business.**

**Management Perception**

We are having a few workers at Kolkata and Bangalore on Contract Basis for carrying out production/packing, loading and unloading etc. We are registered as a principal employer under the Contract Labour (Regulation and Abolition) Act, 1970 for employing contract labourers at Kolkata and Bangalore. In case of, on any application from the contract labourers, the appropriate court / tribunal directs that the contract labourers are required to be regularized or absorbed, and / or that our Company pay certain contributions in this regard, the same may result in an increase in our wage cost.

23. **There are restrictive covenants under our loan agreement:**

**Management Perception**

We have received sanction of working capital facilities from HDFC Bank Limited and Indian Overseas Bank and have availed term loan from HDFC Bank. The agreements with HDFC Bank contain certain restrictive covenants like Company not to incur any capital expenditure or investments above Rs.2 crores without prior written information to the Bank, the Company not to extend any loans and advances to Directors or Promoters or Group Company without prior written consent of HDFC Bank, to maintain current ratio of 1.33, Leverage ratio i.e. total liabilities / total networth to be maintained below 1.5, the Bank will have the right to review its facilities in case of any change in the ownership of the Borrower enterprise, the Company not to have any accounts with other Banks / Financial Institutions, excluding the bank under multiple banking arrangement and all future borrowings by the Borrower would be with prior written permission of HDFC Bank Ltd. The agreement with Indian Overseas Bank contain covenants like the Bank reserves the right to amend, alter the terms and conditions or withdraw all or any of the credit limits and changes, if any in the constitution of ours should be advised immediately to it in writing. The Bank to have sole discretion to accept or reject such changes and until such time it would have right to suspend the operation of the limits and even the Bank will have right to recall the entire loans.

24. **Our Related Party Transactions with the Group Companies may not be on favorable terms to us which may affect our financial performance:**

We have entered into transactions with various related parties and may continue to enter into business transactions with our affiliates as per the decision of our Board of Directors.

The outstanding advances, as on 31<sup>st</sup> July, 2007 to Mirabelle International was Rs. 61.21 lakhs, to Aries East West Nutrients Pvt. Ltd. was Rs. 45.00 lakhs, to Aries Agro Equipments Pvt. Ltd. was Rs. 6.95 lakhs and to Aries Agro Care Pvt. Ltd. was Rs. 1.43 lakhs. The debtors outstanding included an amount of Rs.

114.04 lakhs as on 31st July, 2007 due from Aries Marketing Ltd. For more information on Related Party Transactions see page 183 of this Red Herring Prospectus.

25. **As on July 31, 2007, the Company has Unsecured loans of Rs. 595.27 lakhs comprising Rs. 361.42 lakhs raised from Banks by securing the charge on Promoters personal property and guarantees, Rs. 3.81 lakhs from Promoter Group & Group Companies of Promoters, Rs. 229.99 lakhs from security deposits. The Unsecured loans from Promoter/Promoter Group and security deposits are Short term in nature and payable on Demand. In the event of any demand, the cash outgo may affect the Company's operations and profitability.**
26. **There is negative Cash Flow from operating activities in the year 2002-03, 2003-04, 2004-05, 2006-07 and for the period ended 31.7.2007.**

The Company has reported a negative net cash flow from operating activities as detailed below:

| Rs. in lakhs)       |         |         |         |         |         |                               |
|---------------------|---------|---------|---------|---------|---------|-------------------------------|
| Year                | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 4month period ended 31.7.2007 |
| Operating Cash Flow | -290.61 | -173.28 | -9.80   | 251.58  | -358.99 | -224.18                       |

The negative cash flow during these years/period was due to substantial increase in current assets.

27. **Risk associated with contingent liabilities as disclosed in the statement given below:**

| (Rs in lakhs)   |                                 |
|---|---------------------------------|
| Particulars   | Four Months ended July 31, 2007 |
| Letter of Credit opened   | 145.44                          |
| Taxes & Dues Disputed   | 7.72                            |
| Claims Against Company not Acknowledged As Debts                          | 48.03                           |
| Estimated amount of Contracts remaining to be executed on Capital Account | 162.48                          |
| Disputed amount in appeal not provided for                                | 802.00                          |
| <b>Total</b>  | <b>1165.67</b>                  |

In the event such contingent liability materializes it may have an adverse affect on our financial performance. An amount of Rs. 45 lakhs (net of tax 29.85 Lakhs) towards arrears in respect of period prior to 31<sup>st</sup> March, 2001 towards Life Insurance Corporation of India's Group Gratuity Scheme for employees taken has not been provided in Restated Accounts as on 31.7.2007.

28. **Conflict of interest with the other Group Companies may affect performance of us**

#### Management Perception

Main business of the Mirabelle International, one of the associate firm, is to trade in Fertilizer, cattle and poultry feeds, Pesticides and Leather Goods. Main objects of 3 Group Companies viz. Aries East-West Nutrients (P) Ltd. Aries Marketing Ltd. Sreeni Agro Chemicals Pvt. Ltd. are similar to objects of Aries. Interests of these companies may conflict with the interest of Aries. However, these companies are not having any manufacturing facilities. For more details on the same, please refer to section titled "Financial Information of Group Companies" beginning on page 244 of the Red Herring Prospectus.

29. **The company may require further infusion of funds to satisfy its capital needs and future growth plans, which it may not be able to procure from any other source. Any future equity offerings by the company may lead to dilution of equity and may affect the market price of its Equity Shares.**
30. **Some of the Group Companies has incurred losses during last three years as detailed below:**

| (Rs. in Lakhs) |                            |   |   |  |   |
|----------------|----------------------------|---|---|--|---|
| Sl. No.        | Name of Group Company      | Profit/(Loss) for the year ended 31.03.2005 | Profit/(Loss) for the year ended 31.03.2006 | Profit/ (Loss) for the year ended 31.03.2007 | Accumulated Profit /(losses) up to 31.03.2007 |
| 1              | Sreeni Agro Chemicals Pvt. | 2.42  | -1.31                                       | -0.06  | -67.76  |

|   |                                    |       |       |       |         |
|---|------------------------------------|-------|-------|-------|---------|
|   | Ltd.                               |       |       |       |         |
| 2 | Aries Marketing Limited            | -8.35 | -0.81 | -0.31 | -276.54 |
| 3 | Aries East-West Nutrients (P) Ltd. | -0.10 | -0.08 | -0.03 | -68.68  |

**31. Our inability to meet the quality norms prescribed by the Government.**

The Quality of products manufactured by our Company are open to independent verification by Government agencies. Government agencies carry out surprise sample checking of our product for their contents. In case, the content in the sample is not in conformity with the quality norms prescribed by the Government, it could lead to issuance of show cause notices. Any failure on quality control by our Company could lead to suspension of sales of those batches and /or product in that particular state or our products being banned for sales.

**32. Risk in relation to usage of hazardous chemical and poisonous substances in our production**

We are exposed to risk of usage of hazardous chemicals and poisonous substances in production. Any mishandling of hazardous chemical and poisonous substances could lead to fatal accidents, which may affect our business operations.

**33. Capacity utilization of our Kolkata plant was very low at 17% during the financial year 2004-05.**

**Management Perception**

Our Kolkata plant's capacity utilization was at 17% in the FY 2004-05 on account of lack of adequate demand for Veterinary Products comprising Animal Feeds and Feed Concentrates. However, capacity utilization in subsequent years improved to 63.87% in FY 2005-06, and subsequently to 66.67% in FY 2006-07. However, our focus and business strategy has been to strengthen the Plant Nutrients..

**34. The Registered Office is not owned by the Company.**

**Management Perception**

Our Registered & Corporate Office is situated at Aries House, Plot No.24, Deonar, Govandi (East), Mumbai -400 043, Maharashtra. The registered office is located on the plot taken on lease from BMC for a period of 60 years. The lease agreement is valid till 30<sup>th</sup> July, 2038. Such long-term leases being a normal practice, there will therefore be no adverse impact on our operations at any point in time.

**35. There are no standard valuation methodologies or accounting practices in the manufacturing of micronutrients industries in India. The financial statements of our Company are not comparable with those of other companies in the industry.**

**Management Perception**

Our Company currently is in the business of manufacturing of micronutrients and other nutritional products for plants and animals. There are no comparable listed companies in India. Hence, comparison with industry peers on same parameters may not be an actual reflection of our strengths and weaknesses. Comparison with other companies may be difficult and may not provide investors with opportunities to make the sort of comparative analysis that they may make when investing in other companies.

**EXTERNAL RISK FACTORS**

**1. In our Country, where we operate, agricultural activities depend to a major extent on monsoon and weather conditions. Any abnormal monsoon may ruin crops and in turn affect our financial performance**

Agricultural industry is largely dependent on monsoon and favourable weather conditions. Meteorologically, our country has diversified and different weather conditions at different places. Sometimes, one region receives very heavy rainfall whereas other region receives scant rainfall. There is also unevenness in the Irrigated Area. Though, the Irrigated area has increased substantially over a period of years and particularly after the Green Revolution of 1972, the agricultural industry is still dependent upon monsoon. We have presence across 20 states which diversify risk to us due to less rainfall in any particular region. However, any vagaries of weather and abnormal monsoon across the regions may ruin crops and will also affect our business.

2. **Adverse changes, if any, in Government Policy on Agriculture Sector could affect our business prospects.**

**Management Perception**

The business of the company is dependent on the implementation of the central and state budget allocations to the Agriculture Sector. One of the components of the Bharat Nirman Program of GOI is to provide Grant under Accelerated Irrigation Benefit Programme (AIBP). During the year 2005-06, GOI had released grant of Rs.944.18 crore under AIBP thereby targeted irrigation potential of 6,00,000 hectares to be created during the year 2006-07. Overall budgetary provision of Bharat Nirman was increased from Rs.12,160 crore to Rs.18,696 crore i.e. by 54% for the year 2006-07 over previous year. Recognising the benefits of Food Processing Industry to the agriculture the GOI has classified Bank Credit to the Food Processing Sector as Priority Sector Lending. Agriculture has been always the focus area of the Government. Assured Irrigation, Credit and creation of a market for Agricultural Products are the thrust areas of the GOI. As such, we do not foresee any negative policy changes of Governments on Agricultural Front. (Source: Budget Speech of Finance Minister of India dated 28.2.2006)

3. **Government regulations may restrict our ability to sell our products, which could result in loss of revenue**

Our Industry is governed by "The Fertiliser (Control) Order 1985". Though there are no price controls on the products manufactured by us, there are certain requirements under the said order which we have to fulfill to carry on our business e.g. to obtain Certificate of Registration to sell, offer for sale or carry on the business of selling of fertilizer at any place as wholesale dealer or retail dealer, to obtain certificate of manufacture for preparation of any mixture of fertilisers and possess the minimum laboratory facility as specified in clause 21A of this Order. Mixture of fertilisers whether of solid or liquid fertilisers to conform to the standards set out in the notification to be issued by the Central Government / State Government in the Official Gazette.

The Insecticide Act, 1968 is applicable to the Company for its pesticide products namely, Plantomycin and Agronna, at present. The main provisions of the act applicable to the Company are to obtain Registration of insecticide to import or manufacture any insecticide and to obtain license to manufacture or sell, stock or exhibit for sale or distribute any insecticide.

All these certificates/licenses have certain validity period after which these are to be renewed periodically. We on ongoing basis, apply for these approvals. However, in case we are unable to adhere to these regulations in time, it may restrict our ability to sell our products, which could result in loss of revenue. For further details please refer to page 271 of the RHP.

4. **Factors beyond the management's control like Natural calamities and acts of violence involving Indian and other countries.**

Political, Economical and Social unrest, terrorist attacks, civil disturbances and regional conflicts in the country could adversely affect our business. Natural calamities and adverse weather conditions could have a negative impact on our business. Floods, earthquakes, terrorist attacks and other acts of violence or war/destruction involving India and other countries and more particularly war/destruction involving UAE wherein we have proposed to invest through a Company could adversely affect our business and consequently affect our financial results.

5. **Any downgrading of India's debt rating by an international rating agency could negatively impact the Company's business.**

Normally, change in debt rating for India is a result of multiple factors across the nation including the country's socio-economic and political policies. Recently, there has been upgrading of India's rating by Standard & Poor to Investment Grade. However, any downward revision of India's credit rating for domestic and international debt by Rating Agencies may adversely impact our ability to raise additional financing as also the cost of the same.

6. **Depreciation of the Rupee against foreign currencies may have an adverse effect on the Company's results of operations.**

We import some of the raw materials. Further, we have proposed to invest in a Company located in UAE. The exchange rate between the rupee and US Dollar (to which other currencies are linked) has changed substantially in recent years and may continue to fluctuate in future. We cannot assure that we will be

able to mitigate fully the adverse impact of the fluctuations in exchange rates in terms of our cost of import and return on investment.

7. **Any change in the policies by the countries, in terms of tariff and non-tariff barriers, from which the Company imports or intends importing raw materials will have an impact on the Company's profitability.**

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

The prices of the Company's Equity Shares on the Indian stock exchanges may fluctuate after this Issue due to several factors, including:

- a) Volatility in the Indian and global securities market
- b) Results of operations and performance of the Company
- c) Performance of the competitors, the Indian Agriculture Industry and the perception in the market about investments in the Agriculture sector
- d) Adverse media reports on us or the Industry segments in which the company operates
- e) Changes in the estimates of the Company's performance or recommendations by financial analysts
- f) Significant developments in India's economic liberalisation and deregulation policies
- g) Significant developments in India's fiscal and environmental regulations

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

9. **A slowdown in economic growth in India could cause the Company's business to suffer**

The Indian economy has shown sustained growth over the last few years with real GDP growing at 9.1% in 1<sup>st</sup> Half of 2006-07, 8.4% in 2005-06 and 7.5% in 2004-05. While a slowdown is not foreseen, any slowdown in the Indian economy and consequent impact on the disposable income could adversely affect our business. (Source of data: rbi.org.in)

10. **Our performance is linked to the stability in policies and political situation in India**

The role of the Indian Central and State Governments in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for Company's shares. We cannot assure that these liberalization policies will continue under the newly elected governments. Protests against privatisation could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting company's foreign investment, currency exchange rates and other matters affecting investment in Company's securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect Company's business.

11. **Taxes and other levies imposed by the Government of India or other state governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.**

For details, please refer to section entitled "Statement of Tax Benefits" on page 73 of the RHP.

## NOTE TO RISK FACTORS

1. Initial Public Issue of 45,00,000 Equity Shares of Rs.10 each for cash at a price of Rs. [•] per Equity Share aggregating to Rs. [•] lakhs. The face value of the Equity Share is Rs. 10 and the Issue Price is Rs. [•] times the face value. The issue will constitute 34.61% of the fully diluted post Issue paid-up capital of the company.
2. The Book Value per Equity Share of Rs. 10 each was at Rs. 29.00 as at March 31, 2007 and Rs. 32.61 as at 31<sup>st</sup> July, 2007 as per restated stand-alone financial statements and restated consolidated statements (of Aries Agro with its two subsidiaries).



3. The Net Worth of the Company was Rs. 2465.71 lakhs as at March 31, 2007 and Rs. 2773.22 lakhs as at 31<sup>st</sup> July, 2007, as per the restated stand-alone financial statements and restated consolidated statements (of Aries Agro with its two subsidiaries).
4. The average cost of acquisition of Equity Shares of face value of Rs.10 each by the promoters is as follows:

| Sl. No. | Name of the Promoters | Average Cost of Acquisition (Rs.) |
|---------|-----------------------|-----------------------------------|
| 1       | Dr. T. B. Mirchandani | 0.38                              |
| 2       | Dr. Jimmy Mirchandani | 5.27                              |
| 3       | Dr. Rahul Mirchandani | 7.53                              |

5. The Issue is being made through a 100% Book Building Process wherein up to 50% of the Issue size will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") including 5% of the QIB portion that would be specifically reserved for Mutual Funds. The remainder QIB portion 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. Further, not less than 15% of the issue size would be allocated to Non-Institutional Investors on proportionate basis and not less than 35% of the issue size would be allocated to Retail Individual Investors on a proportionate basis, subject to valid bids being received from them at or above the Issue price.
6. For details of related party transactions, please refer to the section entitled "Related Party Transactions" on page 183 of this RHP.
7. There are no relationships with Statutory Auditors to the Company other than auditing and certification of financial statements.
8. Investors may note that in case of over-subscription in the issue, allotment to Qualified Institutional Bidders, Non Institutional Bidders and Retail Bidders shall be on a proportionate basis in accordance with the SEBI Guidelines and in consultation with BSE (the Designated Stock Exchange). For more information, please refer to the section titled "Basis of Allotment" on page 313 of this Red Herring Prospectus.
9. Investors may note that Allotment and Trading in Equity Shares of our Company shall be in dematerialised form only.
10. Investors are advised to refer to the paragraph titled "Basis for Issue Price" on page 69 of this Red Herring Prospectus before making any investment in this issue.
11. In addition to the BRLM, the Company is obliged to update the Red Herring prospectus and keep the public informed about any material changes till listing and commencement of trading in respect of the shares issued through this Red Herring Prospectus.
12. None of the Promoters, Promoter Group have purchased or sold any equity shares of our Company in the last six months preceding the date on which the Red Herring Prospectus is filed with SEBI.
13. Our Promoters, Directors and Key managerial Personnel are interested in our company by virtue of their shareholding, if any, in our Company, See "Interest of Directors", "Key Managerial Personnel", "Payment or benefit to officers of the Company" and "Payment or benefit to Promoters of the Company" appearing in chapter titled "Management and Organisation" beginning on page 147 of the RHP.
14. Investors are free to contact the BRLM for any clarification or information relating to the issue, who will be obliged to provide the same to the investor at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may also contact the Compliance Officer for any complaint / clarifications / information pertaining to the issue.
15. Name of our Company was changed from "Aries Agro-Vet Industries Private Limited" to "Aries Agro-Vet Industries Limited" on conversion into Public Limited Company on 30th December, 1994. The name was subsequently changed to "Aries Agro Limited" on 27th October, 2006 as agriculture based revenues are more than 50% of the total revenues.



## SECTION III INTRODUCTION

### SUMMARY OF OUR INDUSTRY, BUSINESS, STRENGTHS & STRATEGY

This is only a summary and does not contain all the information that one should consider before investing in our Equity Shares. You should read the following summary together with the Risk Factors on page viii of this Red Herring Prospectus and the more detailed information about us and our financial statements on pages 164 of this Red Herring Prospectus before deciding to invest in the equity shares offered by the Company.

### INDUSTRY OVERVIEW

Agriculture accounts for 22% of India's GDP and more importantly, about 2/3rd of the country's population is dependent on agriculture and allied activities for their livelihood. Successive Five Year plans have stressed on self-sufficiency and self-reliance in food grains production and concerted efforts in this direction have resulted in substantial increase in agriculture production and productivity. This is clear from the fact that from a very modest level of 52 million tonnes in 1951-52, food grain production rose to above 232.1 million tonnes in 2004-2005. Behind India's success story of not only meeting total requirement of food grains but also having their exportable surplus, the significant role played by chemical fertilizers is well recognized and established beyond any doubt.

Chemical fertilizers have played a vital role in the success of India's green revolution and consequent self-reliance in food-grain production. The increase in fertilizer consumption has contributed significantly to sustainable production of food grains in the country. The Government of India has been consistently pursuing policies conducive to increased availability and consumption of fertilizers in the country. The production of nitrogen (N) and phosphorus (P) fertilizer together has increased from mere 0.7 lakh MT in 1951-52 to about 184 lakh MT in nutrients terms in 2003-04. Since there are no commercially viable sources of potash (K) in the country, its entire requirement is met through imports. The overall consumption of fertilizers in nutrient terms (N, P & K) currently is about 168 lakh MT per annum. Accordingly, per hectare consumption of fertilizers less than 1 Kg in 1951-52 has gone up to the level of 96.7 Kg. in 2004-05.

As of now, the country has achieved near self-sufficiency in production capacity of urea, with the result that India could manage its requirement of these fertilizers from indigenous industry and imports of all fertilizers except MOP have presently been nominal.

(Source : [http://www.fertilizer.org/ifa/publicat/PDF/2006\\_cape\\_town\\_ifa\\_summary.pdf](http://www.fertilizer.org/ifa/publicat/PDF/2006_cape_town_ifa_summary.pdf))

For further details refer to the section titled "Industry Overview" on Page 81 of this Red Herring Prospectus.

### BUSINESS OVERVIEW

We have wide range of products spread across 5 main categories namely, Multi-micro nutrient fertilizers, Chelated micro nutrient fertilizers, Specialty soluble fertilizers, Anti-bacterial products for agricultural use, Nutritional products for animals. These categories can be grouped under 3 segments namely, plant nutrients, insecticides and veterinary products. All our products are branded products. Our manufacturing facilities are located at Bangalore, Mumbai, Hyderabad and Kolkata with total production capacity of 21,600 TPA. Agromin (chelated micronutrients) and Chelamin (chelated zinc) are our flagship brands. We use trademarks in order to brand our products as well as to protect them. We have 18 trade marks already registered in our name and have applied for 24 trademarks for renewal/registration.

We have been awarded with Quality Management System Standard NS-EN ISO 9001:2000/ISO 9001:2000 vide Certificate No. I/QSC-1592 dated May 8, 2007 from Kvalitet Veritas Quality Assurance. This certification is a testimony of our quality. We carry out Quality Control at each stage of production. The quality of input is tested and recorded for the future reference. Based on the input quality the finer adjustment is done in the manufacturing process to maintain the quality and consistency of end product. The semi finished product is tested for quality and consistency. If there is any deviation from accepted norm the whole batch is reprocessed. Further before the end product is sent for the packing the finished product is tested for quality. If the finished product meets the quality norms then it is sent to the packaging. Tests carried out by various Universities and Government Institutions on our products have established the effectiveness of our products on various crops for last three decades.

We generated total income of Rs. 7417.05 lakhs for the fiscal year ended 31<sup>st</sup> March, 2007 and Rs. 2177.17

lakhs for the 4 months period ended 31<sup>st</sup> July, 2007. Our restated net profit was Rs. 844.71 lakhs for the fiscal year ended 31<sup>st</sup> March, 2007 and Rs. 335.57 lakhs for the 4 months period ended 31<sup>st</sup> July, 2007.

We have very wide distribution network with 25 branches spread across all over India. We operate along a distribution channel comprising of about 4,700 distributors and a direct retail touch point of more than 65,000 dealers. Our reach extends to 375 fertilizer consuming districts of the country. Our retail outlets are spread over 20 states in India.

We have team of 516 employees under the permanent rolls. The marketing personnel directly visit villages to educate the farmers on the concept of chelation and the various benefits of micronutrients. This has helped us to establish a close connectivity with the farmers and has helped to increase the customer base.

For Further details, see the section on '**Business Overview**' beginning from page no. 93 of this RHP.

## OUR COMPETITIVE STRENGTHS

We believe that the following are our principal competitive strengths which have contributed to our current position in this field:

**Experience of the Promoters:** Our promoters have vast experience and are well versed in the areas of micro nutrient and speciality nutritional products for plants and animals. The founder promoter of the company Dr. T. B. Mirchandani is a Veterinary Graduate from Bombay Veterinary College having over 40 years of experience in the area of Animal Feed Additives and Health products. His son Dr. Jimmy Mirchandani is Bachelor of Veterinary Science from Konkan Krishi Vidyapeeth. After completion of studies, he involved himself with the development of new products and was instrumental in propelling our Research into the Chelation area. Dr. Rahul Mirchandani looks after the marketing activities of the Company.

**Our Team and Management:** Our promoters are backed by an experienced and competent management team. We have qualified and experienced manpower. The specialized skills and diverse expertise of the employees gives the flexibility to adapt to the requirements of the industry. Our promoters monitor the activities of the Company and have been able to motivate our key managerial personnel to create a team of dedicated techno commercial marketing staff, dealers and distributors. Most of the key managerial personnel have been associated with us for substantial period.

**Locational Advantage:** We have our manufacturing units adjacent to our consumers. The manufacturing units are situated in Mumbai, Hyderabad, Bangalore and Kolkata catering to the varied needs of the consumers. We are also operating from 25 branches spread across India.

**In-House Research & Development:** We have in-house facility for conducting research. The R&D Team equipped with the required infrastructure develops the product and same is forwarded for testing after receiving complimentary results and after analyzing the demand, we start commercial operation.

**Quality Assurance:** We are a NS-EN ISO 9001:2000/ISO 9001:2000 Company for Quality Management System Standard.

**Wide Range of Products:** We manufacture varied type of the product for our end consumer. Our products are utilized by the cultivators and livestock owners. There demand differs from one region to another accordingly company manufactures as many as 41 products.

### Brands

Agromin (chelated micronutrients) and Chelamin (chelated zinc) are our flagship brands. We use trademarks in order to brand our products as well as to protect them. We have created a no. of brands, details of the same are available on page 110 of this Red Herring Prospectus.

### Packaging

We have synchronized our production planning with the end user demand. We sell our product in different SKUs (Stock keeping units) from pouches to bottles to drums. Thus we cater to the needs of the all our customers from small, marginal to big farmers.

**Distribution Strengths:** We have very wide distribution network with 25 branches spread across all over India. We operate along a distribution channel comprising of about 4,700 distributors and a direct retail touch point of more than 65,000 dealers. Our reach extends to 375 fertilizer consuming districts of the country. Our retail outlets are spread over 20 states in India.

**High growth potential for the Indian micronutrient market:** Indian farmlands have one of the lowest yield rates in the world. Hence, there is scope for further improvements in yields by using micronutrients.

## OUR BUSINESS STRATEGY

We operate in a competitive market and aims to be a premier manufacture of micronutrients. Our strategy is to seize emerging opportunities and continue to grow in scale. We believe that there is a tremendous growth opportunity in the field of micronutrients and the domain expertise we have obtained in the past will enable us to compete effectively in this sector and deliver value proposition to the customers and stakeholders.

Our fundamental corporate objective is to deliver value to our customers, be profitable and establish leadership in our core markets.

We aim to achieve this by implementing the following strategies:

**Brand Promotion**

We are manufacturer of the Micronutrients. We intend to build our brand continuously as manufacturer of Micronutrients. We believe that our branding exercise will enhance the recall value in the minds of our customers and will help in increasing demand for our products. We believe that listing on the stock exchanges will create a platform to enhance our Brand.

**Increasing Global Reach**

The UAE Government is allowing incentives for setting up the new units. To fulfill our objective, we propose to acquire stake in Golden Harvest, a group company incorporated in UAE to make it a subsidiary company. We would use Indigenous technology to set up this facility at Sharjah and position ourselves as one of the most cost effective suppliers of high quality chelates in the world.

**Diversification and Expansion of our Product Range**

We are constantly trying out new initiatives to broad-base our product portfolio. We are proposing to take a stake in MAPCO through Golden Harvest (a group company incorporated in UAE). MAPCO is starting manufacturing of Mono Ammonium Phosphate along with soluble Nitrogen, Potassium and Phosphate in UAE which are our raw materials. We would also gain access to the Middle East markets presently being serviced by MAPCO's distribution channels. MAPCO can also sell Aries's Chelates to its customers in the Middle East region.

**Creation of Mobile Shops**

We want to create mobile shops through mobile vans for our products, so that we can reach the places where there is demand. We are planning to buy around 100 such mobile vans through the proceeds of this IPO. These vans will initially stock and sell Aries's brands and non competing plant nutrition and plant protection products of other companies. We can also stock and sell other FMCG brands (common daily use household items) in future. Our initiative is to create a new option of a rural supermarket on wheels.

**Investment in Research & Development**

We have an in-house R&D team which conducts research based on feedback we receive from the fields, analyzes the fertility of the Soil provides solution to increase the fertility of the soil. Based on market feedback, we developed and launched individual Metal Chelates like Zinc Chelates, Iron Chelates etc. We are also setting up laboratory at each of our manufacturing unit. We have a continuing R & D programme actively based on market feedback & field trials, which enables us to develop new products targeted to specific crop requirements & needs resulting in result oriented products.

## THE ISSUE

| <b>Equity Shares offered:</b>                  |  |
|--|--|
| Fresh Issue                                    | 45,00,000 Equity Shares of Rs. 10 each   |
| <b>Of which :</b>                              |  |
| Qualified Institutional Buyer portion of which | Up to 22,50,000 Equity Shares of Rs. 10/- each<br><b><i>(Allocation on a proportionate basis)</i></b>  |
| Available for allocation to Mutual Funds       | 1,12,500 Equity Shares of Rs. 10/- each<br><b><i>(Allocation on a proportionate basis)</i></b>   |
| Balance for all QIBs including Mutual Funds    | 21,37,500 Equity Shares of Rs. 10/- each<br><b><i>(Allocation on a proportionate basis)</i></b>  |
| Non Institutional Portion                      | Not less than 6,75,000 Equity Shares of Rs. 10/- each<br><b><i>(Allocation on a proportionate basis)</i></b>                                 |
| Retail portion                                 | Not less than 15,75,000 Equity Shares of Rs.10/- each<br><b><i>(Allocation on a proportionate basis)</i></b>                                 |
| Equity Shares outstanding prior to the Issue   | 85,03,490 Equity Shares of Rs. 10 each   |
| Equity Shares outstanding after the Issue      | 130,03,490 Equity Shares of Rs. 10 each  |
| Objects of the Issue                           | Please refer the section Objects of the Issue on page 30 of this Red Herring Prospectus for detailed discussion on the Objects of the Issue. |

- ◆ Fresh Issue of Equity shares has been authorized by the Board of Directors of the Company at their meeting held on 22<sup>nd</sup> December, 2006 and a special resolution passed at the Extra Ordinary General Meeting of the Company held on 30<sup>th</sup> January 2007.
- ◆ Under subscription, if any, in any category would be met with spill over from any other category, at the sole discretion of the Company in consultation with the BRLMs.

## SUMMARY OF FINANCIAL AND OPERATING INFORMATION

The following tables which set forth the summary of financial and operating information should be read in conjunction with the Financial Statements and notes thereto included in the "Financial Statements" and "Management Discussion and Analysis of Financial Condition and Result of Operations" beginning from pages 164 and 252 in the Red Herring Prospectus.

## SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED (STANDALONE FIGURES)

(Rs. in lakhs)

| PARTICULARS  | For the Year/Period Ended |                 |                 |                 |                 |                 |
|--|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | 31-Mar-03                 | 31-Mar-04       | 31-Mar-05       | 31-Mar-06       | 31-Mar-07       | 31-Jul-07       |
| <b>INCOME:</b>   |                           |                 |                 |                 |                 |                 |
| Sales of Product Manufactured by the Company   | 1820.99                   | 2395.45         | 3410.68         | 5116.26         | 4330.12         | 1446.80         |
| Sales of Product Traded in by the Company  | 92.50                     | 333.16          | 532.30          | 820.16          | 3075.22         | 724.42          |
| <b>Gross Earnings from Sale</b>  | <b>1913.49</b>            | <b>2728.61</b>  | <b>3942.98</b>  | <b>5936.42</b>  | <b>7405.34</b>  | <b>2171.22</b>  |
| Other Income   | 7.10                      | 4.64            | 6.07            | 3.67            | 11.71           | 5.95            |
| Increase/ Decrease in Stock  | 30.74                     | 16.54           | 171.32          | 0.39            | 323.66          | 803.73          |
| <b>Total</b>   | <b>1,951.33</b>           | <b>2,749.79</b> | <b>4,120.37</b> | <b>5,940.48</b> | <b>7,740.71</b> | <b>2,980.90</b> |
| <b>EXPENDITURE:</b>  |                           |                 |                 |                 |                 |                 |
| Consumption of Raw Materials   | 643.39                    | 1,037.68        | 1,816.05        | 2,338.24        | 2,870.33        | 1,427.48        |
| Excise Duty  | 9.12                      | 56.45           | 77.37           | 96.96           | 139.52          | 31.01           |
| Other Manufacturing Expenses   | 147.09                    | 198.14          | 258.27          | 257.42          | 326.56          | 117.80          |
| Staff Cost   | 264.28                    | 293.99          | 344.61          | 415.63          | 456.37          | 163.53          |
| Administration Expenses  | 125.64                    | 121.54          | 149.24          | 185.05          | 229.62          | 63.33           |
| Selling & Distribution Expenses  | 632.23                    | 885.88          | 1,175.44        | 1,425.51        | 2024.68         | 590.24          |
| Interest and Finance Charges   | 41.32                     | 101.73          | 137.63          | 169.59          | 247.48          | 99.81           |
| Depreciation   | 11.43                     | 15.42           | 21.20           | 27.94           | 48.47           | 19.88           |
| <b>Total</b>   | <b>1,874.50</b>           | <b>2,710.83</b> | <b>3,979.81</b> | <b>4,916.34</b> | <b>6,343.03</b> | <b>2,513.07</b> |
| <b>Net Profit / Loss Before Tax, Extra-ordinary Items &amp; Prior Period Adjustments</b> | <b>76.83</b>              | <b>38.96</b>    | <b>140.53</b>   | <b>1,024.14</b> | <b>1,397.68</b> | <b>467.83</b>   |
| <b>Provision for Taxation</b>  |                           |                 |                 |                 |                 |                 |
| - For Current Year / (MAT)   | 30.00                     | 30.00           | 55.00           | 335.00          | 450.00          | 130.00          |
| - Fringe Benefit Tax   | -                         | -               | -               | 17.50           | 25.60           | 12.00           |
| - Wealth Tax   | -                         | -               | -               | 0.75            | 1.00            | 0.50            |
| - Deferred Tax Liability / (Asset)   | 2.69                      | (0.79)          | 14.98           | 3.48            | 51.66           | (10.93)         |
| <b>Net Profit / Loss after tax and before Extra-ordinary Items</b>                       | <b>44.15</b>              | <b>9.75</b>     | <b>70.55</b>    | <b>667.41</b>   | <b>869.42</b>   | <b>336.27</b>   |
| <b>Adjustments:</b>  |                           |                 |                 |                 |                 |                 |
| <b>Less: Prior period items</b>  | -                         | -               | -               | (20.25)         | (16.00)         |                 |
| <b>Less: Short Provision for Tax</b>   | (114.42)                  | (12.12)         | -               | -               | (8.71)          | (0.70)          |
| <b>Add: Excess Provision for Tax</b>   | -                         | -               | 36.30           | -               |                 |                 |
| <b>Net Profit after Extra-ordinary Items</b>   | <b>(70.27)</b>            | <b>(2.37)</b>   | <b>106.85</b>   | <b>647.16</b>   | <b>844.71</b>   | <b>335.57</b>   |
| <b>Balance of Profit brought forward</b>   | <b>157.53</b>             | <b>87.26</b>    | <b>84.89</b>    | <b>191.74</b>   | <b>838.89</b>   | <b>1,604.99</b> |
| <b>Less: Utilised For Issue of Bonus Shares</b>  | -                         | -               | -               | -               | (78.61)         | -               |
| <b>Balance carried forward, as restated</b>  | <b>87.26</b>              | <b>84.89</b>    | <b>191.74</b>   | <b>838.90</b>   | <b>1,604.99</b> | <b>1,940.56</b> |

## NOTES TO SUMMARY STATEMENTS

### Notes on adjustments:

**Gratuity:** During the period ended 31st March 2006, the Company has changed its accounting policy to accrue gratuity liability on an actuarial basis in accordance with Accounting Standard

Figures as per audited accounts of earlier years have been regrouped wherever necessary.

### Notes on non-adjustments:

a) Impact of regroupings / adjustments / prior period items:

| Particulars   | (Rs. in lakhs)            |             |              |               |               |               |
|---|---------------------------|-------------|--------------|---------------|---------------|---------------|
|   | For the Year/Period Ended |             |              |               |               |               |
|   | 31-Mar-03                 | 31-Mar-04   | 31-Mar-05    | 31-Mar-06     | 31-Mar-07     | 31-Jul-07     |
| Profit After Tax as per Audited Statement of Accounts | 54.15                     | 19.75       | 80.55        | 667.41        | 869.42        | 322.67        |
| Adjustments on account of:                            |                           |             |              |               |               |               |
| 1) Provision for Retirement Benefits                  | 10.00                     | 10.00       | 10.00        | -             | -             | -             |
| 2) Deferred Tax on Provision for Gratuity             | -                         | -           | -            | -             | -             | 13.60         |
| <b>Net adjusted profit after tax</b>                  | <b>44.15</b>              | <b>9.75</b> | <b>70.55</b> | <b>667.41</b> | <b>869.42</b> | <b>336.27</b> |

### Note:

- The net profit after tax before adjustments has increased substantially from Rs. 70.55 lakhs to Rs. 667.41 lakhs i.e. by 846.01% during the fiscal 2006 in comparison to the fiscal 2005 on account of increased revenue in the fiscal 2006 as compared to the previous year.

This is due to the fact that we had ventured into 100% Soluble Fertilizers during 2004-05 and passed on heavy discounts for creating awareness with the Agricultural farmers which were withdrawn in the financial year 2005-06, which has contributed significantly for the increase in the overall profit.

In addition, the following also contributed for increase in overall profits: -

- Imports increased by 50% at comparatively lower prices
- Basic import duty was reduced by 5% translating into a net reduction of almost 7% in cost of raw materials
- USD weakened considerably and was available at Rs.43/- to Rs.44/- which reduced the cost of import.
- Discount of sales as a percentage were effectively reduced to the tune of around 3.1% during the year.
- The 2005-06 was the first full year of operation of Bangalore unit, where automation has effectively reduced the processing cost.



# SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED (STANDALONE FIGURES)

(Rs. in lakhs)

| PARTICULARS  | As on           |                 |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | 31-Mar-03       | 31-Mar-04       | 31-Mar-05       | 31-Mar-06       | 31-Mar-07       | 31-Jul-07       |
| <b>1. FIXED ASSETS</b>   |                 |                 |                 |                 |                 |                 |
| Gross Block  | 2,057.98        | 2,085.69        | 2,178.33        | 2,368.90        | 2,611.63        | 2,644.35        |
| Less: Depreciation   | 273.33          | 316.80          | 363.14          | 412.56          | 473.59          | 500.94          |
| <b>Net Block</b>   | <b>1,784.65</b> | <b>1,768.89</b> | <b>1,815.19</b> | <b>1,956.34</b> | <b>2,138.03</b> | <b>2,143.41</b> |
| Less: Revaluation Reserve  | 1,017.60        | 989.56          | 961.51          | 933.47          | 905.42          | 896.05          |
| <b>Net Block after adjustment for Revaluation Reserve</b>        | <b>767.05</b>   | <b>779.33</b>   | <b>853.68</b>   | <b>1,022.87</b> | <b>1,232.61</b> | <b>1,247.36</b> |
| Capital Work in Progress   | -               | -               | 10.00           | -               | 60.72           | 110.00          |
| <b>TOTAL FIXED ASSETS</b>  | <b>767.05</b>   | <b>779.33</b>   | <b>863.68</b>   | <b>1,022.87</b> | <b>1,293.33</b> | <b>1,357.36</b> |
| <b>2. INVESTMENTS</b>  | <b>0.42</b>     | <b>0.43</b>     | <b>0.43</b>     | <b>0.41</b>     | <b>2.42</b>     | <b>19.90</b>    |
| <b>3. CURRENT ASSETS, LOANS AND ADVANCES</b>                     |                 |                 |                 |                 |                 |                 |
| a) Inventories   | 359.01          | 442.00          | 832.54          | 919.81          | 1,697.35        | 2,259.46        |
| b) Sundry Debtors  | 847.54          | 1,242.44        | 1,221.70        | 1,899.79        | 2,670.99        | 3,233.67        |
| c) Loans & Advances  | 200.22          | 221.01          | 278.58          | 426.04          | 781.35          | 795.36          |
| d) Cash & Bank Balances  | 64.97           | 25.23           | 40.40           | 173.36          | 75.03           | 40.87           |
| <b>TOTAL CURRENT ASSETS, LOANS AND ADVANCES</b>                  | <b>1,471.74</b> | <b>1,930.68</b> | <b>2,373.22</b> | <b>3,419.00</b> | <b>5,224.71</b> | <b>6,329.36</b> |
| <b>4. TOTAL ASSETS (1+2+3)</b>                                   | <b>2,239.21</b> | <b>2,710.45</b> | <b>3,237.32</b> | <b>4,442.27</b> | <b>6,520.46</b> | <b>7,706.63</b> |
| <b>5. LIABILITIES &amp; PROVISIONS</b>                           |                 |                 |                 |                 |                 |                 |
| a) Secured Loans   | 336.45          | 403.76          | 673.09          | 769.51          | 1,547.79        | 1,943.40        |
| b) Unsecured Loans   | 197.39          | 392.59          | 394.26          | 537.30          | 599.37          | 595.27          |
| c) Current Liabilities and Provisions                            | 810.16          | 1,022.05        | 1,156.13        | 1,470.95        | 1,831.61        | 2,329.69        |
| d) Deferred Tax Liability  | 6.64            | 5.85            | 20.82           | 24.31           | 75.97           | 65.04           |
| <b>TOTAL LIABILITIES</b>   | <b>1,350.64</b> | <b>1,824.25</b> | <b>2,244.29</b> | <b>2,802.07</b> | <b>4,054.74</b> | <b>4,933.40</b> |
| <b>6. NET WORTH (4-5)</b>  | <b>888.56</b>   | <b>886.19</b>   | <b>993.04</b>   | <b>1,640.20</b> | <b>2,465.71</b> | <b>2,773.22</b> |
| <b>NET WORTH REPRESENTED BY</b>                                  |                 |                 |                 |                 |                 |                 |
| A. Equity Share Capital*   | 680.28          | 680.28          | 680.28          | 680.28          | 850.35          | 850.35          |
| B. Reserves and Surplus  | 1,225.89        | 1,195.47        | 1,274.27        | 1,893.39        | 2,539.98        | 2,866.18        |
| C. Less: Revaluation Reserve                                     | 1,017.60        | 989.56          | 961.51          | 933.47          | 905.42          | 896.05          |
| D. Net Reserves and Surplus                                      | 208.29          | 205.91          | 312.76          | 959.92          | 1,634.56        | 1,970.13        |
| E. Misc. Expenditure (to the extent not written off or adjusted) | -               | -               | -               | -               | 19.19           | 47.25           |
| <b>NET WORTH (A + D - E)</b>                                     | <b>888.56</b>   | <b>886.19</b>   | <b>993.04</b>   | <b>1,640.20</b> | <b>2,465.71</b> | <b>2,773.22</b> |

\* The increase in share capital is due to the issue of bonus shares in the ratio of 1:4 on 8th May 2006.

**SUMMARY STATEMENT OF CONSOLIDATED PROFITS AND LOSSES, AS RESTATED**  
**(ARIES AGRO LTD. and its subsidiaries, ARIES AGRO CARE PVT. LTD. and ARIES AGRO EQUIPMENT PVT. LTD.)**

(Rs. in lakhs)

| PARTICULARS   | For the Period Ended |                 |
|---|----------------------|-----------------|
|   | 31-Mar-07            | 31-Jul-07       |
| <b>INCOME:</b>  |                      |                 |
| Sales of Product Manufactured by the Company                                      | 4330.12              | 1446.80         |
| Sales of Product Traded in by the Company   | 3075.22              | 724.42          |
| <b>Gross Earnings from Sale</b>   | <b>7405.34</b>       | <b>2171.22</b>  |
| Other Income  | 11.71                | 5.95            |
| Increase/ Decrease in Stock   | 323.66               | 803.73          |
| <b>Total</b>  | <b>7,740.71</b>      | <b>2,980.90</b> |
| <b>EXPENDITURE:</b>   |                      |                 |
| Consumption of Raw Materials  | 2,870.33             | 1,427.48        |
| Excise Duty   | 139.52               | 31.01           |
| Manufacturing Expenses  | 326.56               | 117.80          |
| Administration and Other Expenses   |                      |                 |
| Staff Cost  | 456.37               | 163.53          |
| Administration Expenses   | 229.62               | 63.33           |
| Selling & Distribution Expenses   | 2,024.68             | 590.24          |
| Interest and Finance Charges  | 247.48               | 99.81           |
| Depreciation  | 48.47                | 19.88           |
| <b>Total</b>  | <b>6,343.03</b>      | <b>2,513.07</b> |
| <b>Net Profit Before Tax, Extra-ordinary Items &amp; Prior period adjustments</b> | <b>1,397.68</b>      | <b>467.83</b>   |
| Provision for Taxation  |                      |                 |
| - For Current Year / (MAT)  | 450.00               | 130.00          |
| - Fringe Benefit Tax  | 25.60                | 12.00           |
| - Wealth Tax  | 1.00                 | 0.50            |
| - Deferred Tax  | 51.66                | (10.93)         |
| <b>Net Profit After Tax and Extra-ordinary Items</b>                              | <b>869.42</b>        | <b>336.27</b>   |
| Adjustments   |                      |                 |
| Less: Prior period items  | (16.00)              | -               |
| Less: Short Provision for Tax   | (8.71)               | (0.70)          |
| Add: Excess Provision for Tax   | -                    | -               |
| <b>Net Profit after Extra-ordinary Items</b>                                      | <b>844.71</b>        | <b>335.57</b>   |
| Balance of Profit brought forward   | 838.90               | 1,605.00        |
| Less: Utilised For Issue of Bonus Shares  | (78.61)              | -               |
| <b>Balance carried forward, as restated</b>                                       | <b>1,605.00</b>      | <b>1,940.57</b> |

**SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED  
(ARIES AGRO LTD. and its subsidiaries, ARIES AGRO CARE PVT. LTD. and ARIES AGRO EQUIPMENT PVT. LTD.)**

(Rs. in lakhs)

| PARTICULARS  | As At           |                 |
|--|-----------------|-----------------|
|  | 31-Mar-07       | 31-Jul-07       |
| <b>1. FIXED ASSETS:</b>  |                 |                 |
| Gross Block  | 2,611.63        | 2,644.35        |
| Less: Depreciation   | 473.59          | 500.94          |
| <b>Net Block</b>   | <b>2,138.03</b> | <b>2,143.41</b> |
| Less: Revaluation Reserve  | 905.42          | 896.05          |
| Net Block after adjustment for Revaluation Reserve               | 1,232.61        | 1,247.36        |
| Capital Work in Progress   | 60.72           | 110.00          |
| <b>TOTAL FIXED ASSETS</b>  | <b>1,293.33</b> | <b>1,357.36</b> |
| <b>2. PRE-OPERATIVE EXPENSES - PENDING CAPITALISATION</b>        | <b>17.69</b>    | <b>26.24</b>    |
| <b>3. INVESTMENTS</b>  | <b>0.42</b>     | <b>17.90</b>    |
| <b>4. CURRENT ASSETS, LOANS AND ADVANCES :</b>                   |                 |                 |
| a) Inventories   | 1,697.35        | 2,259.46        |
| b) Sundry Debtors  | 2,670.99        | 3,233.67        |
| c) Loans & Advances  | 766.14          | 786.98          |
| d) Cash & Bank Balances  | 76.38           | 42.88           |
| <b>TOTAL CURRENT ASSETS, LOANS AND ADVANCES</b>                  | <b>5,210.86</b> | <b>6,323.00</b> |
| <b>5. TOTAL ASSETS(1+2+3+4)</b>                                  | <b>6,522.29</b> | <b>7,724.50</b> |
| <b>6. LIABILITIES &amp; PROVISIONS :</b>                         |                 |                 |
| a) Secured Loans   | 1,547.79        | 1,943.40        |
| b) Unsecured Loans   | 599.57          | 595.67          |
| c) Current Liabilities and Provisions                            | 1,833.24        | 2,347.16        |
| d) Deferred Tax Liability  | 75.97           | 65.04           |
| <b>TOTAL LIABILITIES</b>   | <b>4,056.58</b> | <b>4,951.28</b> |
| <b>7. NET WORTH (5-6)</b>  | <b>2,465.71</b> | <b>2,773.22</b> |
| <b><u>NET WORTH REPRESENTED BY :</u></b>                         |                 |                 |
| A. Equity Share Capital  | 850.35          | 850.35          |
| B. Reserves and Surplus  | 2,539.98        | 2,866.18        |
| C : Less : Revaluation Reserve                                   | 905.42          | 896.05          |
| D: Net Reserves and Surplus                                      | 1,634.56        | 1,970.13        |
| E. Misc. Expenditure (to the extent not written off or adjusted) | 19.19           | 47.25           |
| <b>NET WORTH (A + D - E)</b>                                     | <b>2,465.71</b> | <b>2,773.22</b> |

## GENERAL INFORMATION

### ARIES AGRO LIMITED

#### Incorporation

The Company was originally incorporated as "Aries Agro-Vet Industries Private Limited" on 27th November, 1969 under the Companies Act, 1956 with the Registrar of Companies, Maharashtra and was converted into Public Limited Company under Section 21 of the Companies Act, 1956 and the name was changed to "Aries Agro-Vet Industries Limited" on 30th December, 1994. The name of the Company was further changed to "Aries Agro Limited" and a fresh Certificate of Incorporation was obtained on 27th October 2006 from the Registrar of Companies, Maharashtra, Mumbai.

#### Registered & Corporate Office

Aries Agro Limited,  
Aries House,  
Plot No.24, Deonar,  
Govandi (East),  
Mumbai 400 043  
Tel No: +91 22 25564052/53,  
Fax No: +91 22 2556 4054/2550 2753,  
e-mail: investorrelations@ariesagro.com,  
Website: www.ariesagro.com

The Registered office of the company was shifted from No. 3 - Agadhi Industrial Estate, Marol, Andheri (East), Mumbai 400 059 to the present address Aries House, Plot No. 24, Deonar, Govandi (East), Mumbai 400043 with effect from 23<sup>rd</sup> March, 1995.

#### Location of Factories

| Sl. No. | Location  | Address   |
|---------|-----------|---|
| 1.      | Mumbai    | Survey No.97 of Borla Village & Survey No.116 & 93 of Deonar Village, Khata No.61, Plot No.24, S.S. No. 1, Deonar, Maharashtra  |
| 2.      | Kolkata   | Plot No. 414/663 and 414 in Khatian No. 297 of Mouza Chandnager, commonly known as Rani Park, Police Station Barasat, J. L. 44, R.S. 167 within Madhyamgram Municipality, Kolkata |
| 3.      | Hyderabad | Plot No. 98 & Gala No. 2 in Plot No. 113 at Balanagar Co-operative Industrial Estate, Expansion Programme Balanagar, Hyderabad  |
| 4.      | Bangalore | 8-B, Attible Industrial Area, Hosur Main Road, Bangalore - 562 107  |

#### Branches

| Sl. No. | Place     | Address   |
|---------|-----------|---|
| 1.      | Gunupur   | Subudhi Complex, Shop No.2, Opp. Kanyaka Parameshwar Temple, Main Road, Gunupur 765022, Orrisa            |
| 2.      | Jalandhar | Vee Pee Complex, 1st Floor, Opp. Sports College, Kapurthala Road, Jalandhar City - 144001, Punjab         |
| 3.      | Guwahati  | Loharu House, Janaki Path, Ganesh Guri Charali, Dispur, Guwahati  |
| 4.      | Hissar    | New Rishi Vihar Colony, Near Swastic Gas Godown, Hissar, Haryana  |
| 5.      | Rudrapur  | Galla Mandi Road, Rudrapur – 263153, Dist. Udham Singh Nagar, Uttaranchal                                 |
| 6.      | Solapur   | Plot # 278, Godown # 3, Kondi, Near Madki Godown, North Solapur Taluka, Dist. Solapur 413002, Maharashtra |
| 7.      | Ranchi    | Ward No. 20, Plot No. 721, Old H. B. Road, Gaj Sagar, Ground Floor, Ranchi - 834 001, Jharkhand           |
| 8.      | Raipur    | Near Mahabir Gaushala, K. K. Road, Raipur – 492001, Chhattisgarh  |
| 9.      | Patna     | 105 – A, Ashiana Plaza, Budh Marg, Patna – 800 001, Bihar   |
| 10.     | Lucknow   | 158 / 75, Anant Modern Enclave, Ganga Prasad Road, Moulviganj, Lucknow – 226 018, Uttar Pradesh           |
| 11.     | Kolkata   | Flat # 1 A, 293, Jodhpur Park, Kolkata – 700 068 (West Bengal)  |

| Sl. No. | Place         | Address  |
|---------|---------------|--|
| 12.     | Sriganganagar | M-14, Behind Jagdish Diesel Tractor & Automobiles Market, Suratgarh Road,, Sriganganagar – 335 001, Rajasthan  |
| 13.     | Jaipur        | A-12, 2nd Floor, Mal Road, Sector No.1, Vidhyadhar Nagar, Jaipur – 302 023, Rajasthan  |
| 14.     | Jodhpur       | 13, Transport Nagar, Opp. Jain Transport, Basni, 2nd Phase, Jodhpur – 342 001, Rajasthan   |
| 15.     | Nashik        | a. Baphana Warehousing Complex, Block, Gate # 103, Jaulke, Dindori Village, Post Janori, Ambe Hill, Bombay – Agra National Highway, Dist. Nashik – 422 106, Maharashtra<br>b. Gala No.626, A-Wing, IInd Floor, Market Yard Shopping Complex, Opp. Of Panchwati Police Station, Dindori Road, Panchwati, Nashik (Maharashtra) |
| 16.     | Indore        | Near Malwa Travels, 35/5, Chitawat Palda Main Road, Indore – 452 001, Madhya Pradesh   |
| 17.     | Ghaziabad     | III – F – 88, Nehru Nagar, Rakesh Road, Ghaziabad – 201 001, Uttar Pradesh   |
| 18.     | Coimbatore    | Shed No. A6, Private Industrial Estate, SIDCO, Kurichi, Coimbatore – 641 021, Tamil Nadu   |
| 19.     | Bhubaneswar   | Plot No. E 8, BJB Nagar, Bhubaneswar – 751 014, Orissa   |
| 20.     | Bellary       | Godown No. G7 / A, City, Press Compound, Ward No. XVI, Sanganakal Road, Bellary – 583 101, Karnataka   |
| 21.     | Ahmedabad     | A-4, Akshar Apartment, Nehru Park, Vastrapur, Ahmedabad – 380 015, Gujarat   |
| 22.     | Belgaum       | 1256, Dalal Street, Nipani, Dist. Belgaum – 591 237, Karnataka   |
| 23.     | Nagpur        | 30-31, Geeta Mandir Complex, Subhash Road, Nagpur 440 018, Maharashtra   |
| 24.     | Hyderabad     | 519/3rd, First Floor, Sanjeeva Reddy Nagar, Opp. T. B. Hospital Lane, Hyderabad 500 037  |
| 25.     | Bangalore     | 8-B, Attibele Industrial Area, House Main Road, Attibele. Bangalore 562107.  |

#### COMPANY REGISTRATION NO

11-14465 (CIN – U99999MH1969PLC014465)

#### ADDRESS OF THE REGISTRAR OF COMPANIES

Registrar of Companies, 2nd Floor, Hakoba Mills Compound, Dattaram Lad Marg, Kalachowki, Parel, Mumbai – 400 033.

#### BOARD OF DIRECTORS

Our current Board of Directors consists of the following:

| Name of the Director   | Designation                    | Status                               |
|------------------------|--------------------------------|--------------------------------------|
| Dr. T. B. Mirchandani  | Chairman and Managing Director | Executive Director                   |
| Dr. Jimmy Mirchandani  | Joint Managing Director        | Executive Director                   |
| Dr.. Rahul Mirchandani | Executive Director             | Executive Director                   |
| Dr. D.S. Jadhav        | Independent Director           | Non Executive & Independent Director |
| Dr. S.R. Ganesh        | Independent Director           | Non Executive & Independent Director |
| Prof. R.S.S. Mani      | Independent Director           | Non Executive & Independent Director |

#### Brief Profile of the Chairman, Managing Director and Whole-time Directors

##### Dr T B Mirchandani – Chairman & Managing Director

Dr T B Mirchandani is a veterinary graduate and Doctorate in Veterinary Medicine from Mumbai University. He has over 40 years of experience in the area of animal feed additives & health products. He started his career as Veterinary Officer in 1954 with Aarey Milk Colony and left them in 1961 to join Boots Pharmaceuticals Ltd as Marketing Manager, Animal Health Division. He left Boots to start his own venture and became the founder promoter of the Company. Since, 1969, he is the Chairman & Managing Director of the Company. Dr T B Mirchandani is a renowned name in the Veterinary Industry in India. He is also the founder president of Indian Micro Fertilisers Manufacturers' Association of India. Dr. T.B. Mirchandani drew a gross remuneration of Rs. 25,67,585/- in the financial year 2006-07.

##### Dr Jimmy Mirchandani – Joint Managing Director

Dr Jimmy Mirchandani is a Bachelor of Veterinary Science & Animal Husbandry from Konkan Krishi Vidyapeeth-Agri University, and Doctorate in Veterinary Medicine from Mumbai University. He has been conferred "Bachelor of Laws" by Mumbai University. Dr Jimmy Mirchandani is with Aries for almost 26 years;

more particularly involved with the development of new products. He looks after the day to day operations of the Company. He was instrumental in propelling Aries Research into the chelation area. He was also the president of Indian Micro Fertilisers Manufacturers' Association of India (2001-2005). Dr. Jimmy Mirchandani drew a gross remuneration of Rs. 24,59,646/- in the financial year 2006-07.

**Dr. Rahul Mirchandani – Executive Director**

Dr. Rahul Mirchandani is a B.Com from R A Poddar College of Commerce & Economics, Bombay and a Chartered Financial Analyst from the Institute of Chartered Financial Analysts (ICFAI), India. He completed his MBA from the University of Canberra, Australia in 1998. He has been granted One Year Diploma in Marketing & Business Administration from India International Trade Center in 1993. He has been granted Diploma in Business Finance, from ICFAI, India in May, 1996 and also Advanced Diploma in Finance, from ICFAI in February, 1997. He holds an Honours Diploma in Sales and Marketing from the National Institute of Sales, Bombay. He has completed a course of Instructions in Financial Management from Management Studies Promotion Institute (MSPI), New Delhi in July, 2004. He has been awarded Fellow Membership from Management Studies Promotion Institute in July, 1994. He has received Principal's Special Award from R.A.Poddar College of Commerce and Economics, Mumbai in February, 1995 in recognition of his consistent and meritorious contribution to the activities of the College. He is also the visiting faculty in IIM, Ahmedabad and Narsee Monjee Institute of Management Studies (NMIMS), Mumbai. He has received Doctorate in Philosophy (Management Studies) from NMIMS University, Mumbai. He looks after the marketing activities of the Company. He is also the member of the Audit committee. Dr. Rahul Mirchandani drew a gross remuneration of Rs. 15,12,012/- in the financial year 2006-07.

For the detailed profile of our Board of Directors please refer to the section "Promoters" on page no. 161 of this Red Herring Prospectus

**COMPANY SECRETARY**

Mr. Prasad Oak, Company Secretary  
Aries Agro Limited  
Aries House, Plot No.24,  
Deonar, Govandi (East),  
Mumbai 400 043  
Tel No: +91 22 25564052/53  
Fax No: +91 22 2556 4054/2550 2753  
E-mail: prasad@ariesagro.com  
Website: www.ariesagro.com

**LEGAL ADVISOR TO THE ISSUE**

**JurisPrudent Consulting Partners**  
**Advocates & Corporate Legal Advisors**  
1<sup>st</sup> Floor, Paramount Tower,  
C-17, Community Centre,  
Janak Puri, New Delhi – 110 058  
Tel.: +91-11-25537779  
Fax: +91-11-41588441  
Contact Person: Mr. Aanand Prakash  
E-mail: corporate@jurisprudentconsulting.in

**BANKERS TO THE COMPANY**

**Indian Overseas Bank**  
Natraj Theatre Complex  
First Road, Chembur  
Mumbai - 400071  
Tel.: +91-22-2528 0669/6390  
Fax: +91-22-2522 9879  
Contact Person: Mr. K. Parthasarathy  
E-mail: chembbbr@mummsco.iobnet.co.in

**HDFC Bank Ltd.**

Anchorage Building,  
170/171, Anchorage Building,  
Chembur, Mumbai – 400 071  
Tel.: +91-22-2528 2527  
Fax: +91-22-2528 2503  
Contact Person: Mr. Prashant Iyer  
E-mail: prashant.iyer@hdfcbank.com

**COMPLIANCE OFFICER**

Mr. S Ramamurthy  
Chief Financial Officer  
Aries Agro Limited  
Aries House, Plot No.24,  
Deonar, Govandi (East),  
Mumbai 400 043  
Tel No: +91 22 25564052/53  
Fax No: +91 22 2556 4054/2550 2753  
E-mail: investorrelations@ariesagro.com  
Website: www.ariesagro.com

**BOOK RUNNING LEAD MANAGER****SREI Capital Markets Limited**

“Vishwakarma”  
86C, Topsia Road (South)  
Kolkata- 700 046  
Tel : +91-33-3987 3845  
Fax: +91-33-39873861/30873863  
SEBI Registration No.: INM 000003762  
Contact Person: Mr. Manoj Agarwal  
Email: capital@srei.com  
Investors Grievance E-mail: scmlinvestors@srei.com  
Website: www.srei.com

**REGISTRAR TO THE ISSUE****Aarthi Consultants Private Limited**

1-2-285, Domalguda,  
Hyderabad – 500 029  
Tel : +91-40-27634445 / 27642217  
Fax: +91-40-27632184  
SEBI Regn. No.: INR 000000379  
Contact Person: Mr. G. Bhaskar  
E-mail: aries@arthiconsultants.com  
Website: www.arthiconsultants.com

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

**SYNDICATE MEMBER****AUM Capital Market Private Limited**

5, Lower Rawdon Street,  
Akashdeep, 1<sup>st</sup> Floor,  
Kolkata-700 020  
Tel : +91-33-2486 1040-43  
Fax: +91-33-2476 0191  
Contact Person: Mr. Sanjay Jain



E-mail: sanjay.jain@securitiesindia.com  
Website: www.securitiesindia.com

#### **BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS**

##### **ICICI BANK LIMITED**

Capital Markets Division  
30, Mumbai Samachar Marg  
Mumbai 400 001  
Tel: 022 2262 7600  
Fax: 022 2261 1138  
Contact Person: Mr. Venkataraghavan T A  
Email: venkataraghavan.t@icicibank.com  
Website: www.icicibank.com

##### **HDFC BANK LIMITED**

26A, Narayan Properties  
Off Saki Vihar Road  
Andheri (E)  
Mumbai - 400 072  
Tel : 022 28569228  
Fax: 022 28569256  
Contact Person: Mr. Deepak Rane  
Email: deepak.rane@hdfcbank.com  
Website: www.hdfcbank.com

##### **AXIS BANK LIMITED**

Universal Insurance Building  
Sir. P.M.Road, Fort,  
Mumbai 400 001  
Tel: 022 66107265/7272  
Fax: 022 66107349  
Contact Person: Mr. Roshan Mathias  
Email: roshan.mathias@axisbank.com  
Website: www.axisbank.com

#### **STATUTORY AUDITORS TO THE COMPANY**

##### **Kirti D Shah & Associates**

Chartered Accountants  
53, Juhu Supreme Shopping Centre  
2<sup>nd</sup> Floor, Gulmohur Cross Road No. 9  
J V P D Scheme  
Mumbai – 400 049  
Tel No.: +91-22-2621 0444  
Fax No.: +91-22-262 10544  
Contact Person: Mr. Kirti D. Shah  
Email: info@kdsa.net

## **STATEMENT OF INTER SE ALLOCATION OF RESPONSIBILITIES AMONGST BOOK RUNNING LEAD MANAGERS**

Since SREI Capital Markets Limited is the sole BRLM for this Offer, the entire Offer related activities are handled by SREI.

## **CREDIT RATING**

As the present Issue is of Equity Shares, credit rating is not required.

## **IPO GRADING**

We have not opted for grading in relation to this issue of Equity Shares from any Credit Rating agency.

## **TRUSTEE**

As the present issue is of Equity Shares, appointment of Trustee is not required.

## **MONITORING AGENCY**

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines. However, the Audit Committee of the Board would monitor the deployment of the issue proceeds. In terms of the clause 49 of the Listing Agreement to be entered into with the exchanges where our shares are proposed to be listed, the Audit Committee shall deliberate on the uses / applications of funds by major category, on a quarterly basis as a part of their quarterly declaration of financial results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Prospectus, if any, and place it before the audit committee. Such disclosure shall be made only till such time that the full money raised through the issue has been fully spent. This statement shall be certified by the statutory auditors of the company. The audit committee shall make appropriate recommendations to the Board in such matters.

## **APPRAISING ENTITIES**

The Project has not been appraised by any Bank or Financial Institution.

## **BOOK BUILDING PROCESS**

Book Building refers to the collection of bids from investors, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;
2. Book Running Lead Manager being SREI
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as underwriters. The Syndicate Members are appointed by the BRLM;
4. Escrow Collection Bank(s) and
5. Registrar to the Issue

The SEBI DIP Guidelines, have permitted an Issue of securities to the public through the 100% book building facility wherein up to 50% of the issue size shall be allocated on a proportionate basis to QIBs out of which 5% shall be allocated to Mutual Funds on a proportionate basis. Further, not less than 15% of the issue size shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the issue size shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. We will comply with the SEBI guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed SREI Capital Markets Limited as the BRLM to the Issue, to manage the Issue and procure subscription to the Issue.

Pursuant to amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, as per the recent amendments to the SEBI Guidelines, QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis. For further details see the section entitled "Basic Terms of the Issue" on page no. 67 of this Red Herring Prospectus.

The process of Book Building under SEBI Guidelines, subject to change from time to time, is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

**Illustration of Book Building and Price Discovery Process** *(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs.20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

| Number of Equity Shares Bid for | Bid Price (Rs.) | Cumulative Equity Shares | Subscription Shares bid for |
|---------------------------------|-----------------|--------------------------|-----------------------------|
| 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. Rs. 22 in the above example. The Issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut off price, i.e. at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken for bidding:

- Check eligibility for making a Bidding see the section titled "Issue Procedure-Who can Bid" on page 296 of this Red Herring Prospectus;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
- If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copy of your PAN card to the Bid cum Application Form see section titled "Issue Procedure -'PAN' or 'GIR' Number" beginning on page 311 of this Red Herring Prospectus); and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

## Bid/Issue program

### Bidding period/Issue period

|   |   |
|---|---|
| <b>BID/ISSUE OPENS ON : Friday, December 14, 2007</b> | <b>BID/ISSUE CLOSES ON : Wednesday, December 19, 2007</b> |
|---|---|

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded till (i) 5.00 p.m. in case of Bids by QIB bidders and Non Institutional Bidders (ii) such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders on the Bid/Issue Closing Date. Bids not uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days i.e., Monday through Friday (excluding any public holiday).

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid/Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE by issuing a press release, and also by indicating the change on the web

sites of the BRLM and at the terminals of the Syndicate.

## UNDERWRITERS TO THE ISSUE

After the determination of the Issue Price but prior to filing the Prospectus with the RoC, we 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 Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

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

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

| Name of Underwriter | Agreement Date | Amount | No. of shares |
|---------------------|----------------|--------|---------------|
| [•]                 | [•]            | [•]    | [•]           |

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

In the opinion of the Board of Directors (based on a certificate given to it by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement has been accepted by the Board of the Company at their meeting held on [•] on behalf of us, and we have issued letters of acceptance to the Underwriters.

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

## CAPITAL STRUCTURE

The Share capital as on the date of filing of the Red Herring Prospectus with SEBI (before and after the Issue) is set forth below:

(In Rupees, except share data)

|          | Particulars  | Nominal Value | Aggregate Value at Issue Price |
|----------|--|---------------|--------------------------------|
| <b>A</b> | <b>Authorised Capital</b><br>1,50,00,000 Equity Shares of Rs.10 each   | 15,00,00,000  |                                |
| <b>B</b> | <b>Issued, Subscribed and Paid up Capital before the Issue</b><br>85,03,490 Equity Shares of Rs.10 each fully paid up        | 8,50,34,900   |                                |
| <b>C</b> | <b>Present Issue through this Red Herring Prospectus</b><br><b>Fresh Issue of :</b><br>45,00,000 Equity Shares of Rs.10 each | 4,50,00,000   | [•]                            |
| <b>D</b> | <b>Issue to the Public through this RHP</b><br>45,00,000 Equity Shares of Rs.10 each   | 4,50,00,000   | [•]                            |
| <b>E</b> | <b>Paid Up Share Capital After the Issue</b><br>1,30,03,490 Equity Shares of Rs.10 each                                      | 13,00,34,900  | [•]                            |
| <b>F</b> | <b>Share Premium Account</b>   |               |                                |
|          | Before the Issue   | -             |                                |
|          | After the Issue  | [•]           | [•]                            |

The addition to the Share Premium Account on account of the Issue and the balance in the Share Premium Account after the Issue can be determined only after the Issue Price is known, after the Book Building Process.

## NOTES TO CAPITAL STRUCTURE

### 1. Share Capital History of the Company

The Authorised Equity Share Capital of the Company has been built-up as per the details given below:

| Date        | Number of Shares | Cumulative Number of Shares | Face Value (Rupees) | Authorised Capital (Rupees) | Particulars           |
|-------------|------------------|-----------------------------|---------------------|-----------------------------|-----------------------|
| 27.11.1969  | 5,000            | 5,000                       | 100                 | 5,00,000                    | Incorporation         |
| 31.12.1976* | 5,000            | 10,000                      | 100                 | 10,00,000                   | Increase              |
| 21.04.1984  | 10,000           | 20,000                      | 100                 | 20,00,000                   | Increase              |
| 26.07.1994  | 9,80,000         | 10,00,000                   | 100                 | 10,00,00,000                | Increase              |
| 12.12.1994  | -                | 1,00,00,000                 | 10                  | 10,00,00,000                | Subdivision of shares |
| 16.06.2006  | 50,00,000        | 1,50,00,000                 | 10                  | 15,00,00,000                | Increase              |

\* In the absence of availability of Form 5 and the minutes of the General Meeting of the Company, the date of increase in authorised share capital has been considered on the last date of the Financial Year of that year.

The current authorised capital is sufficient to meet the requirements of the fresh issue.

The paid up Equity Share Capital of the Company has been built-up as per the details given below:

| Date of Allotment | No. of Equity shares | Face Value (Rs) | Issue Price (Rs) | Consideration | Nature of Allotment    | No of Equity Shares Cumulative | Cumulative Paid Up Capital (Rs.) | Cumulative Share Premium (Rs.) |
|-------------------|----------------------|-----------------|------------------|---------------|------------------------|--------------------------------|----------------------------------|--------------------------------|
| 27.11.1969        | 800                  | 100             | 100              | Cash          | Subscribers to MOA     | 800                            | 80,000                           | -                              |
| 31.12.1973        | 1,105*               | 100             | 100              | Cash          | Further Allotment      | 1,905                          | 1,90,500                         | -                              |
| 31.12.1974        | 1,295*               | 100             | 100              | Cash          | Further Allotment      | 3,200                          | 3,20,000                         | -                              |
| 31.12.1975        | 800*                 | 100             | 100              | Cash          | Further Allotment      | 4,000                          | 4,00,000                         | -                              |
| 31.12.1977        | 1,000*               | 100             | 100              | Cash          | Further Allotment      | 5,000                          | 5,00,000                         | -                              |
| 31.12.1979        | 2,000*               | 100             | 100              | Cash          | Further Allotment      | 7,000                          | 7,00,000                         | -                              |
| 01.10.1981        | 700#                 | 100             | 100              | Cash          | Further Allotment      | 7,700                          | 7,70,000                         | -                              |
| 15.06.1982        | 800#                 | 100             | 100              | Cash          | Further Allotment      | 8,500                          | 8,50,000                         | -                              |
| 31.12.1982        | 300*                 | 100             | 100              | Cash          | Further Allotment      | 8,800                          | 8,80,000                         | -                              |
| 21.02.1983        | 500                  | 100             | 100              | Cash          | Further Allotment      | 9,300                          | 9,30,000                         | -                              |
| 31.12.1985        | 6,500*               | 100             | 100              | Cash          | Further Allotment      | 15,800                         | 15,80,000                        | -                              |
| 31.03.1991        | 1,800*               | 100             | 100              | Cash          | Further Allotment      | 17,600                         | 17,60,000                        | -                              |
| 02.06.1994        | 2,000#               | 100             | 100              | Cash          | Further Allotment      | 19,600                         | 19,60,000                        | -                              |
| 05.08.1994        | 4,90,000#            | 100             | -                | -             | Bonus Issue@           | 5,09,600                       | 5,09,60,000                      | -                              |
| 12.12.1994        | -                    | 10              | -                | -             | Sub division of shares | 50,96,000                      | 5,09,60,000                      | -                              |
| 28.03.1995        | 2,19,000#            | 10              | 10               | Cash          | Further Allotment      | 53,15,000                      | 5,31,50,000                      | -                              |
| 28.03.1995        | 2,81,000#            | 10              | 25               | Cash          | Further Allotment      | 55,96,000                      | 5,59,60,000                      | 42,15,000                      |
| 31.03.1995        | 400*                 | 10              | 10               | Cash          | Further Allotment      | 55,96,400                      | 5,59,64,000                      | 42,15,000                      |
| 24.04.1995        | 52,000#              | 10              | 10               | Cash          | Further Allotment      | 56,48,400                      | 5,64,84,000                      | 42,15,000                      |
| 24.04.1995        | 87,300#              | 10              | 25               | Cash          | Further Allotment      | 57,35,700                      | 5,73,57,000                      | 55,24,500                      |
| 23.06.1995        | 1,22,650#            | 10              | 25               | Cash          | Further Allotment      | 58,58,350                      | 5,85,83,500                      | 73,64,250                      |
| 14.07.1995        | 8,800#               | 10              | 25               | Cash          | Further Allotment      | 58,67,150                      | 5,86,71,500                      | 74,96,250                      |
| 28.09.1995        | 2,400#               | 10              | 25               | Cash          | Further Allotment      | 58,69,550                      | 5,86,95,500                      | 75,32,250                      |
| 28.11.1995        | 6,000#               | 10              | 25               | Cash          | Further Allotment      | 58,75,550                      | 5,87,55,500                      | 76,22,250                      |
| 29.03.1996        | 1,01,600#            | 10              | 25               | Cash          | Further Allotment      | 59,77,150                      | 5,97,71,500                      | 91,46,250                      |
| 30.08.1996        | 8,25,640#            | 10              | 10               | Cash          | Further Allotment      | 68,02,790                      | 6,80,27,900                      | 91,46,250                      |
| 08.05.2006        | 17,00,700            | 10              | -                | -             | Bonus Issue @          | 85,03,490                      | 8,50,34,900                      | -                              |

**Note:**

- Originally, the Equity Shares were of the face value of Rs. 100 each. Subsequently, these shares were sub-divided into the face value of Rs. 10 each vide the resolution passed in the Extra-ordinary General Meeting held on 12.12.1994.
- \* In the absence of availability of Form 2, the date of increase in paid-up share capital has been taken as the last date of the Financial Year in the year of such increase.
- # ROC receipts of Form No. 2 are not available.
- @ We had made following Bonus Issues till date:

| Date       | No. of Shares | Face Value (Rs.) | Capitalizing  | Ratio |
|------------|---------------|------------------|---|-------|
| 05.08.1994 | 4,90,000      | 100              | Revaluation Reserves  | 25:1  |
| 08.05.2006 | 17,00,700     | 10               | Share Premium account of Rs.91,46,250 & Profit & Loss Account of Rs.78,60,750 | 1:4   |

In case of the bonus shares issued on 08.05.2006, the number of shares to be issued based on the equity shares prior to the issue & the bonus ratio came to 17,00,697.50 equity shares. We have rounded off the bonus shares to 17,00,700 by allotting additional shares.

**2. Share Capital history of the Promoters:**

| Name of the Promoter | Date of Allotment/ Transfer, and made fully paid-up | Consideration | No. of Shares | Face Value (Rs.) | Issue Price/ Transfer Price (Rupees) | %age of Pre-Issue Paid-up Capital | %age of Post-Issue Paid-up Capital |
|----------------------|---|---------------|---------------|------------------|--------------------------------------|-----------------------------------|------------------------------------|
| Dr. T.B. Mirchandani | 27.11.1969  | Cash*         | 300           | 100              | 100                                  |                                   |                                    |
|                      | 31.12.1973  | Cash*         | 29            | 100              | 100                                  |                                   |                                    |
|                      | 31.12.1974  | Cash*         | 450           | 100              | 100                                  |                                   |                                    |
|                      | 31.12.1975  | Cash*         | 350           | 100              | 100                                  |                                   |                                    |
|                      | 31.12.1977  | Cash*         | 300           | 100              | 100                                  |                                   |                                    |
|                      | 31.12.1979  | Cash*         | 250           | 100              | 100                                  |                                   |                                    |

| Name of the Promoter  | Date of Allotment/ Transfer, and made fully paid-up | Consideration      | No. of Shares  | Face Value (Rs.) | Issue Price/ Transfer Price (Rupees) | %age of Pre-Issue Paid-up Capital | %age of Post-Issue Paid-up Capital |
|-----------------------|---|--------------------|----------------|------------------|--------------------------------------|-----------------------------------|------------------------------------|
|                       | 01.10.1981  | Cash**             | 200            | 100              | 100                                  |                                   |                                    |
|                       | 15.06.1982  | Cash**             | 300            | 100              | 100                                  |                                   |                                    |
|                       | 30.12.1985  | Cash*              | 2250           | 100              | 100                                  |                                   |                                    |
|                       | 21.10.1988  | Transfer#          | 1000           | 100              | 100                                  |                                   |                                    |
|                       | 24.02.1991  | Transmission#      | 6656           | 100              | 100                                  |                                   |                                    |
|                       | 05.08.1991  | Cash*              | 900            | 100              | 100                                  |                                   |                                    |
|                       | 20.06.1994  | Cash*              | 2000           | 100              | 100                                  |                                   |                                    |
|                       | 05.08.1994  | Bonus**            | 374625         | 100              | 0                                    |                                   |                                    |
|                       | 12.12.1994  | Sub division       | 3896100        | 10               | NA                                   | 45.82                             | 29.96                              |
|                       | 29.03.1996  | Transfer \$        | 39000          | 10               | 10                                   | 0.46                              | 0.30                               |
|                       | 08.05.2006  | Bonus              | 983775         | 10               | 0                                    | 11.57                             | 7.57                               |
|                       | 30.05.2006  | Transfer – Sale \$ | (1375000)      | 10               | 10                                   | (16.17)                           | (10.57)                            |
|                       | <b>Sub Total (A)</b>                                |                    | <b>3543875</b> |                  |                                      | <b>41.68</b>                      | <b>27.25</b>                       |
| Dr. Jimmy Mirchandani | 31.12.1973  | Cash*              | 350            | 100              | 100                                  |                                   |                                    |
|                       | 31.12.1974  | Cash*              | 25             | 100              | 100                                  |                                   |                                    |
|                       | 31.12.1975  | Cash*              | 100            | 100              | 100                                  |                                   |                                    |
|                       | 31.12.1977  | Cash*              | 300            | 100              | 100                                  |                                   |                                    |
|                       | 31.12.1979  | Cash*              | 400            | 100              | 100                                  |                                   |                                    |
|                       | 01.10.1981  | Cash**             | 400            | 100              | 100                                  |                                   |                                    |
|                       | 15.06.1982  | Cash**             | 200            | 100              | 100                                  |                                   |                                    |
|                       | 31.12.1982  | Cash*              | 190            | 100              | 100                                  |                                   |                                    |
|                       | 24.02.1991  | Transmission#      | 290            | 100              | 100                                  |                                   |                                    |
|                       | 05.08.1991  | Cash*              | 900            | 100              | 100                                  |                                   |                                    |
|                       | 05.08.1994  | Bonus**            | 78875          | 100              | 0                                    |                                   |                                    |
|                       | 12.12.1994  | Sub division       | 820300         | 10               | NA                                   | 9.65                              | 6.31                               |
|                       | 29.03.1996  | Transfer \$        | 39000          | 10               | 10                                   | 0.46                              | 0.30                               |
|                       | 30.08.1996  | Cash*              | 99474          | 10               | 10                                   | 1.17                              | 0.76                               |
|                       | 16.03.1998  | Transfer \$        | 1500           | 10               | 10                                   | 0.02                              | 0.01                               |
|                       | 28.12.1998  | Transfer \$        | 6300           | 10               | 10                                   | 0.07                              | 0.05                               |
|                       | 28.12.1998  | Transfer \$        | 16800          | 10               | 25                                   | 0.20                              | 0.13                               |
|                       | 30.03.1999  | Transfer \$        | 500            | 10               | 25                                   | 0.01                              | 0.00                               |
|                       | 30.09.1999  | Transfer \$        | 8000           | 10               | 25                                   | 0.09                              | 0.06                               |
|                       | 30.09.1999  | Transfer \$        | 500            | 10               | 30                                   | 0.01                              | 0.00                               |
|                       | 15.10.1999  | Transfer \$        | 500            | 10               | 25                                   | 0.01                              | 0.00                               |
|                       | 09.03.2000  | Transfer \$        | 21900          | 10               | 10                                   | 0.26                              | 0.17                               |
|                       | 09.03.2000  | Transfer \$        | 49900          | 10               | 25                                   | 0.59                              | 0.38                               |
|                       | 10.04.2000  | Transfer \$        | 4500           | 10               | 10                                   | 0.05                              | 0.03                               |
|                       | 10.04.2000  | Transfer \$        | 52000          | 10               | 25                                   | 0.61                              | 0.40                               |
|                       | 27.04.2000  | Transfer \$        | 18400          | 10               | 25                                   | 0.21                              | 0.15                               |
|                       | 19.07.2000  | Transfer \$        | 5000           | 10               | 25                                   | 0.06                              | 0.04                               |
|                       | 25.11.2000  | Transfer \$        | 600            | 10               | 10                                   | 0.01                              | 0.00                               |
|                       | 04.12.2000  | Transfer \$        | 500            | 10               | 25                                   | 0.01                              | 0.00                               |
|                       | 28.12.2000  | Transfer \$        | 2000           | 10               | 25                                   | 0.02                              | 0.02                               |
|                       | 30.12.2000  | Transfer \$        | 2500           | 10               | 25                                   | 0.03                              | 0.02                               |
|                       | 20.03.2001  | Transfer \$        | 2300           | 10               | 10                                   | 0.03                              | 0.02                               |
|                       | 29.08.2001  | Transfer \$        | 13200          | 10               | 10                                   | 0.16                              | 0.10                               |
|                       | 29.08.2001  | Transfer \$        | 1000           | 10               | 25                                   | 0.01                              | 0.01                               |
|                       | 13.09.2001  | Transfer \$        | 4400           | 10               | 10                                   | 0.05                              | 0.03                               |
|                       | 13.09.2001  | Transfer \$        | 100            | 10               | 25                                   | 0.00                              | 0.00                               |
|                       | 21.03.2002  | Transfer \$        | 18300          | 10               | 10                                   | 0.22                              | 0.14                               |
|                       | 21.03.2002  | Transfer \$        | 34800          | 10               | 25                                   | 0.41                              | 0.27                               |
|                       | 31.12.2002  | Transfer \$        | 14500          | 10               | 10                                   | 0.17                              | 0.11                               |
|                       | 31.12.2002  | Transfer \$        | 17600          | 10               | 25                                   | 0.21                              | 0.14                               |
|                       | 26.06.2003  | Transfer \$        | 1200           | 10               | 10                                   | 0.01                              | 0.01                               |
|                       | 26.06.2003  | Transfer \$        | 1000           | 10               | 25                                   | 0.01                              | 0.01                               |
|                       | 27.08.2003  | Transfer \$        | 9000           | 10               | 10                                   | 0.11                              | 0.07                               |
|                       | 27.11.2003  | Transfer \$        | 1500           | 10               | 10                                   | 0.02                              | 0.01                               |
|                       | 27.11.2003  | Transfer \$        | 2600           | 10               | 25                                   | 0.03                              | 0.02                               |



| Name of the Promoter                   | Date of Allotment/ Transfer, and made fully paid-up | Consideration | No. of Shares  | Face Value (Rs.) | Issue Price/ Transfer Price (Rupees) | %age of Pre-Issue Paid-up Capital | %age of Post-Issue Paid-up Capital |
|--|---|---------------|----------------|------------------|--------------------------------------|-----------------------------------|------------------------------------|
|  | 31.12.2003  | Transfer \$   | 10300          | 10               | 10                                   | 0.12                              | 0.08                               |
|  | 31.12.2003  | Transfer \$   | 15200          | 10               | 25                                   | 0.18                              | 0.12                               |
|  | 30.04.2004  | Transfer \$   | 1100           | 10               | 10                                   | 0.01                              | 0.01                               |
|  | 30.04.2004  | Transfer \$   | 700            | 10               | 25                                   | 0.01                              | 0.01                               |
|  | 12.04.2005  | Transfer \$   | 2000           | 10               | 10                                   | 0.02                              | 0.02                               |
|  | 08.05.2006  | Bonus         | 325244         | 10               | 0                                    | 3.82                              | 2.50                               |
|  | 21.06.2006  | Transfer \$   | 625            | 10               | 10                                   | 0.00                              | 0.00                               |
|  | <b>Sub Total (B)</b>                                |               | <b>1626843</b> |                  |                                      | <b>19.13</b>                      | <b>12.51</b>                       |
| <b>Dr. Rahul Mirchandani</b>           | 31.12.1973  | Cash*         | 50             | 100              | 100                                  |                                   |                                    |
|  | 24.02.1991  | Transmission# | 110            | 100              | 100                                  |                                   |                                    |
|  | 05.08.1994  | Bonus**       | 4000           | 100              | 0                                    |                                   |                                    |
|  | 12.12.1994  | Sub division  | 41600          | 10               | NA                                   | 0.49                              | 0.32                               |
|  | 29.03.1996  | Transfer \$   | 70000          | 10               | 10                                   | 0.82                              | 0.54                               |
|  | 30.08.1996  | Cash*         | 326166         | 10               | 10                                   | 3.84                              | 2.51                               |
|  | 10.04.2000  | Transfer \$   | 3000           | 10               | 25                                   | 0.04                              | 0.02                               |
|  | 27.04.2000  | Transfer \$   | 4000           | 10               | 10                                   | 0.05                              | 0.03                               |
|  | 27.04.2000  | Transfer \$   | 6000           | 10               | 25                                   | 0.07                              | 0.05                               |
|  | 08.05.2006  | Bonus         | 112692         | 10               | 0                                    | 1.33                              | 0.87                               |
|  | <b>Sub Total (C)</b>                                |               | <b>563458</b>  |                  |                                      | <b>6.63</b>                       | <b>4.33</b>                        |
| <b>Total Promoters holding (A+B+C)</b> |   |               | <b>5734176</b> |                  |                                      | <b>67.43</b>                      | <b>44.10</b>                       |

\* In the absence of Form 2 & ROC receipt, the dates have been taken as per our certificate.

# As per our Certificate

\*\* ROC receipts are not available

\$ As checked from the share transfer register

# Promoters Contribution and Lock-in:

## i. 3 years lock-in

In terms of chapter IV of the SEBI DIP Guidelines, an aggregate of 20% of the post-issue paid up Equity Share capital of our Company held by the promoters shall be locked in for a period of three years from the date of allotment in this Issue. The details of the promoter's Equity shares locked in for a period of three years are as under:

| Name of the Promoter  | Date of Allotment/ Transfer, and made fully paid-up | Consideration   | No. of Shares  | Face Value (Rs.) | Issue Price/ Transfer Price (Rupees) | % age of Post-Issue Paid-up Capital | Lock in period (in years) |
|-----------------------|---|-----------------|----------------|------------------|--------------------------------------|-------------------------------------|---------------------------|
| Dr. T.B. Mirchandani  | 12.12.94  | Split           | 14465          | 10               | 0                                    |                                     | 3                         |
|                       | 29.03.96  | Transfer-Cash   | 39000          | 10               | 10                                   |                                     | 3                         |
|                       | 08.05.06  | Bonus           | 983775         | 10               | 0                                    |                                     | 3                         |
|                       | <b>Sub Total (A)</b>                                |                 | <b>1037240</b> |                  |                                      | <b>7.98</b>                         |                           |
| Dr. Jimmy Mirchandani | 12.12.94  | Split           | 193457         | 10               | NA                                   |                                     | 3                         |
|                       | 29.03.96  | Transfer        | 39000          | 10               | 10                                   |                                     | 3                         |
|                       | 30.08.96  | Cash            | 99474          | 10               | 10                                   |                                     | 3                         |
|                       | 16.03.98  | Transfer        | 1,500          | 10               | 10                                   |                                     | 3                         |
|                       | 28.12.98  | Transfer        | 6,300          | 10               | 10                                   |                                     | 3                         |
|                       | 28.12.98  | Transfer        | 16,800         | 10               | 25                                   |                                     | 3                         |
|                       | 30.03.99  | Transfer        | 500            | 10               | 25                                   |                                     | 3                         |
|                       | 30.09.99  | Transfer        | 8,000          | 10               | 25                                   |                                     | 3                         |
|                       | 30.09.99  | Transfer        | 500            | 10               | 30                                   |                                     | 3                         |
|                       | 15.10.99  | Transfer        | 500            | 10               | 25                                   |                                     | 3                         |
|                       | 09.03.00  | Transfer        | 21,900         | 10               | 10                                   |                                     | 3                         |
|                       | 09.03.00  | Transfer        | 49,900         | 10               | 25                                   |                                     | 3                         |
|                       | 10.04.00  | Transfer        | 4,500          | 10               | 10                                   |                                     | 3                         |
|                       | 10.04.00  | Transfer        | 52,000         | 10               | 25                                   |                                     | 3                         |
|                       | 27.04.00  | Transfer        | 18,400         | 10               | 25                                   |                                     | 3                         |
|                       | 19.07.00  | Transfer        | 5,000          | 10               | 25                                   |                                     | 3                         |
|                       | 25.11.00  | Transfer        | 600            | 10               | 10                                   |                                     | 3                         |
|                       | 04.12.00  | Transfer        | 500            | 10               | 25                                   |                                     | 3                         |
|                       | 28.12.00  | Transfer        | 2,000          | 10               | 25                                   |                                     | 3                         |
|                       | 30.12.00  | Transfer        | 2,500          | 10               | 25                                   |                                     | 3                         |
|                       | 20.03.01  | Transfer        | 2,300          | 10               | 10                                   |                                     | 3                         |
|                       | 29.08.01  | Transfer        | 13,200         | 10               | 10                                   |                                     | 3                         |
|                       | 29.08.01  | Transfer        | 1,000          | 10               | 25                                   |                                     | 3                         |
|                       | 13.09.01  | Transfer        | 4,400          | 10               | 10                                   |                                     | 3                         |
|                       | 13.09.01  | Transfer        | 100            | 10               | 25                                   |                                     | 3                         |
|                       | 21.03.02  | Transfer        | 18,300         | 10               | 10                                   |                                     | 3                         |
|                       | 21.03.02  | Transfer        | 34,800         | 10               | 25                                   |                                     | 3                         |
|                       | 31.12.02  | Transfer        | 14,500         | 10               | 10                                   |                                     | 3                         |
|                       | 31.12.02  | Transfer        | 17,600         | 10               | 25                                   |                                     | 3                         |
|                       | 26.06.03  | Transfer        | 1,200          | 10               | 10                                   |                                     | 3                         |
|                       | 26.06.03  | Transfer        | 1,000          | 10               | 25                                   |                                     | 3                         |
|                       | 27.08.03  | Transfer        | 9,000          | 10               | 10                                   |                                     | 3                         |
|                       | 27.11.03  | Transfer        | 1,500          | 10               | 10                                   |                                     | 3                         |
|                       | 27.11.03  | Transfer        | 2,600          | 10               | 25                                   |                                     | 3                         |
|                       | 31.12.03  | Transfer        | 10,300         | 10               | 10                                   |                                     | 3                         |
|                       | 31.12.03  | Transfer        | 15,200         | 10               | 25                                   |                                     | 3                         |
|                       | 31.08.04  | Transfer        | 1,100          | 10               | 10                                   |                                     | 3                         |
|                       | 31.08.04  | Transfer        | 700            | 10               | 25                                   |                                     | 3                         |
|                       | 12.04.05  | Transfer        | 2,000          | 10               | 10                                   |                                     | 3                         |
|                       | 08.05.06  | Bonus           | 325,244        | 10               | 0                                    |                                     | 3                         |
|                       | 21.6.2006   | Transfer        | 625            | 10               | 10                                   |                                     | 3                         |
|                       | <b>Sub Total (B)</b>                                |                 | <b>1000000</b> |                  |                                      | <b>7.69</b>                         |                           |
| Dr. Rahul Mirchandani | 12.12.94  | Split of Shares | 41600          | 10               | NA                                   | 0.32                                | 3                         |
|                       | 29.03.96  | Transfer        | 70000          | 10               | 10                                   | 0.54                                | 3                         |
|                       | 30.08.96  | Cash            | 326166         | 10               | 10                                   | 2.51                                | 3                         |
|                       | 10.04.00  | Transfer        | 3000           | 10               | 25                                   | 0.02                                | 3                         |
|                       | 27.04.00  | Transfer        | 4000           | 10               | 10                                   | 0.03                                | 3                         |
|                       | 27.04.00  | Transfer        | 6000           | 10               | 25                                   | 0.05                                | 3                         |
|                       | 08.05.06  | Bonus           | 112692         | 10               | 0                                    | 0.87                                | 3                         |
|                       | <b>Sub Total (C)</b>                                |                 | <b>563458</b>  |                  |                                      | <b>4.33</b>                         |                           |
| <b>Total A+B+C</b>    |   |                 | <b>2600698</b> |                  |                                      | <b>20.00</b>                        |                           |

ii. **1 Year lock-in**

The details of the promoter's Equity shares locked in for a period of one year are as under:

| Name of the Promoter                 | Date of Allotment/ Transfer, and made fully paid-up | Consideration | No. of Shares  | Face Value (Rs.) | Issue Price/ Transfer Price (Rupees) | % age of Post-Issue Paid-up Capital | Lock in period (In years) |
|--------------------------------------|---|---------------|----------------|------------------|--------------------------------------|-------------------------------------|---------------------------|
| Dr. T.B. Mirchandani                 | 12.12.1994  | Sub division  | 2506635        | 10               | NA                                   |                                     | 1                         |
|                                      | <b>Sub Total (A)</b>                                |               | <b>2506635</b> |                  |                                      | <b>19.28</b>                        |                           |
| Dr. Jimmy Mirchandani                | 12.12.1994  | Sub division  | 626843         | 10               | NA                                   |                                     | 1                         |
|                                      | <b>Sub Total (B)</b>                                |               | <b>626843</b>  |                  |                                      | <b>4.82</b>                         |                           |
| <b>Total Promoters holding (A+B)</b> |   |               | <b>3133478</b> |                  |                                      | <b>24.10</b>                        | <b>1</b>                  |

3. **Shareholding pattern of persons in Promoters Group:**

| Name of the Promoter         | Date of Allotment/ Transfer, and made fully paid-up | Consideration  | No. of Shares | Face Value (Rs.) | Issue Price/ Transfer Price (Rupees) | %age of Pre-Issue Paid-up Capital | %age of Post-Issue Paid-up Capital |
|------------------------------|---|----------------|---------------|------------------|--------------------------------------|-----------------------------------|------------------------------------|
| Mrs. Sarasa Mirchandani      | 31.12.74  | Allotment-Cash | 200           | 100              | 100                                  |                                   |                                    |
|                              | 05.08.94  | Bonus          | 5000          | 100              | 0                                    |                                   |                                    |
|                              | 12.12.94  | Split          | 52000         | 10               | -                                    | 0.61                              | 0.40                               |
|                              | 12.12.97  | Transfer       | 5000          | 10               | 20                                   | 0.06                              | 0.04                               |
|                              | 31.12.03  | Transfer       | 12500         | 10               | 10                                   | 0.15                              | 0.10                               |
|                              | 08.05.06  | Bonus          | 17375         | 10               | 0                                    | 0.20                              | 0.13                               |
|                              | <b>Sub Total (A)</b>                                |                | <b>86875</b>  |                  |                                      | <b>1.02</b>                       | <b>0.67</b>                        |
| Mr. Akshay Mirchandani       | 29.03.96  | Transfer       | 70000         | 10               | 10                                   | 0.82                              | 0.54                               |
|                              | 30.08.96  | Allotment-Cash | 200000        | 10               | 10                                   | 2.35                              | 1.54                               |
|                              | 22.11.05  | Transfer       | 500           | 10               | 10                                   | 0.01                              | 0.00                               |
|                              | 21.02.06  | Transfer       | 500           | 10               | 10                                   | 0.01                              | 0.00                               |
|                              | 21.02.06  | Transfer       | 3500          | 10               | 12                                   | 0.04                              | 0.03                               |
|                              | 22.02.06  | Transfer       | 10000         | 10               | 25                                   | 0.12                              | 0.08                               |
|                              | 22.02.06  | Transfer       | 5000          | 10               | 50                                   | 0.06                              | 0.04                               |
|                              | 08.05.06  | Bonus          | 72375         | 10               | 0                                    | 0.85                              | 0.56                               |
|                              | <b>Sub Total (B)</b>                                |                | <b>361875</b> |                  |                                      | <b>4.26</b>                       | <b>2.78</b>                        |
| Mr. Amol Mirchandani         | 29.03.96  | Transfer       | 68000         | 10               | 10                                   | 0.80                              | 0.52                               |
|                              | 30.08.96  | Allotment-Cash | 200000        | 10               | 10                                   | 2.35                              | 1.54                               |
|                              | 08.05.06  | Bonus          | 67000         | 10               | 0                                    | 0.79                              | 0.52                               |
|                              | <b>Sub Total (C)</b>                                |                | <b>335000</b> |                  |                                      | <b>3.94</b>                       | <b>2.58</b>                        |
| Mrs. Nitya Mirchandani       | 31.12.03  | Transfer       | 2400          | 10               | 10                                   | 0.03                              | 0.02                               |
|                              | 08.05.06  | Bonus          | 600           | 10               | 0                                    | 0.01                              | 0.00                               |
|                              | <b>Sub Total (D)</b>                                |                | <b>3000</b>   |                  |                                      | <b>0.04</b>                       | <b>0.02</b>                        |
| Mr. Ashok Mirchandani        | 30.05.2006  | Transfer       | 10000         | 10               | 10                                   | 0.12                              | 0.08                               |
|                              | <b>Sub Total (E)</b>                                |                | <b>10000</b>  |                  |                                      | <b>0.12</b>                       | <b>0.08</b>                        |
| Meenaxi Subramanian          | 09.03.2006  | Transfer       | 2000          | 10               | 25                                   | 0.02                              | 0.02                               |
|                              | 03.05.2006  | Transfer       | 7700          | 10               | 25                                   | 0.09                              | 0.06                               |
|                              | 03.05.2006  | Transfer       | 1000          | 10               | 10                                   | 0.01                              | 0.01                               |
|                              | 08.05.2006  | Bonus          | 2675          | 10               | 0                                    | 0.03                              | 0.02                               |
|                              | <b>Sub Total (F)</b>                                |                | <b>13375</b>  |                  |                                      | <b>0.16</b>                       | <b>0.10</b>                        |
| Mr. Jayanti Gopalakrishnan   | 30.05.2006  | Transfer       | 625           | 10               | 10                                   | 0.01                              | 0.00                               |
|                              | <b>Sub Total (E)</b>                                |                | <b>625</b>    |                  |                                      | <b>0.01</b>                       | <b>0.00</b>                        |
| <b>Total = (A+B+C+D+E+F)</b> |   |                | <b>810750</b> |                  |                                      | <b>9.53</b>                       | <b>6.23</b>                        |

4. Some of the Important and valuable records of ours, have been damaged / lost / washed out from the premises in the unprecedented floods in Mumbai during the month of July, 2005. We have initiated necessary actions in this regard and efforts are being made to re-create the lost records, as far as possible.

In the absence of documents like Form 5 and the minutes of General Meeting the date of increase in Authorised Share Capital of our Company during 1976 by 5,000 shares has been shown as last date of the

financial year i.e. 31.12.1976. Similarly, in the absence of availability of Form 2 and ROC receipts of Form 2, the date of increase in paid up capital during financial year ended on 31st December, 1973, 1974, 1975, 1977, 1979, 1982 and 1985 and financial year ended on 31st March, 1991 and 1995 has been shown as last date of the respective financial years. In the absence of unavailability of the documents as mentioned above exact date of increase in authorised share capital or paid up capital as indicated above could not be disclosed.

In the absence of availability of Form 2 and ROC receipts of Form 2, the dates of shares issued to Dr. T. B. Mirchandani on 27.11.1969, 31.12.1973, 31.12.1974, 31.12.1975, 31.12.1977, 31.12.1979, 31.12.1985, 5.8.1991, 20.6.1994; shares issued to Dr. Jimmy Mirchandani on 31.12.1973, 31.12.1974, 31.12.1975, 31.12.1977, 31.12.1979, 31.12.1982, 5.8.1991, 30.8.1996 and shares issued to Dr. Rahul Mirchandani on 31.12.1973 and 30.8.1996 have been taken as per our Certificate. Similarly, the dates of the shares acquired through transfer on 21.10.1988 by Dr. T. B. Mirchandani and through transmission on 24.2.1991 by Dr. T. B. Mirchandani, Dr. Jimmy Mirchandani and Dr. Rahul Mirchandani have been taken as per our certificate. In the absence of unavailability of the documents as mentioned above shares acquired by promoters on the dates as detailed above through the transmission of shares or transfer cannot be verified independently.

We hereby confirm that other than as indicated above there is no compliance which involves reliance on any of the damaged/lost/washed out papers.

5. Out of the total Promoters' holding, 20% of the Post-Issue Equity Share Capital i.e. 26,00,698 Equity Shares will be under lock in for 3 years. In terms of Clause 4.12.1 of the SEBI DIP Guidelines, the balance equity shareholding of the promoters i.e. 31,33,478 Equity Shares (in excess of the aforesaid 20%) shall be locked in for a period of one year.
6. In terms of Clause 4.13.1 of the SEBI DIP Guidelines, the lock-in shares mentioned above has been arrived on the basis of 'Issued Last, Locked First'. The promoters have given a written undertaking that these shares shall not be transferred except inter se transfer as per the SEBI guidelines.
7. In terms of Clause 4.14.1 of the SEBI Guidelines, in addition to the lock-in of 20% of post-issue shareholding of the Promoter for three years, as specified above, the entire pre-issue share capital shall be locked in for a period of one year from the date of allotment in this issue.
8. In terms of clause 4.15 of the SEBI Guidelines, Locked-in securities held by the Promoter may be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan. Provided that the securities which are locked in as minimum promoters contribution under clause 4.11.1 of the SEBI Guidelines may be pledged, only if 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.
9. In terms of Clause 4.16(b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and amongst the Promoter/Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
10. Further, in terms of Clause 4.16(a) of the SEBI Guidelines, Equity Shares held by shareholders other than the Promoter may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
11. In terms of Clause 4.17.1 of the SEBI Guidelines, the securities which are subject to lock-in shall carry inscription 'non transferable' along with duration of specified non-transferable period mentioned in the face of the security certificate.
12. The lock-in period shall commence from the date of allotment of Equity Shares in this issue and the last date of the lock-in shall be reckoned as three years from the date of commercial production or date of allotment of shares in the public issue, whichever is later.
13. In case the final allotment of equity shares exceeds the number of equity shares offered through this issue on account of rounding off to the nearest integer as decided at the time of allotment, the number of shares to be locked in for three years shall be calculated on the increased allotted share capital.

14. The Promoter's contribution has been brought in to the extent that it is not less than the specified minimum lot of Rs. 25,000 per application from each individual and Rs. 1 lac from Companies as applicable.

15. Pre-issue and Post-issue Shareholding pattern of the Promoters and the promoters group is as under :

| Name of the Shareholder                       | Pre Issue        |              | Post Issue       |              |
|---|------------------|--------------|------------------|--------------|
|   | No. of Shares    | %age Holding | No. of Shares    | %age Holding |
| <b>Promoters</b>                              |                  |              |                  |              |
| Dr. T. B. Mirchandani                         | 35,43,875        | 41.68        | 35,43,875        | 27.25        |
| Dr. Jimmy Mirchandani                         | 16,26,843        | 19.13        | 16,26,843        | 12.51        |
| Dr. Rahul Mirchandani                         | 5,63,458         | 6.63         | 5,63,458         | 4.33         |
| <b>Sub Total (A)</b>                          | <b>57,34,176</b> | <b>67.43</b> | <b>57,34,176</b> | <b>44.10</b> |
| <b>Promoters Group</b>                        |                  |              |                  |              |
| <b>Relatives of Promoters</b>                 |                  |              |                  |              |
| Amol Mirchandani                              | 3,35,000         | 3.94         | 3,35,000         | 2.58         |
| Akshay Mirchandani                            | 3,61,875         | 4.26         | 3,61,875         | 2.78         |
| Sarasa Mirchandani                            | 86,875           | 1.02         | 86,875           | 0.67         |
| Nitya Mirchandani                             | 3,000            | 0.04         | 3,000            | 0.02         |
| Ashok Mirchandani                             | 10,000           | 0.12         | 10,000           | 0.08         |
| Meenaxi Subramanian                           | 13,375           | 0.16         | 13,375           | 0.10         |
| Jayanti Gopalakrishnan                        | 625              | 0.01         | 625              | 0.00         |
| <b>Sub Total (B)</b>                          | <b>8,10,750</b>  | <b>9.53</b>  | <b>8,10,750</b>  | <b>6.23</b>  |
| <b>Shareholding of Promoter's Group (A+B)</b> | <b>65,44,926</b> | <b>76.97</b> | <b>65,44,926</b> | <b>50.33</b> |

16. Shareholding pattern - Pre-issue and Proposed Post Issue Share Holding Pattern of our Company is as under:

| Sl. No. | Category                              | Pre Issue        |               | Post Issue #       |               |
|---------|---------------------------------------|------------------|---------------|--------------------|---------------|
|         |                                       | No. Of Shares    | % Holding     | No. Of Shares      | % Holding     |
| 1       | <b>Promoters:</b>                     |                  |               |                    |               |
| (i)     | Indian                                | 57,34,176        | 67.43         | 57,34,176          | 44.10         |
| (ii)    | Foreign                               | -                | -             | -                  | -             |
|         | <b>Sub Total (A)</b>                  | <b>57,34,176</b> | <b>67.43</b>  | <b>57,34,176</b>   | <b>44.10</b>  |
| 2       | <b>Promoters Group:</b>               |                  |               |                    |               |
| (i)     | Relatives                             | 8,10,750         | 9.53          | 8,10,750           | 6.23          |
|         | <b>Sub Total (B)</b>                  | <b>8,10,750</b>  | <b>9.53</b>   | <b>8,10,750</b>    | <b>6.23</b>   |
|         | <b>Promoters Shareholding (A + B)</b> | <b>65,44,926</b> | <b>76.97</b>  | <b>65,44,926</b>   | <b>50.33</b>  |
| 3       | <b>Non Promoters:</b>                 |                  |               |                    |               |
| (i)     | Foreign Institutional Investors       | -                | -             | [•]                | [•]           |
| (ii)    | Financial Institutions                | -                | -             | [•]                | [•]           |
| (iii)   | NRI & OCB                             | -                | -             | [•]                | [•]           |
| (iv)    | Employees                             | 41,188           | 0.48          | [•]                | [•]           |
| (v)     | Friends & Associates                  | 1,000            | 0.01          | [•]                | [•]           |
| (vi)    | Other Bodies Corporate                | 1,31,500         | 1.55          | [•]                | [•]           |
| (vii)   | Others ###                            | 17,84,876        | 20.99         | [•]                | [•]           |
|         | <b>Public Issue #####</b>             |                  |               | <b>45,00,000</b>   | <b>34.61</b>  |
|         | <b>Sub Total (C)</b>                  | <b>19,58,564</b> | <b>23.03</b>  | <b>64,58,564##</b> | <b>49.67</b>  |
|         | <b>Total (A+B+C)</b>                  | <b>85,03,490</b> | <b>100.00</b> | <b>1,30,03,490</b> | <b>100.00</b> |

# Post-Issue shareholding pattern will be determined after the Issue.

## Since the Promoters/Promoter Group will not participate in the proposed issue, the entire offering of 45,00,000 Equity Shares has been shown to have been taken by the Non-Promoters.

### We hereby confirm that the Company has complied with the relevant provisions of the Companies Act including section 67(3) of the said Act.

#### This figure represents the proposed public Issue.

17. Equity Shares held by the top ten shareholders:

a. Top ten shareholders as on the date of filing of this Red Herring Prospectus with SEBI is as follows:

| Sl. No. | Name of the Shareholders                              | No. of Shares | % to total pre-issue shares |
|---------|---|---------------|-----------------------------|
| 1       | Dr. T.B. Mirchandani                                  | 35,43,875     | 41.68                       |
| 2       | Dr. Jimmy Mirchandani                                 | 16,26,843     | 19.13                       |
| 3       | Dr. Rahul Mirchandani                                 | 5,63,458      | 6.63                        |
| 4       | Mr. Akshay Mirchandani                                | 3,61,875      | 4.26                        |
| 5       | Mr. Amol Mirchandani                                  | 3,35,000      | 3.94                        |
| 6       | Palkhi Inv. & Trading Co. Pvt. Ltd.                   | 1,25,000      | 1.47                        |
| 7       | Mr. Amit Hasmukhbhai Patel                            | 1,00,000      | 1.18                        |
| 8       | Mr. Shivdas Thakkar jointly with Mrs. Bharati Thakkar | 1,00,000      | 1.18                        |
| 9       | Dinesh Natverlal Shah                                 | 95,000        | 1.12                        |
| 10      | Mrs. Sarasa Mirchandani                               | 86,875        | 1.02                        |

b. Top ten shareholders 10 days prior to the date of filing of this Red Herring Prospectus with the SEBI is as follows:

| Sl. No. | Name of the Shareholder                               | No. of Shares | % to total pre-issue shares |
|---------|---|---------------|-----------------------------|
| 1       | Dr. T.B. Mirchandani                                  | 35,43,875     | 41.68                       |
| 2       | Dr. Jimmy Mirchandani                                 | 16,26,843     | 19.13                       |
| 3       | Dr. Rahul Mirchandani                                 | 5,63,458      | 6.63                        |
| 4       | Mr. Akshay Mirchandani                                | 3,61,875      | 4.26                        |
| 5       | Mr. Amol Mirchandani                                  | 3,35,000      | 3.94                        |
| 6       | Palkhi Inv. & Trading Co. Pvt. Ltd.                   | 1,25,000      | 1.47                        |
| 7       | Mr. Amit Hasmukhbhai Patel                            | 1,00,000      | 1.18                        |
| 8       | Mr. Shivdas Thakkar jointly with Mrs. Bharati Thakkar | 1,00,000      | 1.18                        |
| 9       | Mr. Dinesh Natverlal Shah                             | 95,000        | 1.12                        |
| 10      | Mrs. Sarasa Mirchandani                               | 86,875        | 1.02                        |

c. Top ten shareholders two years prior to date of filing of this Red Herring Prospectus with the SEBI is as follows:

| Sl. No. | Name of the Shareholder             | No. of Shares | % to total pre-issue shares |
|---------|-------------------------------------|---------------|-----------------------------|
| 1       | Dr. T.B. Mirchandani                | 39,35,100     | 57.85                       |
| 2       | Dr. Jimmy Mirchandani               | 12,99,974     | 19.11                       |
| 3       | Dr. Rahul Mirchandani               | 4,50,766      | 6.63                        |
| 4       | Mr. Akshay Mirchandani              | 2,70,500      | 3.98                        |
| 5       | Mr. Amol Mirchandani                | 2,68,000      | 3.94                        |
| 6       | Palkhi Inv. & Trading Co. Pvt. Ltd. | 1,00,000      | 1.47                        |
| 7       | Mrs. Sarasa Mirchandani             | 69,500        | 1.02                        |
| 8       | Mr. Mahesh M. Nadkarni              | 24,000        | 0.35                        |
| 9       | Mr. Ramesh U. Ramchandani           | 10,000        | 0.15                        |
| 10      | Mr. Suketu Shah                     | 10,000        | 0.15                        |

18. The Promoter and the Promoter Group have not purchased or sold any Equity Shares during the period of six months preceding the date on which the Red Herring Prospectus is filed with SEBI.
19. Our Company, its Promoters, Promoter Group, Directors and/or the BRLM of the Issue have not entered into any 'buy-back' or 'standby' arrangement for purchase of the Equity Shares being offered through this Red Herring Prospectus.
20. An over-subscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearest multiple of minimum allotment lot, while finalizing the allotment.
21. As of 31<sup>st</sup> October, 2007, we have availed an amount of Rs. 185.27 lakhs from Indian Overseas Bank out of total sanctioned term loan of Rs.195 lakhs which would be repaid in one shot from proceeds of the issue or if the Issue is not materialised then in 21 EMI of Rs.10,29,570/-. The loan has been sanctioned by the Bank for part financing setting up of proposed project in Andhra Pradesh being one of the objects of

the issue. We have created charge by way of mortgage of land at Plot No. 244 to 246 and 250 to 252, IDA, Phase – II, Pashamylaram Mandal, Medak District, Andhra Pradesh and hypothecation of other assets of the project to be acquired.

22. There are no partly paid up Equity Shares as on the date of Red Herring Prospectus.
23. The Equity Shares offered through the Issue will be fully paid up, and hence there shall be no partly paid shares in this issue.
24. An investor cannot make a Bid for more than the number of Equity Shares offered under the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
25. The Issue is being made through the 100% Book Building Process wherein up to 50% of the issue size shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the issue size would be allocated to Non-Institutional Bidders on a proportionate basis and not less than 35% of the issue size would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.
26. Under-subscription, if any, in any category would be met with the spill over from any other category at the sole discretion of the Company in consultation with the BRLMs. However if the aggregate demand by mutual funds is less than 1,12,500 shares, the balance equity shares available for allocation in the mutual fund portion will be first added to the QIB portion and be allotted proportionately to the QIB bidders.
27. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in para on "Basis of Allotment" beginning on page no. 313 of this Red Herring Prospectus.
28. Our Company shall not make any further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
29. Our Company at present does not intend or propose to alter our capital structure for a period of six months from the date of filing of this Red Herring Prospectus, 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 otherwise except that if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
30. On the date of filing the Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares, which would entitle the existing Promoters or shareholders, or any other person any option to receive Equity Shares after the Offer.
31. We have not issued any Equity shares out of revaluation reserves or reserves without accrual of cash resources except through Bonus Issue as detailed below:

| Date     | No. of Shares | Face Value (Rs.) | Capitalizing  | Ratio |
|----------|---------------|------------------|---|-------|
| 5.8.1994 | 4,90,000      | 100              | Revaluation Reserves  | 25:1  |
| 8.5.2006 | 17,00,700     | 10               | Share Premium account of Rs.91,46,250 & Profit & Loss Account of Rs.78,60,750 | 1:4   |

32. We have not offered any Employees Stock Option Scheme or Employees Stock Purchase Scheme for its employees.
33. There will be only one denomination of the Equity Shares of Aries, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.



34. Our Promoters and members of the Promoters Group will not participate in this issue.
35. Our Company has a total of 547 Equity shareholders as on date. The Company has duly complied with provisions of section 67(3) (b) of the Companies Act, 1956.

## OBJECTS OF THE ISSUE

The objects of the Issue are raising capital for financing our Company's proposed business plans and to achieve the benefits of listing.

The object of the present issue of equity shares includes:

1. Setting up of new manufacturing units at Ahmedabad, Lucknow, Medak (Andhra Pradesh) and an additional unit in Maharashtra.
2. To purchase Plant & Machinery for its existing Factory in Mumbai.
3. For Capital expenditure on Mobile Marketing.
4. Renovation of existing Office Building & addition to existing Office Building at Deonar, Mumbai.
5. Investment in Golden Harvest Middle East (FZC), UAE.
6. To meet the working capital requirements of our Company.
7. To meet General Corporate Expenses.
8. To meet the issue expenses.
9. To list the Equity Shares of our Company on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) which will enhance our Company's brand name and provide liquidity to its existing and future shareholders.

We intend to utilize the proceeds of the Issue, after deducting all Issue related expenses (Net Proceeds) to finance the business plans.

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

The fund requirement and its deployment is based on our internal management estimates and has not been appraised by any financial institution or bank. These are based on current conditions and are subject to change in light of changes in external circumstances, costs, other financial condition, business or strategy. The fund requirement below is based on our present business plan. Given the nature of the industry, and the level of competitive environment and technology transformation aspects related to the industry in which we operate, we may have to revise our business plan from time to time and consequently our capital requirements may also change. This may include re-scheduling of our capital expenditure programme and increase or decrease in the capital expenditure for a particular purpose vis-à-vis current plans at our discretion.

In case of any such variations in the actual utilization of funds earmarked for the above activities, 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. If surplus funds are unavailable, we will meet the increased requirement of fund for any specific activity from our own internal accruals and/or debt. Funds raised over and above the earmarked requirements would be deployed for growth opportunities and general corporate purposes.

The requirement of funds as estimated us shall be utilised by us immediately on the availability of funds, subsequent to the closure of the Issue and allotment of Equity Shares.

## REQUIREMENT OF FUNDS:

The total requirement of funds as estimated are as below:

| Sl. No. | Particulars   | Amount<br>(Rs. In Lakhs) |
|---------|---|--------------------------|
| 1       | New Manufacturing unit at Ahmedabad                         | 197.40                   |
| 2       | New Manufacturing unit at Lucknow                           | 208.92                   |
| 3       | New Manufacturing unit at Medak (Andhra Pradesh)            | 244.94                   |
| 4       | Additional Manufacturing unit in Maharashtra                | 157.72                   |
| 5       | Purchase of Plant & Machinery at existing Factory in Mumbai | 169.67                   |
| 6       | Capital expenditure for Mobile Marketing                    | 579.32                   |
| 7       | Existing Office Building Renovation & New Office Building   | 683.80                   |
| 8       | Investment in Golden Harvest                                | 736.80                   |
| 9       | To meet the working capital requirements of our Company     | 1776.00                  |
|         | <b>Sub Total</b>  | <b>4754.57</b>           |
| 10      | To meet General Corporate Expenses                          | [•]                      |

|    |                       |            |
|----|-----------------------|------------|
| 11 | Expenses of the issue | [•]        |
|    | <b>Total</b>          | <b>[•]</b> |

#### MEANS OF FINANCE:

The above mentioned requirement of funds of Rs [•] lakhs is proposed to be financed through Issue proceeds and shortfall, if any, will be met through internal cash accruals. The proposed means of the finance for the project will be as under:

| Particulars       | Amount<br>(Rs. In Lakhs) |
|-------------------|--------------------------|
| Issue Proceeds    | [•]                      |
| Internal Accruals | [•]                      |
| <b>Total</b>      | <b>[•]</b>               |

We confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through the proposed public issue have been made.

In case the funds raised in the Issue are lower than the total requirement, we intend to finance the shortfall, if any through internal accruals. The net proceeds of the Issue would be used to meet all or any of the uses of the funds described above. The amount of free reserves of our Company as on July 31, 2007 was Rs. 1970.13 lakhs. The Company has adequate reserves to meet the shortfall, if any, that may arise.

We have been sanctioned term loan of Rs. 195 lakhs by Indian Overseas Bank, Natraj Theatre Complex, First Road, Chembur, Mumbai 400 071 for deployment of funds in the project at Andhra Pradesh to be repaid in one shot from the proposed IPO within three months from the date of availment or if the same is not materialised, in 21 EMI of Rs. 10,29,570/- each with 3 months holiday period. The setting up of Project in Andhra Pradesh is one of the objects of the issue.

#### DETAILED BREAK UP OF FUNDS

##### 1. Setting up Manufacturing unit at Ahmedabad

**Product :** Agromin Soil Application and Feromix  
**States to Cover:** Punjab, Haryana, Gujarat, Madhya Pradesh and Rajasthan  
**Capacity :** Agromin: 10800 MT/Year (36 MT Per Day)  
Feromix: 9000 MT/Year (30 MT Per Day)  
**Location :** Revenue Survey No.112, Paiki, Plot Nos.5 & 5A, Paiki, Tal. Sanand, Dist. Ahmedabad, Gujarat  
**Buildings :** Total Built-Up area would be 10,000 Sq.ft with a rent @ Rs.3.50/Sq.ft, thus totalling Rs.35,000 as rent per month.  
**Water :** No water is required for manufacture and/or process. However, water for domestic purposes would be met through local municipality.

For the purpose of setting up the proposed expansion plan, we have entered into a Lease Deed with Mr. Ramesh Bhai Kanji Bhai Thakkar proprietor of M/s Shri Hari Oil Mills dated 24.04.07 for leasing of industrial premises / shed admeasuring 10,000 sq ft of land. The details of the lease deed are as under:

|                                |  |
|--------------------------------|--|
| <b>Particulars of Property</b> | Industrial Shed/premises situated at:<br>Survey No.112, Paiki, Plot Nos.5 & 5A, Paiki, Tal Sanand, Dist – Ahmedabad, Gujarat   |
| <b>Lease Deed Date</b>         | 24.04.2007   |
| <b>Period of lease</b>         | Initially 5 years from the date of occupation of the premises by lessee; to be renewed for a further period of 5 years at the option of the lessee on mutually agreed terms and conditions   |
| <b>Area</b>                    | Industrial premises / Shed Area admeasuring 10000 sq. ft.  |
| <b>Lessor/Landlord</b>         | Mr. Ramesh Bhai Kanji Bhai Thakkar   |
| <b>Lessee</b>                  | Aries Agro Limited   |
| <b>Amount Paid/payable</b>     | Rent @ Rs. 3.50 per sq. feet aggregating to Rs. 35,000.00 per month to be enhanced @10% after every 2 years from the date of occupation of the premises plus Interest Free Deposit equivalent to 3 months rent amounting to Rs. 1,05,000/- to be refunded to the lessee at the time of termination of the lease agreement. |

|                                  |  |
|----------------------------------|--|
| <b>Other Terms of Lease Deed</b> | <ul style="list-style-type: none"> <li>At present industrial premises /shed of 5,500 sq. ft. is readily available and balance area of 4,500 sq. ft. will be constructed by the lessor within two months, suitably, in order to meet the requirements of lessee.</li> <li>The lessor to carry out necessary civil work as per the requirement of the lessee in the said industrial premises so as to extend the said industrial premises to measure 10,000 sq.ft. and accordingly civil work of constructing additional shed will be borne by the lessor</li> <li>The installation of 125HP additional electrical power, deposit to electrical Company and electric charges at actual exclusively towards the premises to be paid by Aries</li> <li>All essential licenses/ permissions will be obtained by Aries.</li> </ul> |
|----------------------------------|--|

The total capital outlays are as under:

| Sl. No. | Particulars   | Amount (Rs. In lakhs) |               |
|---------|---|-----------------------|---------------|
| 1.      | Deposit for Land and Building   |                       | 1.65          |
| 2.      | <b>Buildings *</b>  |                       |               |
|         | Construction of factory Stores & Research Lab Area of 25X20 Sq.ft. @Rs. 500/sq.ft   | 2.50                  |               |
|         | Labour Quarters   | 15.00                 |               |
|         | Compound Wall   | 10.00                 |               |
|         | <b>Sub-Total</b>  | <b>27.50</b>          |               |
|         | Taxes   | 2.50                  | 30.00         |
| 3.      | <b>Plant &amp; Machinery</b>  |                       |               |
|         | Design, Engineering, Manufacture and Supply of Automatic Material Handling Systems– Jumbo Bag Unloading & Pneumatic Conveying System for Manganese, Zinc Sulphate | 69.38                 |               |
| a.      | Bagging Machine   | 10.25                 |               |
|         | Packaging @ 3%  | 0.31                  |               |
|         | VAT @ 12.5%   | 9.95                  | 89.89         |
|         | Erection & Commissioning along with other related expenses  |                       | 1.22          |
|         | Freight from Bangalore to Ahmedabad   |                       | 1.22          |
| b.      | 250 Kg. Thermic Fluid-Bed-Driers - 2 Nos.   |                       | 22.02         |
| c.      | Thermic Fluid Heater  |                       | 7.50          |
| d.      | 2 MT Ribbon Blender - 1 No.   |                       | 5.95          |
| e.      | Foundation for Machinery  |                       | 0.78          |
| 4.      | Electrical Installation   |                       | 10.24         |
| 5.      | Complete QC Laboratory Equipment  |                       |               |
|         | Analytical Balance  | 0.78                  |               |
|         | Flame Photometer - Microprocessor based   | 0.44                  |               |
|         | UV - Spectrophotometer - Microprocessor based   | 1.25                  |               |
|         | Atomic Absorption Spectrophotometer   | 6.50                  |               |
|         | Moisture Balance - InfraRed   | 0.14                  |               |
|         | Hot Air Oven  | 0.08                  |               |
|         | Digital PH Meter  | 0.08                  |               |
|         | Karl Fischer Titrator (automatic)   | 0.18                  |               |
|         | Karl Fischer Titrator - Digital   | 0.38                  |               |
|         | De-Ioniser  | 0.12                  |               |
|         | Muffle Furnace  | 0.17                  |               |
|         | Heating Mantle  | 0.01                  |               |
|         | <b>Sub-Total</b>  | <b>10.13</b>          |               |
|         | VAT @ 12.50%  | 1.27                  |               |
|         | <b>Total Cost</b>   |                       | <b>11.40</b>  |
|         | Electronic Weighing Scale with LED Display, Heat Induction Bag Sealer, Trolleys, etc  |                       | 1.13          |
| 6.      | Computers   |                       | 3.28          |
| 7.      | Office Furniture and other Fixtures   |                       | 1.72          |
|         | <b>SUBTOTAL</b>   |                       | <b>188.00</b> |
| 9.      | Contingencies @ 5%  |                       | 9.40          |
|         | <b>TOTAL (A)</b>  |                       | <b>197.40</b> |

\* Building Cost is as per quotation of D. A. Enterprises, Labour Contractor; Vasai dated 6th November, 2007.

## 2. Setting up of manufacturing unit at Lucknow:

|                  |   |
|------------------|---|
| <b>Product</b>   | : Agromin Soil Application  |
| <b>Consumer:</b> | To the states of Bihar, Jharkhand, Chattisgarh and West Bengal  |
| <b>Capacity</b>  | : Agromin manufacturing: 10800 MT/Year (36 MT/Day)  |
| <b>Location</b>  | : Plot No.836, Banthra, Lucknow Kanpur Highway, Sikandanpur, Tehsil & Distt. Lucknow, Uttar Pradesh.  |
| <b>Buildings</b> | : Construction area of 10,000 sq. ft. excluding open space of 1500 sq.ft. with a rent @ Rs. 5.00 per Sq.ft. per month for construction area and Rs. 2.50 per Sq. feet per month for open space. |
| <b>Power</b>     | : 30 Hp / 22 KW   |
| <b>Water</b>     | : No water is required for manufacture and /or process. However, water for domestic purposes would be met through local municipality.   |

For the purpose of setting up the proposed expansion plan, the Company has entered into a Lease Agreement with Mrs Veena Jaiswal dated 27<sup>th</sup> April, 2007 for leasing out industrial premises to be constructed by the lessor with compound wall on the land. The details of the agreement are as under:

|  |   |
|--|---|
| Particulars of Property                  | Plot No.836, Banthra, Lucknow-Kanpur Highway, Sikandanpur, Distt. & Tehsil Lucknow, Uttar Pradesh   |
| Lease Agreement                          | 27 <sup>th</sup> April, 2007  |
| Period of Lease                          | Initially 5 years to be renewed for a further period of 5 years at the option of the lessee on mutually agreed terms and conditions   |
| Area                                     | 11,500 sq. ft.  |
| Lessor                                   | Mrs. Veena Jaiswal  |
| Lessee                                   | Aries Agro Limited  |
| Amount Paid/payable                      | Rent of Rs. 5.00 per sq.ft. per month for area of 10,000 sq.ft. i.e., Rs. 50,000/- per month and Rs. 2.50 per sq.ft. for area of 1,500 sq. ft. i.e., Rs. 3,750/- per month. The lease rent to be enhanced @10% after every 2 years from the date of occupation of the premises. An interest free advance amount of Rs. 11.50 lakhs to be paid by lessee to the lessor which will be adjusted @ Rs. 50,000/- per month against monthly rent during 23 months from the date of possession of the premises.  |
| Other major terms of the Lease Agreement | <ul style="list-style-type: none"> <li>The lessor to carry out necessary civil work as per the requirement of the lessee on the said land to make suitable the industrial premises admeasuring 10,000 + 1,500 sq.ft.and accordingly civil work towards constructing the the premises /shed including compound wall will be borne by the lessor</li> <li>Lessee shall obtain all essential licenses / permissions including consent of the pollution/environmental authorities or such other permissions as may be required</li> <li>If the lessee is desirous of renewing the lease on expiry of 5 years, a notice of 90 days, in writing intending to renew the agreement will be given by the lessee to lessor</li> </ul> |

The total capital outlays are as under:

| Sl. No. | Particulars   | Amount (Rs. In lakhs) |       |
|---------|---|-----------------------|-------|
| 1       | Deposit for Land and Building   |                       | 11.50 |
| 2       | <b>Buildings*</b>   |                       |       |
|         | Construction of Watchman's cabin  | 2.50                  |       |
|         | Compound Wall   | 10.00                 |       |
|         | Land Filling & Levelling  | 15.00                 |       |
|         | <b>Sub Total</b>  | <b>27.50</b>          |       |
|         | Taxes   | 2.50                  | 30.00 |
| 3       | <b>Plant &amp; Machinery</b>  |                       |       |
|         | Design, Engineering, Manufacture and Supply of Automatic Material Handling Systems- Jumbo Bag Unloading & Pneumatic Conveying System for Manganese, Zinc Sulphate | 69.38                 |       |
|         | Bagging Machine   | 10.25                 |       |
|         | Packaging @ 3%  | 0.31                  |       |
|         | VAT @ 12.5%   | 9.95                  | 89.89 |

|   |  |                  |               |
|---|--|------------------|---------------|
|   | Erection & Commissioning along with other related expenses                           |                  | 1.51          |
|   | Freight From Bangalore to Lucknow  |                  | 1.50          |
|   | 250 Kg. Thermic Fluid-Bed-Driers - 2 Nos.  |                  | 22.02         |
|   | Thermic Fluid Heater   |                  | 7.50          |
|   | 2 MT Ribbon Blender - 1 No.  |                  | 5.95          |
|   | Foundation for Machinery   |                  | 0.50          |
| 4 | Electrical Installation  |                  | 10.07         |
| 5 | Complete QC Laboratory Equipment   |                  |               |
|   | Analytical Balance   | 0.78             |               |
|   | Flame Photometer - Microprocessor based  | 0.44             |               |
|   | UV - Spectrophotometer - Microprocessor based  | 1.25             |               |
|   | Atomic Absorption Spectrophotometer  | 6.50             |               |
|   | Moisture Balance - InfraRed  | 0.14             |               |
|   | Hot Air Oven   | 0.08             |               |
|   | Digital PH Meter   | 0.08             |               |
|   | Karl Fischer Titrator (automatic)  | 0.18             |               |
|   | Karl Fischer Titrator - Digital  | 0.38             |               |
|   | De-Ioniser   | 0.12             |               |
|   | Muffle Furnace   | 0.17             |               |
|   | Heating Mantle   | 0.01             |               |
|   | <b>Sub-Total</b>   | <b>10.13</b>     |               |
|   | VAT @ 12.50%   | 1.27             |               |
|   | <b>Total Cost</b>  |                  | <b>11.40</b>  |
| 6 | Electronic Weighing Scale with LED Display, Heat Induction Bag Sealer, Trolleys, etc |                  | 1.13          |
| 7 | Computers  |                  | 3.28          |
| 8 | Office Furniture and other Fixtures  |                  | 2.72          |
|   |  | <b>SUBTOTAL</b>  | <b>198.97</b> |
| 9 | Contingencies @ 5%   |                  | 9.95          |
|   |  | <b>TOTAL (A)</b> | <b>208.92</b> |

\* Building Cost is as per quotation of Jabin Corporation, Labour Contractor; Mumbai dated 7th November, 2007.

### 3. New Manufacturing unit at Medak (Andhra Pradesh)

Our present factory is located at Balanagar in Hyderabad. We are setting up a new manufacturing unit at Pashamylaram, Patancheru, Dist. Medak, Andhra Pradesh.

**Product** : Agromin Soil Application and Chelamin. The Company would be also engaged in packing of Max, Macrofert, Boron 20 and Fertimax

**States to Cover**: Andhra Pradesh, Tamil Nadu and Orissa

**Capacity** : Manufacturing of Agromin / Chelamin -- 32400 MT/Year (108 MT/Day)  
Packing - 9 Million Pouches/Year or 9000 MT/Year (Any Product) i.e. 1500 Pouches/Hr

**Buildings** : Total Construction area including storage would be 24,000 Sq.ft.

**Power** : 175 Hp / 130 Kw

**Water** : Water required for manufacture and /or process would be sourced from bore wells. Water for domestic purposes would be met through local municipality.

The total capital outlays are as under:

| Sl. No. | Particulars                                 | Amount (Rs. In lakhs) |       |
|---------|---|-----------------------|-------|
| 1       | Existing land                               |                       | -     |
| 2       | <b>Building*</b>                            |                       |       |
|         | Construction of Factory building            | 72.85                 |       |
|         | Sump  | 1.05                  |       |
|         | Security Building                           | 1.95                  |       |
|         | Compound Wall                               | 6.00                  |       |
|         | Roads                                       | 4.00                  |       |
|         | <b>Sub Total</b>                            | <b>85.85</b>          |       |
|         | Septic Tank and RCC Loft                    | 3.50                  | 89.35 |
| 3       | <b>Plant &amp; Machinery</b>                |                       |       |
| a.      | Automatic Vertical Form Fill Seal Machine   | 9.81                  |       |
| b.      | Automatic Horizontal Form Fill Seal Machine | 23.58                 |       |

|    |  |                  |               |
|----|--|------------------|---------------|
| c. | 1.5 MT Ribbon Blender - 1 No.  | 6.20             |               |
| d. | Spray Drying Plant for Micro Nutrients   | 36.00            |               |
| e. | Batching and Conveying System  | 19.57            |               |
| f. | ELGI Compressor  | 1.61             |               |
| g. | Fluid Bed Dryer  | 3.76             |               |
| h. | Non IBR Steam Boiler & Additional  | 3.40             |               |
| i. | Reaction Vessel  | 12.48            |               |
|    | <b>Total Cost</b>  |                  | 116.21        |
| 4  | Electrical Installations   |                  |               |
| a. | Transformer  | 3.41             |               |
| b. | LT Power Distribution Panel  | 1.01             |               |
|    | LT Power Distribution Panel Changeover Switch  | 0.33             |               |
| c. | Electricals  | 5.24             |               |
|    | <b>Total Cost</b>  |                  | 9.99          |
| 5  | Lab Equipments   |                  |               |
|    | Complete QC Laboratory Equipment   |                  |               |
|    | Analytical Balance   | 0.78             |               |
|    | Flame Photometer - Microprocessor based  | 0.44             |               |
|    | UV - Spectrophotometer - Microprocessor based  | 1.25             |               |
|    | Atomic Absorption Spectrophotometer  | 6.50             |               |
|    | Moisture Balance - InfraRed  | 0.14             |               |
|    | Hot Air Oven   | 0.08             |               |
|    | Digital PH Meter   | 0.08             |               |
|    | Karl Fischer Titrator (automatic)  | 0.18             |               |
|    | Karl Fischer Titrator - Digital  | 0.38             |               |
|    | De-Ioniser   | 0.12             |               |
|    | Muffle Furnace   | 0.17             |               |
|    | Heating Mantle   | 0.01             |               |
|    | <b>Sub-Total</b>   | <b>10.13</b>     |               |
|    | VAT @ 12.50%   | 1.27             |               |
|    | <b>Total Cost</b>  |                  | 11.40         |
| 6  | Electronic Weighing Scale with LED Display, Heat Induction Bag Sealer, Trolleys, etc |                  | 1.13          |
| 7  | Computers  |                  | 3.28          |
|    | Office Furniture and other Fixtures  |                  | 1.72          |
|    |  | <b>SUBTOTAL</b>  | <b>233.28</b> |
| 8  | Contingencies @ 5%   |                  | 11.66         |
|    |  | <b>TOTAL (C)</b> | <b>244.94</b> |

\* Building cost is as per quotation of GS-SVC Joint Venture, Civil Engineers & Contractors, 2-3-70/36, Poornadaya Colony, C.P.L. Road, Amberpet, Hyderabad – 500 013 dated April 11, 2007. Contract has been awarded to GS-SVC vide our letter no. F.HP:SR:STB:1152 dated April 12, 2007

#### 4. Additional Manufacturing unit in Maharashtra

**Product** : Repacking operations of imported soluble fertilizers and other speciality fertilizers  
**Capacity** : 16200 MT/Year  
**Location** : We are exploring a suitable location for setting up additional manufacturing facilities in Maharashtra. In this regard, as of now, we have received preliminary indications about the prevailing land cost at two locations.  
**Buildings** : Total Construction area including storage would be 10,000 Sq.ft.  
**Power** : 15 Hp / 12 Kw  
**Water**: No water is required for manufacture and /or process. However, water for domestic purposes would be met through local municipality.

The total capital outlay is as under:

| Sl. No. | Particulars                                   | Amount (Rs. In lakhs) |
|---------|---|-----------------------|
| 1       | One and half acres of land @Rs.30 lakhs /acre | 45.00                 |
| 2       | <b>Buildings*</b>                             |                       |
|         | Production Building & Laboratory              | 45.00                 |
|         | Security Building                             | 2.50                  |
|         | Compound Wall                                 | 7.50                  |
|         | <b>Sub Total</b>                              | <b>55.00</b>          |



|   |  |                  |               |
|---|--|------------------|---------------|
|   | Taxes                                    | 5.00             | 60.00         |
| 3 | <b>Plant &amp; Machinery</b>             |                  |               |
|   | Vertical Form Fill and Sealing Machine   | 18.50            |               |
|   | Inclined Screw Conveyor with Base Hopper | 2.45             |               |
|   | Ink coding Unit                          | 0.45             |               |
|   | Excise @ 16.48%                          | 3.52             |               |
|   | Basic Cost                               | 24.92            |               |
|   | Central Sales Tax @4%                    | 1.00             |               |
|   | Cost of equipment                        | 25.92            |               |
|   | Packing @ 3%                             | 0.78             |               |
|   | Forwarding & installation charges        | 1.38             | 28.08         |
|   | Foundation for Machinery                 |                  | 2.00          |
| 4 | Electrical Installation                  |                  | 10.13         |
| 5 | Computers                                |                  | 3.28          |
| 6 | Office Furniture and other Fixtures      |                  | 1.72          |
|   |  | <b>SUBTOTAL</b>  | <b>150.21</b> |
| 7 | Contingencies @ 5%                       |                  | 7.51          |
|   |  | <b>TOTAL (D)</b> | <b>157.72</b> |

\* Building cost is as per quotation of S. R. Enterprise, Labour Contractor dated 6th November, 2007.

#### 5. Purchase of Plant & Machinery at existing Factory in Mumbai

We are currently manufacturing chelated micro nutrients at our existing factory at Mumbai with a capacity of 10,800 tpa. We are proposing to mechanise the packing line by installation of automatic material handling system and bagging machine. We propose to manufacture Agromin Soil Application for the states of Maharashtra and Karnataka as well as other products of ours like Agromin Gold, Plantomycin, Agronaa, Chelamin, Max, Macrofert, Boron 20 and Fertimax.

| SI. No. | Particulars   | Amount (Rs. In lakhs) |               |
|---------|---|-----------------------|---------------|
| 1       | Design, Engineering, Manufacture and Supply of Automatic Material Handling Systems– Jumbo Bag Unloading & Pneumatic Conveying System for Manganese, Zinc Sulphate | 69.38                 |               |
|         | Bagging Machine   | 10.25                 |               |
|         | VAT @ 12.5%   | 9.95                  |               |
|         | Packaging @ 3%  | 0.31                  | 89.89         |
|         | Erection & Commissioning along with other related expenses  |                       | 1.72          |
| 2       | 300 Kg. Fluid-Bed-Driers - 2 Nos.   |                       | 36.54         |
| 3       | 1 KL Capacity Reaction Vessel   |                       | 18.43         |
| 4       | Computers   |                       | 13.67         |
| 5       | Office Furniture and other Fixtures   |                       | 1.34          |
|         |   | <b>Sub-Total</b>      | <b>161.59</b> |
|         | Contingencies @ 5%  |                       | 8.08          |
|         |   | <b>Total</b>          | <b>169.67</b> |

#### 6. Capital expenditure on Mobile Marketing:

We are proposing to purchase 100 trucks with Models bearing No.Tata Ace and Tata 207 Di (50 each).

| SI. No. | Particulars   | Tata Ace      | Tata 207 Di   | Total (Rs. In lakhs.) |
|---------|---|---------------|---------------|-----------------------|
| a)      | Ex-Showroom Cost of Trucks  | 129.38        | 214.93        | 344.31                |
| b)      | Insurance   | 6.25          | 7.50          | 13.75                 |
| c)      | Registration  | 11.30         | 11.30         | 22.60                 |
|         | <b>Sub total</b>  | <b>146.93</b> | <b>233.73</b> | <b>380.66</b>         |
| d)      | Body Building Cost  | 20.79         | 25.65         | 46.44                 |
| e)      | Graphics / Branding   |               |               | 10.40                 |
| f)      | A/V System – Projector  |               |               | 71.33                 |
|         | 6 – Tents per vehicle with screen printing, digital flex and rapping strips |               |               | 24.90                 |
| g)      | Vehicle Tracking  |               |               | 18.00                 |
|         | <b>Sub-Total</b>  |               |               | <b>551.73</b>         |
|         | Contingencies @ 5%  |               |               | 27.59                 |
|         | <b>TOTAL COST</b>   |               |               | <b>579.32</b>         |

## 7. Existing Factory cum Office Building Renovation & Addition to Building

Our existing registered office cum factory is situated at Deonar, Mumbai on a land admeasuring 3025 sq.mt. The factory building area is 1633.4489 sq. mt. and the net area on the Ground Floor works out to 1610.133 sq.mt. on 1<sup>st</sup> Floor to 1350.64 sq.mt. and 2<sup>nd</sup> Floor to 56.376 sq. mt. Pump room and RCC section tank for water supply is also provided.

We are proposing to renovate our existing factory cum office building at Deonar, Mumbai by part demolition of Ground Floor and constructing an additional floor (2<sup>nd</sup> floor) to cater to the requirement of additional office space due to proposed increase in capacity. The FSI so released by demolition of part of existing ground floor would be used for building 2<sup>nd</sup> Floor. The shortfall in FSI required for constructing 2<sup>nd</sup> Floor would be met by purchasing TDR.

M/s Karani & Sanghoi Designers, Architects & Consultants vide its letter dated 1st November, 2007 has estimated the cost of Factory Building cum Office Project at Rs. 651.20 lakhs. The details are as below:

| Sl. No. | Particulars  | Details Area (sq.ft.)*rate (Rs./sq.ft.) | Amount (Rs. In lakhs) |
|---------|--|---|-----------------------|
|         | <b>Civil Works</b>   |   |                       |
| 1.      | Demolition of part existing structure alongwith repairing      | 10,000 * 300                            | 30.00                 |
| 2.      | Purchase cost of Transferrable Development Rights              | 8,600 * 2,500                           | 215.00                |
| 3.      | Cost of construction   | 18,600 * 1,200                          | 223.20                |
| 4.      | Consultation fees and approvals                                |   | 40.00                 |
| 5.      | Interiors and other facilities including Air Conditioning etc. | 18,600 * 500                            | 93.00                 |
| 6.      | Lease premium to Estate Department MHADA                       |   | 50.00                 |
|         | <b>Sub Total</b>   |   | <b>651.20</b>         |
|         | Contingencies @5%  |   | 32.56                 |
|         |  | <b>Total</b>                            | <b>683.76</b>         |
|         |  | <b>Say</b>                              | <b>683.80</b>         |

## 8. Investments in Golden Harvest Middle East (FZC) (Golden Harvest)

Golden Harvest is a Company incorporated in UAE, currently engaged in Trading Activities. It is setting up a project to manufacture chelated micronutrients with a capacity 10,800 MT/Year in UAE at Sharjah Airport International Free (SAIF) Zone, Sharjah. The cost of project is 6 million AED (Rs.736.80 lakhs). Further, Golden Harvest would also invest 2 million AED (Rs.245.60 lakhs) in another Company i.e. MAPCO also incorporated in UAE. Thus, the total requirement of funds of Golden Harvest is 8 million AED (Rs.982.40 lakhs). As on 31<sup>st</sup> October, 2007, the entire paid-up capital of 13.45 lakhs AED (Rs. 165.17 lakhs) of Golden Harvest is held by Aries Agro Limited, Promoter Group of Aries Agro Limited and Mr. C. Shankar Narayanan who is an employee of Golden Harvest looking at overall operations of the Company under the supervision of the Board. It is proposed that the share capital of Golden Harvest would be enhanced to 80 lakhs AED (Rs.982.40 lakhs) by further infusion of 66.55 lakhs AED of Capital (Rs. 817.23 lakhs). Out of the additional capital to be issued we would acquire further shares of 53.30 lakhs AED (Rs. 654.52 lakhs) and the balance would be taken by other existing shareholders of Golden Harvest. By virtue of the proposed shareholding, We would be holding, 75% of the paid capital of Golden Harvest. The proposed shareholding pattern after the said investment would be as follows:

### Proposed Shareholding pattern:

| Name of the shareholder   | Equity share capital (in lakhs AED) | Equity share capital (in Rs. lakhs ) | % Shareholding |
|---------------------------|-------------------------------------|--------------------------------------|----------------|
| Dr. Jimmy Mirchandani     | 5.20                                | 63.86                                | 06.50          |
| Dr. Rahul Mirchandani     | 9.70                                | 119.11                               | 12.12          |
| Mr. Akshay Mirchandani    | 5.00                                | 61.40                                | 06.25          |
| Mr. C. S. Shankaranarayan | 0.10                                | 1.23                                 | 00.13          |
| Aries Agro Limited        | 60.00                               | 736.80                               | 75.00          |
| <b>Total</b>              | <b>80.00</b>                        | <b>982.40</b>                        | <b>100.00</b>  |

Total funding requirement of the project as estimated by Golden Harvest is as under:

| Sl. No. | Particulars         | AED in lakhs | Rs. In lakhs |
|---------|---------------------|--------------|--------------|
| 1       | Capital Expenditure | 6.30         | 77.36        |

|   |                                     |              |               |
|---|-------------------------------------|--------------|---------------|
| 2 | Civil Works                         | 21.80        | 267.70        |
| 3 | Miscellaneous Fixed Assets          | 2.20         | 27.02         |
| 4 | Preliminary & Preoperative Expenses | 0.30         | 3.69          |
| 5 | Contingencies                       | 2.50         | 30.70         |
| 6 | Working capital margin              | 26.90        | 330.33        |
| 7 | Investment in MAPCO                 | 20.00        | 245.60        |
|   | <b>Total</b>                        | <b>80.00</b> | <b>982.40</b> |

Equivalent to Rs. 982.40 lakhs (Note: For conversion of AED into INR, exchange rate of ~ Rs.12.28 /AED has been taken).

#### Total Means of Finance:

| Sl. No. | Particulars                     | AED in lakhs | Rs. In lakhs  |
|---------|---------------------------------|--------------|---------------|
| 1       | Equity from Aries Agro Limited* | 60.00        | 736.80        |
| 2       | Dr. Jimmy Mirchandani           | 5.20         | 63.86         |
| 3       | Dr. Rahul Mirchandani           | 9.70         | 119.12        |
| 4       | Mr. Akshay Mirchandani          | 5.00         | 61.40         |
| 5       | Mr. C. S. Shankaranarayan       | 0.10         | 1.23          |
|         | <b>Total</b>                    | <b>80.00</b> | <b>982.40</b> |

#### (1) Equivalent to Rs.736.80 lakhs

As on 31<sup>st</sup> July, 2007, Golden Harvest has already incurred an expenditure of AED 22.82 lakhs (Rs. 280.28 lakhs) on Civil Works and AED 12 lakhs (Rs.147.36 Lakhs) in MAPCO aggregating AED 34.82 lakhs (Rs. 427.59 lakhs). The same has been raised from cash generated from operations, share application money received and net movement in shareholders current account. It is expected that Golden Harvest would start commercial production by March, 2008.

#### Investment by Golden Harvest in MAPCO Fertiliser Industries Free Zone Company (MAPCO):

Golden Harvest has entered into Memorandum on 29<sup>th</sup> November, 2005 with Mr. Abdelnaser Abdelrazzaq Mohammad Zeidan, Mr. Naim (H.M.) Y. Jadallah and Mr. Nehad N. N. Kannan (Collectively called "Other Three Promoters") to incorporate a MAPCO Fertiliser Industries Free Trade Zone Company (MAPCO). The Registered Office of MAPCO is located at Hamriya Free Trade ZONE (Emirates of Sharjah). The Company is subject to the laws and regulations valid in UAE and shall be conducted in accordance with the courts of Sharjah. The principal objects for which the MAPCO has been established are to carry on the activities of manufacturing Chemical fertiliser and exporting all the necessities, materials and acts related to its natural work or needed to the above mentioned works as approved by Hamriya Free Zone Authority. The initial Capital of MAPCO is 4.8 million AED's (Rs.589.44 Lakhs) equally contributed by four shareholders i.e. Golden Harvest, Mr. Abdelnaser Abdelrazzaq Mohammad Zeidan, Mr. Naim (H.M.) Y. Jadallah and Mr. Nehad N. N. Kannan. Golden Harvest has already invested 1.2 million AED's (Rs.147.36 Lakhs) in MAPCO constituting 25% of MAPCO existing share capital.

The period of the Company shall be 10 years, commencing from the date of its registration and to be renewed for the same period and expires either by Law or by a special resolution issued by the General Assembly of the Company.

MAPCO is setting up a project to manufacture Mono Ammonium Phosphate with capacity of 6,000 tpa and water soluble NPK fertilizers with a capacity of 15,000 tpa. MAPCO expects to start commercial production by March, 2008.

#### 9. To meet the working capital requirements of the Company.

Considering the proposed projects, we have estimated our Incremental Net Working Capital requirement, net of Bank Borrowings, at Rs. 1776 lakhs, as under, which has not been assessed by any bank or financial institution:

| Particulars  | 31.3.2007 | 31.03.2009<br>(Estimated) |
|--|-----------|---------------------------|
| <b>Current Assets</b>                                  |           |                           |
| Inventories  | 1697.35   | 2840.55                   |
| Sundry Debtors   | 2670.99   | 4778.08                   |
| Loans & Advances (Excluding advances to capital goods) | 188.64    | 219.18                    |

|  |                |                |
|--|----------------|----------------|
| suppliers & share application money)       |                |                |
| <b>Total</b>                               | <b>4556.98</b> | <b>7837.81</b> |
| Current Liabilities                        | 1315.01        | 2088.93        |
| <b>Total Working Capital Requirement</b>   | <b>3241.97</b> | <b>5748.88</b> |
| Bank Borrowings                            | 1368.68        | 2100.00        |
| Net Working Capital net of Bank Borrowings | 1873.29        | 3648.88        |
| <b>Incremental Net Working Capital</b>     |                | <b>1775.59</b> |
|  | <b>SAY</b>     | <b>1776.00</b> |

As on date we already have the sanctioned limits of Rs. 1600 lakhs from HDFC Bank consisting of Rs. 1200 lakhs of cash credit and Rs.400 lakhs of Letter of Credit facility and Rs. 900 lakhs of cash credit and Rs. 340 lakhs of Inland/Foreign letter of credit from Indian Overseas Bank. The incremental net working capital funds requirements, net of bank borrowings, of Rs. 1776 lakhs would be financed through Public Issue and/or internal accruals.

#### Detailed break up of the Cost of Machinery:

##### Project 1: New Manufacturing Unit At Ahmedabad

##### (1) Jumbo Bag Unloading & Pneumatic Conveying System for Manganese, Zinc Sulphate

Name of the Supplier: **Rajath Material Handling Systems Pvt. Ltd.**  
Address : 1273, 9<sup>th</sup> Main, II Stage, West of chord,  
Mahalakshimpuram,  
Bangalore – 560086

| PARTICULARS  | QUANTITY | COST<br>(Rs. In Lakhs) |
|--|----------|------------------------|
| Combi – Dump Unloader: MS Construction. (Combination of Jumbo Bag & Small Bag Unloader) complete with 1.5T cap Hoist, Dust Extraction System     | 1        | 69.38                  |
| Rotary Airlock Valve: 200, MS Construction   | 1        |                        |
| Line Injector: 125 NB, MS Construction   | 1        |                        |
| Conveying Pipe: 125 NB, MS Construction, ERW   | 30 mtrs  |                        |
| Long Radius Bend: 125 NB, MS Construction, ERW   | 12       |                        |
| Diverter: 125 NB, MS Construction, Pneumatic Operated  | 9        |                        |
| Storage Silos: 2m <sup>3</sup> 3Thk, MS Construction   | 10       |                        |
| Bag Filter: 1-6-M-8, MS Construction, Reverse Pulse Jet Cleaning type, complete with Pneumatic operated Butterfly valve / Slide gate, Vibromotor | 10       |                        |
| Screw Conveyor: 200 x 1.2 mtrs long, MS Construction, driven by 1 HP geared motor, VFD, Flexible Connection                                      | 10       |                        |
| Weigh Hopper: 2m <sup>3</sup> capacity, MS Construction, with load cells, Pneumatic operated slide gate, Vibromotor, Batch Controlling, Venstock | 2        |                        |
| Roots Blower: 78 AC Model with 20 HP/1440 rpm motor  | 1        |                        |
| Control Panel, PLC based   | 1        |                        |
| Bag Filling System   | 1        | 8.00                   |
| Stitching Machine with Slat Conveyor   | 1        | 2.25                   |
| VAT @ 12.5%  |          | 9.95                   |
| Packaging Charges @ 3% on Bag filling & stitching machine  |          | 0.31                   |
| <b>Sub Total</b>   |          | <b>89.89</b>           |
| Erection & Commissioning along with other related expenses*  |          | 1.22                   |
| <b>TOTAL COST</b>  |          | <b>91.11</b>           |

\*Management Estimates

##### (2) Fluid Bed Dryer Capacity 250 Kg. (Thermic Fluid Heated)

Name of the Supplier: **Quality Engineering Products**  
Address : A-193, Road No. 16A, Wagle Industrial Estate  
Thane – 400604

| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| STD Model (Contact SS 316Q and non contact mild steel painted) three piece in design with one container and trolley – Thermic Coil Heated<br>Extra 316Q container with mild steel trolley painted<br>Finger Bag<br>Set of Gasket | 2        | 14.64                  |
| Excise Duty @ 16.48%   |          | 2.41                   |
| <b>Basic Cost</b>  |          | <b>17.05</b>           |
| VAT @ 12.50%   |          | 2.13                   |
| <b>Cost of the Equipment</b>   |          | <b>19.18</b>           |
| Packing, Forwarding & Other Incidental Charges (approx)  |          | 2.84                   |
| <b>TOTAL COST</b>  |          | <b>22.02</b>           |

(3) **Thermic Fluid Heater (Model – Fluidtherm 500)**

Name of the Supplier: **Elite Thermal Engineers Pvt. Ltd**  
Address : 6 Jayagandha Annexe,  
Ram Murti Road, Opp.  
Dr. Paranjape's Eye Hospital,  
Thane – 400602

| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| Thermic Fluid Heater Model: Fluidtherm – 500 LDO fired unit having capacity of 5,00,000 kcal/hr with maximum outlet temperature of 300 <sup>o</sup> C along with Thermic Fluid Circulation Pump & Expansion cum Deaerator tank | 1        | 5.54                   |
| Excise Duty @ 16.48%   |          | 0.91                   |
| <b>Basic Cost</b>  |          | <b>6.45</b>            |
| VAT @ 12.50%   |          | 0.81                   |
| <b>Cost of the Equipment</b>   |          | <b>7.26</b>            |
| Packing, Forwarding & Other Incidental Charges (approx)  |          | 0.24                   |
| <b>TOTAL COST</b>  |          | <b>7.50</b>            |

(4) **Ribbon Blender**

Name of the Supplier: **Alankar Fabricators & Engineers**  
Address : W – 108A, M.I.D.C. Industrial Area, Badlapur, Thane – 421503

| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| Ribbon Blender: 1500 Kg working capacity of powder weight wise MOC = MS along with motor 15 Hp, Gearbox & Fluid Coupling, Discharge valve, etc | 1        | 4.50                   |
| Excise Duty @ 16.48%   |          | 0.74                   |
| <b>Basic Cost</b>  |          | <b>5.24</b>            |
| VAT @ 12.50%   |          | 0.66                   |
| <b>Cost of the Equipment</b>   |          | <b>5.90</b>            |
| Packing, Forwarding & Other Incidental Charges (approx)  |          | 0.05                   |
| <b>TOTAL COST</b>  |          | <b>5.95</b>            |

(5) **Electrical Installation**

Name of the Supplier: **D. A. Enterprise**  
Address : 204, Sona Apartment, 2<sup>nd</sup> Floor, Achole Gaon, Nalasopara (E), Tal – Vasai,  
Dist – Thane 401203

| PARTICULARS  | COST<br>(Rs. in Lakhs) |
|--|------------------------|
| Electrical Installation including 1 no. 11/433 V Transformer of 400 KVA, Cables, wires, CT/PTs, RS Joints Poles with Double Channels, etc, Licence Fees, Labour Charges & Electrical Works | 9.10                   |
| VAT @ 12.50%   | 1.14                   |
| <b>TOTAL COST</b>  | <b>10.24</b>           |

**(6) Laboratory Equipments**

Name of the Supplier: **Riddhi Enterprise**  
Address : 2/Akhtar Manzil, (Eknath Niwas),  
Gangawadi Road, L.B.S. Marg,  
Ghatkopar (W),  
Mumbai - 400086

| PARTICULARS                                   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| Analytical Balance                            | 1        | 0.78                   |
| Flame Photometer - Microprocessor based       | 1        | 0.44                   |
| UV - Spectrophotometer – Microprocessor based | 1        | 1.25                   |
| Atomic Absorption Spectrophotometer           | 1        | 6.50                   |
| Moisture Balance – InfraRed                   | 1        | 0.14                   |
| Hot Air Oven                                  | 1        | 0.08                   |
| Digital PH Meter                              | 1        | 0.08                   |
| Karl Fischer Titrator (automatic)             | 1        | 0.18                   |
| Karl Fischer Titrator – Digital               | 1        | 0.38                   |
| De-Ioniser                                    | 1        | 0.12                   |
| Muffle Furnace                                | 1        | 0.17                   |
| Heating Mantle                                | 1        | 0.01                   |
| <b>Basic Cost</b>                             |          | <b>10.13</b>           |
| VAT @ 12.50%                                  |          | 1.27                   |
| <b>TOTAL COST</b>                             |          | <b>11.40</b>           |

**(7) Weighing scale**

Name of the Supplier: **Win Enterprises**  
Address : GS/30, Central Facility Building,  
Gangawadi Road, L.B.S. Marg,  
Ghatkopar (W),  
Mumbai - 400086

| PARTICULARS               | QUANTITY | COST<br>(Rs. in Lakhs) |
|---------------------------|----------|------------------------|
| Electronic Weighing Scale | 5        | 1.00                   |
| VAT @12.5%                |          | 0.13                   |
| <b>TOTAL COST</b>         |          | <b>1.13</b>            |

**(8) Computers**

Name of the Supplier: **Compunet Computing Solutions**  
Address : 6, Rajlaxmi Apartments,  
Navghar Road, Mulund (E),  
Mumbai - 400081

| PARTICULARS   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| Intel Core 2 Duo 1.86 GHz, Intel D946 Zis Motherboard, 160, GB Seagate Hard Disk Drive, 1 GB DDR2 Ram Kingston/Transcend, 1.44 Floppy Disk Drive, Samsung DVD Writer, 17" Samsung LCD Monitor, Microsoft Keyboard and Optical Mouse, Circle ATX Cabinet with power supply | 5        | 1.90                   |
| Windows XP Professional OEM Pack  | 5        | 0.38                   |
| Microsoft Office 2003 Standard Edition OEM Pack   | 5        | 0.63                   |
| Hewlett Packard 3030 All in one Lasejet   | 1        | 0.24                   |
| Sub Total   |          | 3.15                   |
| VAT @4%   |          | 0.13                   |
| <b>TOTAL COST</b>   |          | <b>3.28</b>            |

## Project 2: New Manufacturing Unit at Lucknow

### (1) Jumbo Bag Unloading & Pneumatic Conveying System for Manganese, Zinc Sulphate

Name of the Supplier: **Rajath Material Handling Systems Pvt. Ltd.**  
Address : 1273, 9<sup>th</sup> Main, II Stage, West of chord,  
Mahalakshmpuram, Bangalore - 560086

| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| Combi – Dump Unloader: MS Construction. (Combination of Jumbo Bag & Small Bag Unloader) complete with 1.5T cap Hoist, Dust Extraction System     | 1        | 69.38                  |
| Rotary Airlock Valve: 200, MS Construction   | 1        |                        |
| Line Injector: 125 NB, MS Construction   | 1        |                        |
| Conveying Pipe: 125 NB, MS Construction, ERW   | 30 mtrs  |                        |
| Long Radius Bend: 125 NB, MS Construction, ERW   | 12       |                        |
| Diverter: 125 NB, MS Construction, Pneumatic Operated  | 9        |                        |
| Storage Silos: 2m <sup>3</sup> 3Thk, MS Construction   | 10       |                        |
| Bag Filter: 1-6-M-8, MS Construction, Reverse Pulse Jet Cleaning type, complete with Pneumatic operated Butterfly valve / Slide gate, Vibromotor | 10       |                        |
| Screw Conveyor: 200 x 1.2 mtrs long, MS Construction, driven by 1 HP geared motor, VFD, Flexible Connection                                      | 10       |                        |
| Weigh Hopper: 2m <sup>3</sup> capacity, MS Construction, with load cells, Pneumatic operated slide gate, Vibromotor, Batch Controlling, Venstock | 2        |                        |
| Roots Blower: 78 AC Model with 20 HP/1440 rpm motor  | 1        |                        |
| Control Panel, PLC based   | 1        |                        |
| Bag Filling System   | 1        | 8.00                   |
| Stitching Machine with Slat Conveyor   | 1        | 2.25                   |
| Packaging Charges @ 3% on Bag filling & stitching machine  |          | 0.31                   |
| VAT @ 12.5%  |          | 9.95                   |
| <b>Sub Total</b>   |          | <b>89.89</b>           |
| Erection & Commissioning along with other related expenses*  |          | 1.51                   |
| <b>TOTAL COST</b>  |          | <b>91.40</b>           |

\* Management Estimates

### (2) Fluid Bed Dryer Capacity 250 Kg.

Name of the Supplier: **Quality Engineering Products**  
Address : A-193, Road No. 16A, Wagle Industrial Estate Thane – 400604



| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| STD Model (Contact SS 316Q and non contact mild steel painted) three piece in design with one container and trolley – Thermic Coil Heated<br>Extra 316Q container with mild steel trolley painted<br>Finger Bag<br>Set of Gasket | 2        | 14.64                  |
| Excise Duty @ 16.48%   |          | 2.41                   |
| <b>Basic Cost</b>  |          | <b>17.05</b>           |
| VAT @ 12.50%   |          | 2.13                   |
| <b>Cost of the Equipment</b>   |          | <b>19.18</b>           |
| Packing, Forwarding & Other Incidental Charges   |          | 2.84                   |
| <b>TOTAL COST</b>  |          | <b>22.02</b>           |

(3) **Thermic Fluid Heater (Model – Fluidtherm 500)**

Name of the Supplier: **Elite Thermal Engineers Pvt. Ltd**  
Address : 6 Jayagandha Annexe, Ram Murti Road, Opp. Dr. Paranjape's Eye Hospital, Thane – 400602

| PARTICULARS   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| Thermic Fluid Heater Model: Fluidtherm – 500 LDO fired unit having capacity of 5,00,000 kcal/hr withy maximum outlet temperature of 300° C along with Thermic Fluid Circulation Pump & Expansion cum Deaerator tank | 1        | 5.54                   |
| Excise Duty @ 16.48%  |          | 0.91                   |
| <b>Basic Cost</b>   |          | <b>6.45</b>            |
| VAT @ 12.50%  |          | 0.81                   |
| <b>Cost of the Equipment</b>  |          | <b>7.26</b>            |
| Packing, Forwarding & Other Incidental Charges  |          | 0.24                   |
| <b>TOTAL COST</b>   |          | <b>7.50</b>            |

(4) **Ribbon Blender**

Name of the Supplier: **Alankar Fabricators & Engineers**  
Address : W – 108A, M.I.D.C. Industrial Area, Badlapur, Thane – 421503

| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| Ribbon Blender: 1500 Kg working capacity of powder weight wise MOC = MS along with motor 15 Hp, Gearbox & Fluid Coupling, Discharge valve, etc | 1        | 4.50                   |
| Excise Duty @ 16.48%   |          | 0.74                   |
| <b>Basic Cost</b>  |          | <b>5.24</b>            |
| VAT @ 12.50%   |          | 0.66                   |
| <b>Cost of the Equipment</b>   |          | <b>5.90</b>            |
| Packing, Forwarding & Other Incidental Charges   |          | 0.05                   |
| <b>TOTAL COST</b>  |          | <b>5.95</b>            |

(5) **Electrical Installation**

Name of the Supplier: **Jabin Corporation**  
Address : 217, The Garden C.H.S. Ltd., Khetwadi Main Rd., Dr. Bhajekar Street, 4<sup>th</sup> Floor, Flat No.11, Mumbai – 400004

| PARTICULARS   | COST<br>(Rs. in Lakhs) |
|---|------------------------|
| Electrical Installation including 1 no. 11/433 V Transformer of 400 KVA, accessories, Licence Fees, Labour Charges & Electrical Works | 8.95                   |
| VAT @ 12.50%  | 1.12                   |
| <b>TOTAL COST</b>   | <b>10.07</b>           |

#### (6) Laboratory Equipments

Name of the Supplier: **Riddhi Enterprise**  
Address : 2/Akhtar Manzil, (Eknath Niwas), Gangawadi Road, L.B.S. Marg, Ghatkopar (W), Mumbai - 400086

| PARTICULARS                                   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| Analytical Balance                            | 1        | 0.78                   |
| Flame Photometer - Microprocessor based       |          | 0.44                   |
| UV – Spectrophotometer - Microprocessor based |          | 1.25                   |
| Atomic Absorption Spectrophotometer           |          | 6.50                   |
| Moisture Balance – InfraRed                   |          | 0.14                   |
| Hot Air Oven                                  |          | 0.08                   |
| Digital PH Meter                              |          | 0.08                   |
| Karl Fischer Titrator (automatic)             |          | 0.18                   |
| Karl Fischer Titrator – Digital               |          | 0.38                   |
| De-Ioniser                                    |          | 0.12                   |
| Muffle Furnace                                |          | 0.17                   |
| Heating Mantle                                |          | 0.01                   |
| <b>COST</b>                                   |          | <b>10.13</b>           |
| <b>VAT @ 12.50%</b>                           |          | <b>1.27</b>            |
| <b>TOTAL COST</b>                             |          | <b>11.40</b>           |

#### (7) Weighing scale

Name of the Supplier: **Win Enterprises**  
Address : GS/30, Central Facility Building,  
APMC Fruit Market, Behind Maha Nagar Bank,  
Sector -19, Vashi,  
Navi Mumbai – 400 705

| PARTICULARS               | QUANTITY | COST<br>(Rs. in Lakhs) |
|---------------------------|----------|------------------------|
| Electronic Weighing Scale | 5        | 1.00                   |
| VAT @12.5%                |          | 0.13                   |
| <b>TOTAL COST</b>         |          | <b>1.13</b>            |

#### (8) Computers

Name of the Supplier: **Compunet Computing Solutions**  
Address : 6, Rajlaxmi Apartments,  
Navghar Road, Mulund (E),  
Mumbai - 400081

| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| Intel Core 2 Duo 1.86 GHz, Intel D946 Zis Motherboard, 160, GB Seagate Hard Disk Drive, 1 GB DDR2 Ram Kingston/Transcend, 1.44 Floppy Disk Drive, Samsung DVD Writer, 17" Samsung LCD Monitor, | 5        | 1.90                   |

|  |   |             |
|--|---|-------------|
| Microsoft Keyboard and Optical Mouse, Circle ATX Cabinet with power supply |   |             |
| Windows XP Professional OEM Pack   | 5 | 0.38        |
| Microsoft Office 2003 Standard Edition OEM Pack                            | 5 | 0.63        |
| Hewlett Packard 3030 All in one Lasejet                                    | 1 | 0.24        |
| Sub Total  |   | 3.15        |
| VAT @4%  |   | 0.13        |
| <b>TOTAL COST</b>  |   | <b>3.28</b> |

**Project 3: New Manufacturing Unit at Medak (Andhra Pradesh):**

**1. Fill & Seal Machine**

**(i) Automatic Vertical Form Fill Seal Machine**

Name of the Supplier: **Inpack Fabrications Private Limited**  
Address : C-17, Industrial Estate, Moula Ali, Hyderabad – 500 040

| PARTICULARS   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| 1 No. Automatic Vertical Form Fill Seal Machine Model No. IFPL-A250-BDS (Semi Servo) to pack 25 gms & 50 gms<br>Including 1 No. Screw Conveyor & 1 No. Static Charge Eliminator | 1        | 8.10                   |
| Excise Duty @ 16.48%  |          | 1.33                   |
| <b>Sub-Total</b>  |          | <b>9.43</b>            |
| VAT @ 4%  |          | 0.38                   |
| <b>TOTAL COST</b>   |          | <b>9.81</b>            |

**(ii) Horizontal Form Fill & Seal Machine**

Name of the Supplier: **Pakona Engineers (I) Private Limited**  
Address : 22-D, Wadia Charities Building, S.A. Brelvi Road, Fort, Mumbai – 400 023

| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| 1 No. Horizontal Form Fill & Seal Machine Model PK-91 including Screw Conveying System | 1        | 19.65                  |
| Excise Duty @ 16.48%   |          | 3.24                   |
| <b>Sub-Total</b>   |          | <b>22.89</b>           |
| Central Sales Tax @ 3%   |          | 0.69                   |
| <b>TOTAL COST</b>  |          | <b>23.58</b>           |

**2. Ribbon Blender**

Name of the Supplier: **Alankar Fabricators & Engineers**  
Address : W – 108A, M.I.D.C. Industrial Area, Badlapur, Thane – 421503

| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| Ribbon Blender: 1500 Kg working capacity of powder weight wise MOC = MS along with motor 15 Hp, Gearbox & Fluid Coupling, Discharge valve, etc | 1        | 4.50                   |
| Excise Duty @ 16.48%   |          | 0.74                   |
| <b>Basic Cost</b>  |          | <b>5.24</b>            |
| VAT @ 12.50%   |          | 0.66                   |
| <b>Cost of the Equipment</b>   |          | <b>5.90</b>            |
| Packing, Forwarding & Other Incidental Charges (approx)  |          | 0.30                   |

|                         |  |             |
|-------------------------|--|-------------|
| <b>TOTAL COST (say)</b> |  | <b>6.20</b> |
|-------------------------|--|-------------|

### 3. Spray Drying Plant for Micro Nutrients

Name of the Supplier: **Advanced Drying Systems**  
Address : 5-B, Madhu Kunj, Vinod Baug, Upashana Lane, Off Juhu Lane, Andheri (W),  
Mumbai – 400 058

| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| Spray Drying Plant of capacity 200 Kgs/hr water evaporation 1 set including erection and commissioning | 1        | 31.00                  |
| CST @ 3%   |          | 0.93                   |
| <b>Cost of the Equipment</b>   |          | <b>31.93</b>           |
| Erection & Commissioning   |          | 1.50                   |
| Freight Charges  |          | 2.57                   |
| <b>TOTAL COST</b>  |          | <b>36.00</b>           |

### 4. Batching & Conveying System

Name of the Supplier: **Feaster India**  
Address : 4, Jai Malhar Shed, Eastern Express Highway, Kurla Signal, B/h Hotel Triveni,  
Chembur, Mumbai – 400 071

| PARTICULARS   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| Batching & Conveying System for Fertilizers consisting of:<br>3 Ton Storage Hopper with Support Structure (4 Nos.), Screw Conveyor (4 Nos.), 1 Ton Storage Hopper with Support Structure (3 Nos.), 1 Ton Weigh Hopper, 2 Ton Weigh Hopper, Screw Conveyor for 1 Ton (3 Nos.), Control Panel and Pneumatic | 1 Set    | 19.00                  |
| CST @ 3%  |          | 0.57                   |
| <b>TOTAL COST</b>   |          | <b>19.57</b>           |

### 5. ELGI Compressor

Name of the Supplier: **Bimpex Machines Private Limited**  
Address : Machine House, 6, Oak Lane, Fort, Mumbai – 400 023

| PARTICULARS   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| ELGI Compressor – Model TS 10-120 HT equipped with Pressure Gauge | 1        | 0.81                   |
| ELGI Refined Air Dryer – Model ELRD040 Capacity-40CFM             | 1        | 0.38                   |
| ELGI Air Lube   | 5        | 0.005                  |
| Auto Vibratinn Pads AV08  | 4        | 0.02                   |
| Auto Drain Valve  | 1        | 0.05                   |
| Micro Filtre Element – Model MF 80-01                             | 1        | 0.07                   |
| <b>Sub-Total</b>  |          | <b>1.34</b>            |
| Excise Duty @ 16.48%  |          | 0.22                   |
| <b>Total</b>  |          | <b>1.56</b>            |
| CST @ 3%  |          | 0.05                   |
| <b>TOTAL COST</b>   |          | <b>1.61</b>            |

### 6. Fluid Bed Dryer

Name of the Supplier: **Manibhadra Steels & Engineering Co.**  
Address : 28/30, Shop No. 6/B, Dr. Wilson Street, Near V.P. Road Police Station,

Mumbai – 400 004

| PARTICULARS   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| Fluid Bed Dryer - Capacity 120 Kg<br>Including extra 316 Quality Container with Trolley and SS Blower | 1        | 3.65                   |
| CST @ 3%  |          | 0.11                   |
| <b>TOTAL COST</b>   |          | <b>3.76</b>            |

**7. Non IBR Steam Boiler and Additional**

Name of the Supplier: **NTEK Services**  
Address : # 16-11-16/A/78, Afzalnagar, Saleem Nagar Colony, Malakpet, Hyderabad – 500 036

| PARTICULARS                                   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| IBR Steam Boiler – Capacity 400 Kg/hr         | 1        | 2.00                   |
| Water Tank – Capacity 1000 Litres             | 1        | 0.20                   |
| Oil Day Tank – Capacity 500 Litres            | 1        | 0.15                   |
| Chimney                                       | 1        | 0.60                   |
| Water Softner with regeneration tank and pump | 1        | 0.32                   |
| <b>Sub-Total</b>                              |          | <b>3.27</b>            |
| VAT @ 4%                                      |          | 0.13                   |
| <b>TOTAL COST</b>                             |          | <b>3.40</b>            |

**8. Reaction Vessel – Capacity 3000 Litres**

Name of the Supplier: **Quality Engineering Products**  
Address : A-193, Road No. 16A, Wagle Industrial Estate Thane – 400604

| PARTICULARS                            | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| Reaction Vessel – Capacity 3000 Litres | 2        | 11.00                  |
| VAT @ 12.5%                            |          | 1.38                   |
| Freight Charges                        |          | 0.10                   |
| <b>TOTAL COST</b>                      |          | <b>12.48</b>           |

**9. Electrical Installation**

**i. Transformer**

Name of the Supplier: **Esennar Transformers Private Ltd.**  
Address : Plot No. 12, Flat No. 4, Aravind Apartments, Sunder Nagar, Hyderabad 500038

| PARTICULARS   | COST<br>(Rs. in Lakhs) |
|---|------------------------|
| 250 KVA, 11000/433KV Transformer (with Off Circuit tap charger) | 2.60                   |
| Excise Duty @ 16.48%  | 0.43                   |
| <b>Sub-Total</b>  | <b>3.03</b>            |
| VAT @ 12.50%  | 0.38                   |
| <b>TOTAL COST</b>   | <b>3.41</b>            |

**ii. LT Power Distribution Panel**

Name of the Supplier: **Power Switchgear & Controls**  
Address : Plot No. 17/2, CIEE, Opp. Nitco Roadways Pvt. Ltd., Gandhinagar, Hyderabad

– 500 037

| PARTICULARS                       | COST<br>(Rs. in Lakhs) |
|-----------------------------------|------------------------|
| 1 No. LT Power Distribution Panel | 0.90                   |
| VAT @ 12.50%                      | 0.11                   |
| <b>TOTAL COST</b>                 | <b>1.01</b>            |

Name of the Supplier: **Power Switchgear & Controls**  
Address : Plot No. 17/2, CIEE, Opp. Nitco Roadways Pvt. Ltd., Gandhinagar, Hyderabad – 500 037

| PARTICULARS                                   | COST<br>(Rs. in Lakhs) |
|---|------------------------|
| LT Power Distribution Panel Changeover Switch | 0.30                   |
| VAT @ 12.50%                                  | 0.03                   |
| <b>TOTAL COST</b>                             | <b>0.33</b>            |

**GROSS TOTAL**

**Rs. 1.34 lakhs**

iii. Name of the Supplier: **Madhu Electricals**  
Address : H-No. 4-197, Suraram Colony, IDA Jeedimetla, Hyderabad – 500 055.

**i. Electrical Quotation for Door Panel, Switchyard, Transformer, etc.**

| PARTICULARS  | COST<br>(Rs. in Lakhs) |
|--|------------------------|
| Electrical Quotation for Door Panel, Switchyard, Transformer, etc. | 1.65                   |
| VAT @ 12.50%   | 0.20                   |
| <b>TOTAL COST</b>  | <b>1.85</b>            |

**ii. Electrical Quotation for Disc Insulators, Mounting, Copper Wires, Cement Poles, Channels etc.**

| PARTICULARS   | COST<br>(Rs. in Lakhs) |
|---|------------------------|
| Electrical Quotation for Disc Insulators, Mounting, Copper Wires, Cement Poles, Channels etc. | 3.01                   |
| VAT @ 12.50%  | 0.38                   |
| <b>TOTAL COST</b>   | <b>3.39</b>            |

**GROSS TOTAL**

**Rs. 5.24 lakhs**

**10. Laboratory Equipments**

Name of the Supplier: **Riddhi Enterprise**  
Address : 2/Akhtar Manzil, (Eknath Niwas), Gangawadi Road, L.B.S. Marg, Ghatkopar (W), Mumbai - 400086

| PARTICULARS                                   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| Analytical Balance                            | 1        | 0.78                   |
| Flame Photometer - Microprocessor based       |          | 0.44                   |
| UV - Spectrophotometer - Microprocessor based |          | 1.25                   |
| Atomic Absorption Spectrophotometer           |          | 6.50                   |
| Moisture Balance – InfraRed                   |          | 0.14                   |
| Hot Air Oven                                  |          | 0.08                   |
| Digital PH Meter                              |          | 0.08                   |

|                                   |  |              |
|-----------------------------------|--|--------------|
| Karl Fischer Titrator (Automatic) |  | 0.18         |
| Karl Fischer Titrator – Digital   |  | 0.38         |
| De-Ioniser                        |  | 0.12         |
| Muffle Furnace                    |  | 0.17         |
| Heating Mantle                    |  | 0.01         |
| <b>Sub-TOTAL</b>                  |  | <b>10.13</b> |
| VAT @ 12.50%                      |  | <b>1.27</b>  |
| <b>TOTAL COST</b>                 |  | <b>11.40</b> |

#### 11. Weighing scale

Name of the Supplier: **Win Enterprises**  
Address : GS/30, Central Facility Building,  
APMC Fruit Market, Behind Maha Nagar Bank,  
Sector -19, Vashi,  
Navi Mumbai – 400 705

| PARTICULARS               | QUANTITY | COST<br>(Rs. in Lakhs) |
|---------------------------|----------|------------------------|
| Electronic Weighing Scale | 5        | 1.00                   |
| VAT @12.5%                |          | 0.13                   |
| <b>TOTAL COST</b>         |          | <b>1.13</b>            |

#### 12. Computers

Name of the Supplier: **Compunet Computing Solutions**  
Address : 6, Rajlaxmi Apartments,  
Navghar Road, Mulund (E),  
Mumbai - 400081

| PARTICULARS   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| Intel Core 2 Duo 1.86 GHz, Intel D946 Zis Motherboard, 160, GB Seagate Hard Disk Drive, 1 GB DDR2 Ram Kingston/Transcend, 1.44 Floppy Disk Drive, Samsung DVD Writer, 17" Samsung LCD Monitor, Microsoft Keyboard and Optical Mouse, Circle ATX Cabinet with power supply | 5        | 1.90                   |
| Windows XP Professional OEM Pack  | 5        | 0.38                   |
| Microsoft Office 2003 Standard Edition OEM Pack   | 5        | 0.63                   |
| Hewlett Packard 3030 All in one Lasejet   | 1        | 0.24                   |
| Sub Total   |          | 3.15                   |
| VAT @4%   |          | 0.13                   |
| <b>TOTAL COST</b>   |          | <b>3.28</b>            |

#### Project 4: New Manufacturing Unit in Maharashtra

##### (1) High Speed Vertical Form / Fill / Seal Machine with High Speed Servo Auger Filler

Name of the Supplier: **Pakona Engineers (I) Pvt. Ltd.**  
Address : 22-D, Wadia Charities Building, 1<sup>st</sup> Floor, S.A. Brelvi Road, Fort, Mumbai – 400023

| PARTICULARS   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| High Speed Vertical Form / Fill / Seal Machine Model PK – 30 AG (HS) equipped with SERVO Auger Filler | 1        | 18.50                  |
| Inclined Screw Conveyor with Base Hopper  | 1        | 2.45                   |
| Ink Coding Unit   | 1        | 0.45                   |



|  |  |              |
|--|--|--------------|
| Excise Duty @ 16.48%                       |  | 3.52         |
| <b>Basic Cost</b>                          |  | <b>24.92</b> |
| Central Sales Tax @ 4%                     |  | 1.00         |
| <b>Cost of the Equipment</b>               |  | <b>25.92</b> |
| Packing Charges @ 3%                       |  | 0.78         |
| Forwarding & Installation Charges (approx) |  | 1.38         |
| <b>TOTAL COST</b>                          |  | <b>28.08</b> |

(2) **Electrical Installation**

Name of the Supplier: **S. R. Enterprise**  
Address : Hariom Apartment, B- Wing, Ground Floor, Flat No.11, C/3-Building, S. V. Road, Borivli (West), Mumbai 400 092

| <b>PARTICULARS</b>   | <b>COST<br/>(Rs. in Lakhs)</b> |
|--|--------------------------------|
| Electrical Installation including 1 no. 11/433 V Transformer – 400 KVA, accessories, Licence Fees, Labour Charges & Electrical Works | 9.00                           |
| VAT @ 12.50%   | 1.13                           |
| <b>TOTAL COST</b>  | <b>10.13</b>                   |

(3) **Computers**

Name of the Supplier: **Compunet Computing Solutions**  
Address : 6, Rajlaxmi Apartments, Navghar Road, Mulund (E), Mumbai - 400081

| <b>PARTICULARS</b>  | <b>QUANTITY</b> | <b>COST<br/>(Rs. in Lakhs)</b> |
|---|-----------------|--------------------------------|
| Intel Core 2 Duo 1.86 GHz, Intel D946 Zis Motherboard, 160, GB Seagate Hard Disk Drive, 1 GB DDR2 Ram Kingston/Transcend, 1.44 Floppy Disk Drive, Samsung DVD Writer, 17" Samsung LCD Monitor, Microsoft Keyboard and Optical Mouse, Circle ATX Cabinet with power supply | 5               | 1.90                           |
| Windows XP Professional OEM Pack  | 5               | 0.38                           |
| Microsoft Office 2003 Standard Edition OEM Pack   | 5               | 0.63                           |
| Hewlett Packard 3030 All in one Lasejet   | 1               | 0.24                           |
| <b>Sub Total</b>  |                 | <b>3.15</b>                    |
| VAT @4%   |                 | 0.13                           |
| <b>TOTAL COST</b>   |                 | <b>3.28</b>                    |

**Project 5: Purchase of Plant & Machinery at existing Factory in Mumbai**

(1) **Jumbo Bag Unloading & Pneumatic Conveying System for Manganese, Zinc Sulphate**

Name of the Supplier: **Rajath Material Handling Systems Pvt. Ltd.**  
Address : 1273, 9<sup>th</sup> Main, II Stage, West of chord, Mahalakshimpuram, Bangalore - 560086

| <b>PARTICULARS</b>   | <b>QUANTITY</b> | <b>COST<br/>(Rs. in Lakhs)</b> |
|--|-----------------|--------------------------------|
| Combi – Dump Unloader: MS Construction. (Combination of Jumbo Bag & Small Bag Unloader) complete with 1.5T Cap Hoist, Dust Extraction System | 1               | 69.38                          |
| Rotary Airlock Valve: 200, MS Construction   | 1               |                                |
| Line Injector: 125 NB, MS Construction   | 1               |                                |
| Conveying Pipe: 125 NB, MS Construction, ERW   | 30 mtrs         |                                |

|  |    |              |
|--|----|--------------|
| Long Radius Bend: 125 NB, MS Construction, ERW   | 12 |              |
| Diverter: 125 NB, MS Construction, Pneumatic Operated  | 9  |              |
| Storage Silos: 2m <sup>3</sup> 3Thk, MS Construction   | 10 |              |
| Bag Filter: 1-6-M-8, MS Construction, Reverse Pulse Jet Cleaning type, complete with Pneumatic operated Butterfly valve / Slide gate, Vibromotor | 10 |              |
| Screw Conveyor: 200 x 1.2 mtrs long, MS Construction, driven by 1 HP geared motor, VFD, Flexible Connection                                      | 10 |              |
| Weigh Hopper: 2m <sup>3</sup> capacity, MS Construction, with load cells, Pneumatic operated slide gate, Vibromotor, Batch Controlling, Venstock | 2  |              |
| Roots Blower: 78 AC Model with 20 HP/1440 rpm motor  | 1  |              |
| Control Panel, PLC based   | 1  |              |
| Bag Filling System   | 1  | 8.00         |
| Stitching Machine with Slat Conveyor   | 1  | 2.25         |
| VAT @ 12.5%  |    | 9.95         |
| Packaging Charges @ 3%   |    | 0.31         |
| <b>Sub Total</b>   |    | <b>89.89</b> |
| Erection & Commissioning along with other related expenses*  |    | 1.72         |
| <b>TOTAL COST</b>  |    | <b>91.61</b> |

\*Management Estimates

## (2) Fluid Bed Drier GMP Model Capacity 300 Kg

Name of the Supplier: **Quality Engineering Products**  
Address : A-193, Road No. 16A, Wagle Industrial Estate Thane – 400604

| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| GMP Model (Contact parts 316Q and non contact parts SS .304Q) one piece in design mounted on SS square tube with one container and trolley<br>Extra 316Q container and SS 304Q trolley | 2        | 30.00                  |
| Excise Duty @ 16.48%   |          | 4.94                   |
| <b>Basic Cost</b>  |          | <b>34.94</b>           |
| Central Sales Tax @ 4%   |          | 1.40                   |
| <b>Cost of the Equipment</b>   |          | <b>36.34</b>           |
| Packing, Forwarding & Other Incidental Charges (approx)  |          | 0.20                   |
| <b>TOTAL COST</b>  |          | <b>36.54</b>           |

## (3) 1 KL Capacity Reaction Vessel

Name of the Supplier: **Consite Engineering Co. Limited**  
Address : Plot No. 65/2, Gathes Village,  
Pawani Pada, Wada,  
Dist. - Thane – 400604

| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| One Kilo litre Capacity Reaction Vessel Make:SS316 along with Anchor Type of Agitator, Flame proof Motor, Mechanical seal etc. and SS304 Jacket for circulation of Thermic Fluid | 1        | 15.05                  |
| Excise Duty @ 16.48%   |          | 2.48                   |
| <b>Basic Cost</b>  |          | <b>17.53</b>           |
| Central Sales Tax @ 4%   |          | 0.70                   |
| <b>Cost of the Equipment</b>   |          | <b>18.23</b>           |
| Packing, Forwarding & Other Incidental Charges   |          | 0.20                   |
| <b>TOTAL COST</b>  |          | <b>18.43</b>           |

(4) **Computers**

Name of the Supplier: **Compunet Computing Solutions**  
 Address : 6, Rajlaxmi Apartments,  
 Navghar Road, Mulund (E),  
 Mumbai - 400081

| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| Intel Dual Xeon 3.0 GHz, 800 FSB (Two Processors)<br>Intel Server Motherboard SE7520 BD2VD2<br>10/100/1000 Mbps Lan Card<br>Single Channel ATA IDE<br>Dual Channel SATA IDE with RAID 0,1<br>Single Ultra 320 SCSI Adaptor with RAID 0,1<br>3 USB, 1 Parallel and 1 serial Ports | 1        | 3.15                   |
| Transcend 1 GB ECC Reg DDR2 Ram  | 8        |                        |
| 146 GB Seagate Ultra SCSI 320 Hard Disk Drive (10K rpm)  | 5        |                        |
| 1.44 Sony Floppy Disk Drive  |          |                        |
| 52 x CD Rom Drive  |          |                        |
| Intel SRCZCRX Raid Card  |          |                        |
| 2 U Server Chasis with Power supply  |          |                        |
| Hewlett Packard 20/40 GB DAT Drive (Backup Drive)  | 1        | 0.40                   |
| 42U Valrack Server Rack  | 1        | 0.55                   |
| Windows 2003 Server 5 user License   | 1        | 0.38                   |
| Additional Paper Licence per user  | 25       | 0.44                   |
| Windows XP Professional Paper Licence  | 25       | 1.88                   |
| Microsoft Office 2003 Standard Edition Paper Licence   | 25       | 3.12                   |
| Hewlett Packard 4730 Multifunction Printer   | 1        | 2.75                   |
| <b>Basic Cost of Computer</b>  |          | <b>12.67</b>           |
| VAT @ 4%   |          | 0.27                   |
| VAT @ 12.50%   |          | 0.73                   |
| <b>TOTAL COST</b>  |          | <b>13.67</b>           |

**Project 6: Capital Expenditure for Mobile / Rural Retail Vehicles**

1) **Tata 207 Di**

Name of the Manufacturer: **Tata Motors Limited**  
 Name of the Supplier : **Kamal Motors**  
 Address : Shop No. 3, Landmark Aarked, Near Mohan Bajaj Showroom,  
 Louiswadi, Thane (W)

| PARTICULARS                    | QUANTITY | COST<br>(Rs. in Lakhs) |
|--------------------------------|----------|------------------------|
| Tata 207 Di inclusive of Taxes | 50       | 214.93                 |
| R. T. O.                       |          | 11.30                  |
| Insurance                      |          | 7.50                   |
| <b>TOTAL COST</b>              |          | <b>233.73</b>          |

2) **Fabrication for Tata 207 Di**

Name of the Manufacturer: **Tata Motors Limited**  
 Name of the Supplier : **Randhawa Motors**  
 Address : Sector – 1, Nerul, Navi Mumbai – 76

| PARTICULARS   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| Fabrication for special design container type Delivery Van on Tata 207 Di Single Cabin & Tray | 50       | 23.75                  |
| VAT @ 8%  |          | 1.90                   |
| <b>TOTAL COST</b>   |          | <b>25.65</b>           |

### 3) Tata Ace

Name of the Manufacturer: **Tata Motors Limited**  
 Name of the Supplier : **Kamal Motors**  
 Address : Shop No. 3, Landmark Aarked, Near Mohan Bajaj Showroom, Louiswadi, Thane (W)

| PARTICULARS                 | QUANTITY | COST<br>(Rs. in Lakhs) |
|-----------------------------|----------|------------------------|
| Tata ACE inclusive of Taxes | 50       | 129.38                 |
| R. T. O.                    |          | 11.30                  |
| Insurance                   |          | 6.25                   |
| <b>TOTAL COST</b>           |          | <b>146.93</b>          |

### 4) Fabrication for Tata ACE:

Name of the Supplier: **Randhawa Motors**  
 Address : Sector – 1, Nerul, Navi Mumbai – 76

| PARTICULARS  | QUANTITY | COST<br>(Rs. in Lakhs) |
|--|----------|------------------------|
| Fabrication for special design container type Delivery Van on Tata ACE Single Cabin & Tray | 50       | 19.25                  |
| VAT @ 8%   |          | 1.54                   |
| <b>TOTAL COST</b>  |          | <b>20.79</b>           |

### 5) Vehicle Tracking Model

Name of the Supplier: **M M Traders**  
 Address : 427, Katha Bazar, Masjid Railway (W), Mumbai – 400 009

| PARTICULARS   | QUANTITY | COST<br>(Rs. in Lakhs) |
|---|----------|------------------------|
| vTrack VT 1800WC-R (e-modem) Basic Vehicle Tracking Model with Rig Engine ON/OFF Sensor | 100      | 17.95                  |
| Taxes   |          | 0.05                   |
| <b>TOTAL COST</b>   |          | <b>18.00</b>           |

### 6) Graphic Design

Name of the Supplier: **Makarand Potdar**  
 Address : Maple, B-105, Adiraaj Gardens, Plot #32, Sector #5, Kharghar, Navi Mumbai - 410210

| PARTICULARS | QUANTITY | COST<br>(Rs. in |
|-------------|----------|-----------------|
|-------------|----------|-----------------|

|  |    | Lakhs)       |
|--|----|--------------|
| Graphic Design for vinyl cut letters and reflective logos inclusive of material & labor cost for TATA 207 Di | 50 | 6.00         |
| Graphic Design for vinyl cut letters and reflective logos inclusive of material & labor cost for TATA Ace    | 50 | 4.00         |
| VAT @ 4%   |    | 0.40         |
| <b>TOTAL COST</b>  |    | <b>10.40</b> |

7) **Projector Multisync Display Device**

Name of the Supplier: **Compunet Computing Solution**  
Address : 6, Rajlaxmi Apartments,  
Navghar Road, Mulund (E),  
Mumbai - 400081  
Telephone: +91 22 25633595

| PARTICULARS  | QUANTITY | COST<br>(Rs. in<br>Lakhs) |
|--|----------|---------------------------|
| Projector Multisync Display Device Make NEC: VT-48 | 100      | 64.12                     |
| 4` X 6` H/G Wall Type Screen Make: WARSA           | 100      | 7.21                      |
| <b>TOTAL COST</b>                                  |          | <b>71.33</b>              |

8) **Tents**

**a. Demo Tent**

Name of the Supplier: **Sree Bharat Shamiyanas**  
Address : Canal Road, Near Radham, Vijaywada - 520001

| PARTICULARS                        | QUANTITY               | COST<br>(Rs. in<br>Lakhs) |
|------------------------------------|------------------------|---------------------------|
| Demo Tent 6*6 (Inclusive of Taxes) | 600<br>(6 per vehicle) | 19.20                     |
| <b>TOTAL COST</b>                  |                        | <b>19.20</b>              |

**b. Screen Printing on Demo Mobile Tent**

Name of the Supplier: **Indian Arts & Screens**  
Address : 30-14-36, Kothavanthena Road, Durga Agraharam, Vijaywada - 520002

| PARTICULARS  | QUANTITY               | COST<br>(Rs. in<br>Lakhs) |
|--|------------------------|---------------------------|
| Screen Printing on Demo Mobile Tent 6` X 6` Top Three Sides, Bottom Three Sides with two colors Screen Printing (Inclusive of Taxes) | 600<br>(6 per vehicle) | 3.30                      |
| <b>TOTAL COST</b>  |                        | <b>3.30</b>               |

**c. Banner & Wrapping Strips on Tents**

Name of the Supplier: **SRI Advertisings**  
Address : 28-15-90, Dauvari Street, Arandalpet, Eluru Road, Vijaywada - 520002

| PARTICULARS  | QUANTITY               | COST<br>(Rs. in<br>Lakhs) |
|--|------------------------|---------------------------|
| Digital Flex with 11.5 oz Media with best printing quality 5` X 5-1/2` Banner (Inclusive of Taxes) | 600<br>(6 per vehicle) | 2.07                      |
| Wrapping Strips – Each Banner Contains 12 Nos. (Inclusive of Taxes)                                | 600<br>(6 per vehicle) | 0.33                      |

|                   |             |
|-------------------|-------------|
| <b>TOTAL COST</b> | <b>2.40</b> |
|-------------------|-------------|

**Total cost of 600 tents (a+b+c) – Rs.24.90 lakhs**

**Summarized list of plant & Machinery for which orders are yet to be placed:**

| Sl. No.                                | Description  | Units   | Tentative Supplier                         | Amount (Rs. in Lakhs) | Quotation No. & Date of Quotation/ Delivery terms   |
|--|--|---------|--|-----------------------|---|
| <b>Manufacturing Unit at Ahmedabad</b> |  |         |  |                       |   |
| 1.                                     | Combi – Dump Unloader: MS Construction. (Combination of Jumbo Bag & Small Bag Unloader) complete with 1.5T cap Hoist, Dust Extraction System   | 1       | Rajath Material Handling Systems Pvt. Ltd. | 91.11                 | RMHS/QTN/06-07/AAL-001 dated 22.3.2007, validity extended vide letter no. RMHS/QTN/07-08/AAL-002 dated 3.11.2007 till 31.12.2007<br><br>Delivery: 10-12 weeks from the date of receipt of Order along with advance. |
| 2.                                     | Rotary Airlock Valve: 200, MS Construction   | 1       |  |                       |   |
| 3.                                     | Line Injector: 125 NB, MS Construction   | 1       |  |                       |   |
| 4.                                     | Conveying Pipe: 125 NB, MS Construction, ERW   | 30 mtrs |  |                       |   |
| 5.                                     | Long Radius Bend: 125 NB, MS Construction, ERW   | 12      |  |                       |   |
| 6.                                     | Diverter: 125 NB, MS Construction, Pneumatic Operated  | 9       |  |                       |   |
| 7.                                     | Storage Silos: 2m <sup>3</sup> 3Thk, MS Construction   | 10      |  |                       |   |
| 8.                                     | Bag Filter: 1-6-M-8, MS Construction, Reverse Pulse Jet Cleaning type, complete with Pneumatic operated Butterfly valve / Slide gate, Vibromotor   | 10      |  |                       |   |
| 9.                                     | Screw Conveyor: 200 x 1.2 mtrs long, MS Construction, driven by 1 HP geared motor, VFD, Flexible Connection  | 10      |  |                       |   |
| 10.                                    | Weigh Hopper: 2m <sup>3</sup> capacity, MS Construction, with load cells, Pneumatic operated slide gate, Vibromotor, Batch Controlling, Venstock   | 2       |  |                       |   |
| 11.                                    | Roots Blower: 78 AC Model with 20 HP/1440 rpm motor  | 1       |  |                       |   |
| 12.                                    | Bag Filling System   | 1       |  |                       |   |
| 13.                                    | Stitching Machine with Slat Conveyor   | 1       |  |                       |   |
| 14.                                    | STD Model (Contact SS 316Q and non contact mild steel painted) three piece in design with one container and trolley – Thermic Coil Heated, Extra 316Q container with mild steel trolley painted, Finger Bag, Set of Gasket | 2       | Quality Engineering Products               | 22.02                 | QEP/AAL/07-08/218 dated 3.11.2007<br>Delivery: 8-12 weeks from the date of receipt of Order along with advance.   |
| 15.                                    | Thermic Fluid Heater Model: Fluidtherm – 500 LDO fired unit having capacity of 5,00,000 kcal/hr withy maximum outlet temperature of 3000 C along with Thermic Fluid Circulation Pump & Expansion cum Deaerator tank        | 1       | Elite Thermal Engineers Pvt. Ltd           | 7.50                  | Q/ETE/463-R/2007-08 dated 3.11.2007<br>Delivery: 6-8 weeks from the date of receipt of Order along with advance.  |
| 16.                                    | Ribbon Blender: 1500 Kg working capacity of powder weight wise MOC = MS along with motor 15 Hp, Gearbox & Fluid Coupling, Discharge valve, etc   | 1       | Alankar Fabricators & Engineers            | 5.95                  | AFE/AAL/0708/0511 dated 5.11.2007<br>Delivery: 60 days from date of Order.  |
| 17.                                    | Electrical Installation including VAT  |         | D. A. Enterprise                           | 10.24                 | 22.3.2007. Revised vide letter dated 6.11.2007.<br>Completion Period:   |

| Sl. No.                              | Description  | Units   | Tentative Supplier                         | Amount (Rs. in Lakhs) | Quotation No. & Date of Quotation/ Delivery terms   |
|--------------------------------------|--|---------|--|-----------------------|---|
|                                      |  |         |  |                       | Within two months from the date of receiving of advance.  |
| 18.                                  | Analytical Balance<br>Flame Photometer - Microprocessor based<br>UV - Spectrophotometer - Microprocessor based<br>Atomic Absorption Spectrophotometer<br>Moisture Balance – InfraRed<br>Hot Air Oven<br>Digital PH Meter<br>Karl Fischer Titrator (automatic)<br>Karl Fischer Titrator – Digital<br>De-Ioniser<br>Muffle Furnace<br>Heating Mantle | 1       | Riddhi Enterprise                          | 11.40                 | RE/Q/AAL/06-07 dated 2.1.2007<br><br>Delivery:<br>Within 4 weeks from the date of receipt of Order.   |
| 19.                                  | Electronic Weighing Machine  | 5       | Win Enterprises                            | 1.13                  | 10.3.2007<br><br>Delivery:<br>Within 4 weeks from the date of receipt of Order.   |
| 20.                                  | Computers  | 5       | Compunet Computing Solution                | 3.28                  | 3.11.2007<br><br>Delivery:<br>Within 2-3 weeks.   |
|                                      | <b>Sub - Total</b>   |         |  | <b>152.63</b>         |   |
| <b>Manufacturing Unit at Lucknow</b> |  |         |  |                       |   |
| 21.                                  | Combi – Dump Unloader: MS Construction. (Combination of Jumbo Bag & Small Bag Unloader) complete with 1.5T cap Hoist, Dust Extraction System   | 1       | Rajath Material Handling Systems Pvt. Ltd. | 91.40                 | RMHS/QTN/06-07/AAL-001 dated 22.3.2007 , validity extended vide letter no. RMHS/QTN/07-08/AAL-002 dated 3.11.2007 till 31.12.2007<br><br>Delivery:<br>10-12 weeks from the date of receipt of Order along with advance. |
| 22.                                  | Rotary Airlock Valve: 200, MS Construction   | 1       |  |                       |   |
| 23.                                  | Line Injector: 125 NB, MS Construction   | 1       |  |                       |   |
| 24.                                  | Conveying Pipe: 125 NB, MS Construction, ERW   | 30 mtrs |  |                       |   |
| 25.                                  | Long Radius Bend: 125 NB, MS Construction, ERW   | 12      |  |                       |   |
| 26.                                  | Diverter: 125 NB, MS Construction, Pneumatic Operated  | 9       |  |                       |   |
| 27.                                  | Storage Silos: 2m <sup>3</sup> 3Thk, MS Construction   | 10      |  |                       |   |
| 28.                                  | Bag Filter: 1-6-M-8, MS Construction, Reverse Pulse Jet Cleaning type, complete with Pneumatic operated Butterfly valve / Slide gate, Vibromotor   | 10      |  |                       |   |
| 29.                                  | Screw Conveyor: 200 x 1.2 mtrs long, MS Construction, driven by 1 HP geared motor, VFD, Flexible Connection  | 10      |  |                       |   |
| 30.                                  | Weigh Hopper: 2m <sup>3</sup> capacity, MS Construction, with load cells, Pneumatic operated slide gate, Vibromotor, Batch Controlling, Venstock   | 2       |  |                       |   |
| 31.                                  | Roots Blower: 78 AC Model with 20 HP/1440 rpm motor  | 1       |  |                       |   |
| 32.                                  | Bag Filling System   | 1       |  |                       |   |



| Sl. No. | Description  | Units | Tentative Supplier               | Amount (Rs. in Lakhs) | Quotation No. & Date of Quotation/ Delivery terms  |
|---------|--|-------|----------------------------------|-----------------------|--|
| 33.     | Stitching Machine with Slat Conveyor   | 1     |                                  |                       |  |
| 34.     | STD Model (Contact SS 316Q and non contact mild steel painted) three piece in design with one container and trolley – Thermic Coil Heated, Extra 316Q container with mild steel trolley painted, Finger Bag, Set of Gasket   | 2     | Quality Engineering Products     | 22.02                 | QEP/AAL/07-08/218 dated 3.11.2007<br>Delivery: 8-12 weeks from the date of receipt of Order along with advance.  |
| 35.     | Thermic Fluid Heater Model: Fluidtherm – 500 LDO fired unit having capacity of 5,00,000 kcal/hr with maximum outlet temperature of 3000 C along with Thermic Fluid Circulation Pump & Expansion cum Deaerator tank   | 1     | Elite Thermal Engineers Pvt. Ltd | 7.50                  | Q/ETE/463-R/2007-08 dated 3.11.2007<br>Delivery: 6-8 weeks from the date of receipt of Order along with advance. |
| 36.     | Ribbon Blender: 1500 Kg working capacity of powder weight wise MOC = MS along with motor 15 Hp, Gearbox & Fluid Coupling, Discharge valve, etc   | 1     | Alankar Fabricators & Engineers  | 5.95                  | AFE/AAL/0708/0511 dated 5.11.2007<br>Delivery: 60 Days.  |
| 37.     | Electrical Installation including VAT  |       | Jabin Corporation                | 10.07                 | 22.3.2007  |
| 38.     | Analytical Balance, Flame Photometer - Microprocessor based, UV - Spectrophotometer - Microprocessor based Atomic Absorption Spectrophotometer, Moisture Balance – InfraRed, Hot Air Oven, Digital PH Meter, Karl Fischer Titrator (automatic), Karl Fischer Titrator – Digital De-Ioniser, Muffle Furnace, Heating Mantle | 1     | Riddhi Enterprise                | 11.40                 | RE/Q/AAL/06-07 dated 2.1.2007<br>Delivery: Within 4 weeks from the date of receipt of Order.                     |
| 39.     | Electronic Weighing Machine  | 5     | Win Enterprises                  | 1.13                  | 10.3.2007<br>Delivery: Within 4 weeks from the date of receipt of Order.   |
| 40.     | Computers  | 5     | Compunet Computing Solution      | 3.28                  | 3.11.2007<br>Delivery: Within 2-3 weeks from the date of receipt of Order.                                       |
|         | <b>Sub - Total</b>   |       |                                  | <b>152.75</b>         |  |

#### Manufacturing Unit at Medak (Andhra Pradesh)

|     |  |   |                                 |       |  |
|-----|--|---|---------------------------------|-------|--|
| 41. | Ribbon Blender: 1500 Kg working capacity of powder weight wise MOC = MS along with motor 15 Hp, Gearbox & Fluid Coupling, Discharge valve, etc   | 1 | Alankar Fabricators & Engineers | 6.20  | AFE/AAL/0708/0511 dated 5.11.2007<br>Delivery: 60 Days the date of Order.                    |
| 42. | Analytical Balance, Flame Photometer - Microprocessor based, UV - Spectrophotometer - Microprocessor based Atomic Absorption Spectrophotometer, Moisture Balance – InfraRed, Hot Air Oven, Digital PH Meter, Karl Fischer Titrator (automatic), Karl Fischer Titrator – Digital De-Ioniser, Muffle Furnace, Heating Mantle | 1 | Riddhi Enterprise               | 11.40 | RE/Q/AAL/06-07 dated 2.1.2007<br>Delivery: Within 4 weeks from the date of receipt of Order. |

| Sl. No.  | Description  | Units   | Tentative Supplier                         | Amount (Rs. in Lakhs) | Quotation No. & Date of Quotation/ Delivery terms   |
|--|--|---------|--|-----------------------|---|
| 43.  | Electronic Weighing Machine  | 5       | Win Enterprises                            | 1.13                  | 10.3.2007<br>Delivery:<br>Within 4 weeks from the date of receipt of Order.   |
| 44.  | Computers  | 5       | Compunet Computing Solution                | 3.28                  | 3.11.2007<br>Delivery:<br>Within 2-3 weeks from the date of receipt of Order.   |
| <b>Sub - Total</b>   |  |         |  | <b>22.01</b>          |   |
| <b>Additional Manufacturing Unit in Maharashtra</b>                    |  |         |  |                       |   |
| 45.  | High Speed Vertical Form / Fill / Seal Machine Model PK – 30 AG (HS) equipped with SERVO Auger Filler  | 1       | Pakona Engineers (I) Pvt. Ltd.             | 28.08                 | PE/BOM/AD/53784/G/2007 dated 21.3.2007 extended vide letter No. PE/BOM/AD/59269G/2007 dated 3 <sup>RD</sup> November, 2007 till 2 <sup>nd</sup> January, 2008<br><br>Delivery:<br>10-12 weeks from the date of receipt of Order along with advance. |
| 46.  | Inclined Screw Conveyor with Base Hopper   | 1       |  |                       |   |
| 47.  | Ink Coding Unit  | 1       |  |                       |   |
| 48.  | Electrical Installation including VAT  |         | S. R. Enterprises                          | 10.13                 | 6.11.2007<br>Completion:<br>Within one month after receiving advance.   |
| 49.  | Computers  | 5       | Compunet Computing Solution                | 3.28                  | 3.11.2007<br>Delivery:<br>Within 2-3 weeks from the date of receipt of Order.   |
| <b>Sub - Total</b>   |  |         |  | <b>41.49</b>          |   |
| <b>Purchase of Plant &amp; Machinery at existing Factory in Mumbai</b> |  |         |  |                       |   |
| 50.  | Combi – Dump Unloader: MS Construction. (Combination of Jumbo Bag & Small Bag Unloader) complete with 1.5T cap Hoist, Dust Extraction System     | 1       | Rajath Material Handling Systems Pvt. Ltd. | 91.61                 | RMHS/QTN/06-07/AAL-001 dated 22.3.2007 , validity extended vide letter no. RMHS/QTN/07-08/AAL-002 dated 3.11.2007 till 31.12.2007<br><br>Delivery:<br>10-12 weeks from the date of receipt of Order along with advance.                             |
| 51.  | Rotary Airlock Valve: 200, MS Construction   | 1       |  |                       |   |
| 52.  | Line Injector: 125 NB, MS Construction   | 1       |  |                       |   |
| 53.  | Conveying Pipe: 125 NB, MS Construction, ERW   | 30 mtrs |  |                       |   |
| 54.  | Long Radius Bend: 125 NB, MS Construction, ERW   | 12      |  |                       |   |
| 55.  | Diverter: 125 NB, MS Construction, Pneumatic Operated  | 9       |  |                       |   |
| 56.  | Storage Silos: 2m <sup>3</sup> 3Thk, MS Construction   | 10      |  |                       |   |
| 57.  | Bag Filter: 1-6-M-8, MS Construction, Reverse Pulse Jet Cleaning type, complete with Pneumatic operated Butterfly valve / Slide gate, Vibromotor | 10      |  |                       |   |
| 58.  | Screw Conveyor: 200 x 1.2 mtrs long, MS Construction, driven by 1 HP geared motor, VFD, Flexible Connection                                      | 10      |  |                       |   |

| Sl. No.                 | Description  | Units | Tentative Supplier              | Amount (Rs. in Lakhs) | Quotation No. & Date of Quotation/ Delivery terms  |
|-------------------------|--|-------|---------------------------------|-----------------------|--|
| 59.                     | Weigh Hopper: 2m <sup>3</sup> capacity, MS Construction, with load cells, Pneumatic operated slide gate, Vibromotor, Batch Controlling, Venstock                                       | 2     |                                 |                       |  |
| 60.                     | Roots Blower: 78 AC Model with 20 HP/1440 rpm motor  | 1     |                                 |                       |  |
| 61.                     | Bag Filling System   | 1     |                                 |                       |  |
| 62.                     | Stitching Machine with Slat Conveyor   | 1     |                                 |                       |  |
| 63.                     | GMP Model (Contact parts 316Q and non contact parts SS .304Q) one piece in design mounted on SS square tube with one container and trolley<br>Extra 316Q container and SS 304Q trolley | 2     | Quality Engineering Products    | 36.54                 | QEP/AAL/07-08/214 Dated 3 <sup>rd</sup> November 2007<br>Delivery:<br>Within 12-14 weeks from the date of receipt of Order along with advance. |
| 64.                     | One Kilo litre Capacity Reaction Vessel Make:SS316 along with Anchor Type of Agitator, Flame proof Motor, Mechanical seal etc. and SS304 Jacket for circulation of Thermic Fluid       | 1     | Consite Engineering Co. Limited | 18.43                 | CEC:2007-08:11:E:191:REV.1 dated 5 <sup>th</sup> November 2007<br>Delivery:<br>14-16 weeks from the date of receipt of Order.                  |
| 65.                     | Computers  | 5     | Compunet Computing Solution     | 13.67                 | Dated 3 <sup>rd</sup> November 2007<br>Delivery:<br>2-3 weeks from the date of receipt of Order.   |
| <b>Sub - Total</b>      |  |       |                                 | <b>160.25</b>         |  |
| <b>Mobile Marketing</b> |  |       |                                 |                       |  |
| 66.                     | Tata 207 Di inclusive of Taxes   | 50    | Kamal Motors                    | 233.73                | 3.11.2007<br>Delivery:<br>Minimum 15 Days from the receipt of full payment and subject to availability from the Principal M/s TATA Motors Ltd. |
| 67.                     | Fabrication for special design container type Delivery Van on Tata 207 Di Single Cabin & Tray  | 50    | Randhawa Motors                 | 25.65                 | 3.11.2007<br>Delivery:<br>10-15 working days from the date of receipt of Order.  |
| 68.                     | Tata ACE inclusive of Taxes  | 50    | Kamal Motors                    | 146.93                | 3.11.2007<br>Delivery:<br>Minimum 15 Days from the receipt of full payment and subject to availability from the Principal M/s TATA Motors Ltd. |
| 69.                     | Fabrication for special design container type Delivery Van on Tata ACE Single Cabin & Tray   | 50    | Randhawa Motors                 | 20.79                 | 3.11.2007<br>Delivery:<br>10-15 working days from the date of receipt of Order.  |
| 70.                     | vTrack VT 1800WC-R (e-modem) Basic Vehicle Tracking Model with Rig Engine ON/OFF Sensor  | 100   | M M Traders                     | 18.00                 | 22.3.2007  |
| 71.                     | Graphic Design for vinyl cut letters and reflective logos inclusive of material & labour cost for TATA 207 Di  | 50    | Makarand Potdar                 | 6.24                  | 21.3.2007  |

| Sl. No. | Description   | Units | Tentative Supplier          | Amount (Rs. in Lakhs) | Quotation No. & Date of Quotation/ Delivery terms                                |
|---------|---|-------|-----------------------------|-----------------------|--|
| 72.     | Graphic Design for vinyl cut letters and reflective logos inclusive of material and labour cost for TATA Ace                      | 50    | Makarand Potdar             | 4.16                  | 21.3.2007  |
| 73.     | Projector Multisync Display Device Make NEC : VT-48   | 100   | Compunet Computing Solution | 64.12                 | 21.3.2007<br>Delivery:<br>2-3 weeks from the date of receipt of Order.           |
| 74.     | 4`X` H/G Wall Type Screen Make : WARSA  | 100   | Compunet Computing Solution | 7.21                  | 21.3.2007<br>Delivery:<br>2-3 weeks from the date of receipt of Order.           |
| 75.     | Demo Tent 6*6 (Inclusive of Taxes)  | 600   | Sree Bharat Shamiyanas      | 19.20                 | 5.12.2006<br>Delivery:<br>21 days from the date of receipt of Order.             |
| 76.     | Screen Printing on Demo Mobile Tent 6*6 Top Three Sides, Bottom Three Sides with two colours Screen Printing (Inclusive of Taxes) | 600   | Indian Arts & Screens       | 3.30                  | 6.12.2006<br>Delivery:<br>30 days from the date of receipt of Advance.           |
| 77.     | Digital Flex with 11.5 oz Media with best printing quality 5` * 5-1/2` Banner (Inclusive of Taxes)                                | 600   | SRI Advertisings            | 2.07                  | 6.12.2006<br>Delivery:<br>Within 10 days from the date of receipt of Work Order. |
| 78.     | Wrapping Strips – Each Banner Contains 12 Nos. (Inclusive of Taxes)   | 600   | SRI Advertisings            | 0.33                  | 6.12.2006<br>Delivery:<br>Within 10 days from the date of receipt of Work Order. |
|         | <b>Sub - Total</b>  |       |                             | <b>551.73</b>         |  |
|         | <b>Total</b>  |       |                             | <b>1080.86</b>        |  |

## PLANT AND MACHINERIES

### I. ORDERS ALREADY PLACED:

| (Rs. in lakhs)         |  |  |   |                             |   |
|------------------------|--|--|---|-----------------------------|---|
| Sl. No.                | Particulars of Machines  | Name of Supplier   | Total Cost (Rs. in lakhs)   | Advance Paid (Rs. in lakhs) | Date of Order/ Status/Expected Date of Delivery   |
| <b>HYDERABAD UNIT:</b> |  |  |   |                             |   |
| 1.                     | 1 No. Automatic Vertical Form Fill Seal Machine Model No. IFPL-A250-BDS (Semi Servo) to pack 25 gms & 50 gms.  | Inpack Fabrications Pvt. Ltd. C-17, Industrial Estate Moula Ali Hyderabad 500 040                                      | 9.81<br><br>(Inclusive of Excise Duty of 16%, Cess thereon of 3%, and VAT of 4%)                      | 8.88                        | Order No. F:MAC:BC:STB:1770 dated 19.6.2007<br><br>Delivered.   |
| 2.                     | Horizontal Form Fill Seal Machine Model PK-91 including Screw Conveying System   | Pakona Engineers (I) Private Limited 22-D, Wadia Charities Building S.A. Brelvi Road Fort Mumbai 400 023               | 23.58<br><br>(Inclusive of Excise Duty of 16%, Cess thereon of 3%, and CST of 3%)                     | 7.86                        | Order No. F:PO:SR:STB:1805 dated 21.6.2007 & Amendment Letter No. F:PO:SR:STB:3584 dated 16.11.2007<br><br>Between Last week of January, 2008 & 1 <sup>st</sup> week of February, 2008. |
| 3.                     | Spray Drying Plant for Micro Nutrients Capacity 200 Kgs/Hour, water evaporation 1 set including erection and commissioning   | Advanced Drying Systems 5-B, Madhu Kunj, Vinod Baug, Upashana Lane, Off Juhu Lane Andheri (W) Mumbai 400 058           | 36.00<br><br>(Inclusive of Excise Duty of 16%, Cess thereon of 2%, and CST of 3% and Freight Charges) | 20.50                       | Order No. F:ADS:SR:STB:1222 dated 30.4.2007<br><br>Erection on or before 30.6.2007 and commissioning after due trials on or before 15.7.2007. Partly Delivered.                         |
| 4.                     | Batching & Conveying System (including 3 Ton Storage Hopper (4 Nos.), Screw Conveyor (4 Nos.), 1 Ton Storage Hopper with Structures (3 Nos.), 1 Ton Weigh Hopper, 2 Ton weigh Hopper, Screw Conveyor for 1 Ton (3 Nos.), Control Panel, Pneumatic. | Feaster India 4, Jai Malhar Shed Eastern Express Highway Kurla Signal Behind Hotel Triveni Chembur Mumbai 400 071      | 19.57<br><br>(Inclusive of VAT @ 3%)  | 17.38                       | Order No. PO# 1232/2007 dated 2.5.2007<br><br>Delivered.  |
| 5.                     | ELGI Air Compressor-Model TS-10-120 HT equipped with pressure guage. FAD 30.1 CFM; ELGI Refined Air Dryer-Model ELRD040, Capacity 40 CFM; ELGI Air Lube, Anti Vibration Pads, Auto Drain valve, Micro Filter Element-Model MF 80-01                | Bimpex Machines Private Limited Machine House 6, Oak Lane Fort Mumbai 400 023  | 1.61<br><br>(Inclusive of Excise Duty of 16%, Cess thereon of 3%, and CST of 3%)                      | 0.53                        | Order No. PO# 2904/2007 dated 20.9.2007<br><br>Delivered.   |
| 6.                     | 1 No. Fluid Bed Dryer Capacity 120 Kg (including extra 316 Quality Container with Trolley and SS Blower)   | Manibhadra Steels & Engineering Co. 28/30, Shop No. 6/B Dr. Wilson Street Near V.P. Road Police Station Mumbai 400 004 | 3.76<br><br>(Inclusive of CST of 3%)  | 0.91                        | Order No. F:MAC:BC:STB:1823 dated 22.6.2007<br><br>Delivered.   |

|     |   |   |   |                  |  |
|-----|---|---|---|------------------|--|
| 7.  | 1 No. Non IBR Steam Boiler Model NSB-400 including Water Tank, Oil Day Tank, Chimney, Water Softener with regeneration tank and pump  | NTEK Services<br># 16-11-16/A/78<br>Afzalnagar<br>Saleem Nagar<br>Colony<br>Malakpet<br>Hyderabad 500 036             | 3.40<br><br>(Inclusive of VAT of 4%)  | 0.82             | Order No.<br>F:MAC:SR:STB:2539<br>dated 14.8.2007 &<br>Amendment Letter<br>No.<br>F:MAC:SR:STB:3583<br>dated 16.11.2007<br><br>Between Last week of<br>December, 2007 & 1 <sup>st</sup><br>week of January,<br>2008. |
| 8.  | Reaction Vessel: Capacity 3,000 Litres (2 Nos.)   | Quality Engineering Products<br>A-193, Road No. 16-A<br>Wagle Industrial Estate<br>Mumbai 400 064                     | 12.48   | 10.20            | Order No.<br>F:QEP:SR:STB:1667<br>dated 11.6.2007<br><br>Delivered.  |
| 9.  | 250 KVA, 11000/433V Transformer   | Esennar Transformers (P) Ltd.<br>Plot No. 12, Flat No. 4<br>Aravind Apartments<br>Sunder Nagar                        | 3.41<br><br>(Inclusive of Excise Duty of 16%, Cess thereon of 3%, and Sales Tax of 12.5%) | 3.02             | Order No.<br>F:MACH:BC:STB:1702<br>dated 13.6.2007<br><br>Delivered.   |
| 10. | i. 1 No. LT Power Distribution Panel<br><br>ii. LT Power Distribution Panel Changeover Switch   | Power Switchgears & Controls<br>Plot No. 17/2, CIEE Opp. Nitco Roadways Pvt. Ltd.<br>Gandhinagar<br>Hyderabad 500 037 | 1.01<br>(Inclusive of VAT @ 12.5%)<br><br>0.33<br>(Inclusive of VAT @ 12.5%)              | 1.01<br><br>0.21 | Order No.<br>F:MAC:SR:STB:1883<br>dated 27.6.2007<br>Delivered.<br><br>Order No.<br>F:MAC:SR:STB:1883<br>(Amended) dated 27.7.2007<br>To be delivered when advised.  |
| 11. | Electricals<br>i. Electrical Quotation for Door Panel, Switchyard, Transformer, etc.<br><br>ii. Electrical Quotation for Disc Insulators, Mounting, Copper Wires, Cement Poles, Channels etc. | Madhu Electricals<br>H-No. 4-197,<br>Suraram Colony,<br>IDA Jeedimetla,<br>Hyderabad-500055                           | 1.85<br><br>3.39  | 1.76<br><br>1.03 | Order No.<br>F:ME:SR:STB:1662<br>dated 11.6.2007<br><br>Order No.<br>F:ME:SR:STB: dated 11.6.2007<br><br>Partly Delivered.   |
|     | <b>TOTAL</b>  |   | <b>120.20</b>   | <b>72.29</b>     |  |

**Summary of Orders of plant and machinery (excluding escalation, contingencies, etc):**

| Sl. No.  | Particulars                                  | Value (Rs. In lakhs) | %age          |
|----------|--|----------------------|---------------|
| <b>A</b> | <b>Total Cost of Plant &amp; Machinery :</b> | <b>1201.06</b>       | <b>100%</b>   |
|          | Domestic                                     | 1201.06              | 100%          |
|          | Imported                                     | -                    | -             |
| <b>B</b> | <b>Value of Orders Placed :</b>              | <b>120.20</b>        | <b>10.00%</b> |
|          | Domestic                                     | 120.20               | 10.00%        |
|          | Imported                                     | -                    | -             |
| <b>C</b> | <b>Value of Orders yet to be placed :</b>    | <b>1080.86</b>       | <b>90.00%</b> |
|          | Domestic                                     | 1080.86              | 90.00%        |
|          | Imported                                     | -                    | -             |

We have relied on quotations received from various suppliers for orders of plant and machinery yet to be placed. Where more than one quotation has been sought, we have indicated the lowest of such quotations. We are also negotiating with several suppliers and the actual supplier may vary from the one mentioned above.

Further, we have not bought or do not propose to buy any second hand Plant & Machineries out of the Issue proceeds.

As regards to Office Furniture, Other Fixtures, foundation for machinery and erection and commissioning, we have relied upon our own judgement in estimating the costs based on our past experience and we have not obtained any quotations for the same.

#### General Corporate Purposes:

We are continuously looking for opportunities to grow. While, we have not identified any specific projects at present, the management is continuously identifying and evaluating opportunities. We intend to use part of net proceeds towards such growth plans and opportunities. We intend to deploy the proceeds of this Issue aggregating to [•] for General Corporate Purposes including but not limited to strategic initiatives, brand building exercise, strengthening of the market capabilities, partnerships, joint venture, future projects and meeting exigencies which the Company in the ordinary course may not foresee etc. The management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently the funding requirements and deployment of funds may also change. The company's management in accordance with policies set out by the Board will have flexibility in applying the balance proceeds of this issue, for general corporate purposes.

As of the date of this Red Herring Prospectus, the Company has not entered into any letter of intent or any other commitment for any such acquisition/investments or definitive commitment for any such strategic initiatives. The Board of Directors of the Company will review various opportunities from time to time.

#### Expenses of the Issue:

The expenses of this issue include, among others, management fees, underwriting fees, selling commissions, printing and distribution expenses, legal fees, statutory, advertisement expenses and listing fees. The estimated issue expenses are as follows:

| Sl. No. | Activity   | Expenses* (Rs. in lakhs) | % of Total issue Expenses | % of Total issue size |
|---------|--|--------------------------|---------------------------|-----------------------|
| 1       | Fees of BRLM   | [•]                      | [•]                       | [•]                   |
| 2       | Underwriting commission  | [•]                      | [•]                       | [•]                   |
| 3       | Brokerage & Selling commission   | [•]                      | [•]                       | [•]                   |
| 4       | Advertisement & Marketing expenses   | [•]                      | [•]                       | [•]                   |
| 5       | Printing and Stationery, Distribution, postage etc                                       | [•]                      | [•]                       | [•]                   |
| 6       | Fees of Registrar to the issue   | [•]                      | [•]                       | [•]                   |
| 7       | Other Expenses (including legal fees, filing fees, listing fees, depository charges etc) | [•]                      | [•]                       | [•]                   |
|         | <b>Total estimated issue expenses</b>  | [•]                      | [•]                       | [•]                   |

\* will be incorporated after finalization of Issue Price

#### Appraisal

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution

#### Undertaking By the Issuer Company

Pursuant to Clause 2.8 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, the Company has made firm arrangements for the stated Means of Finance as follows:



| Sl. No. | Particulars                              | Amount (Rs. In lakhs) |
|---------|--|-----------------------|
| A       | Total Means of Finance required          | [•]                   |
| B       | Amount to be raised through Public Issue | [•]                   |
| C       | Internal Accruals                        | [•]                   |

We hereby confirm that firm arrangements of finance through verifiable means towards 75% of the stated Means of Finance, excluding the amount to be raised through the proposed public issue have been made.

In case the funds raised in the Issue are lower than the total requirement, Company intend to finance the shortfall, if any through internal accruals.

### Schedule of Implementation

The schedule of implementation of various projects is as given below:

| Sl. No. | Particulars   | Starting Date   | Expected Completion  |
|---------|---|---|--|
| 1.      | New Manufacturing unit at –<br>Ahmedabad<br>Lucknow<br>Medak (Andhra Pradesh)<br>Additional unit in Maharashtra | May '07<br>May '07<br>Already Started<br>December '07 | August '08<br>September '08<br>February '08<br>October '08 |
| 2.      | Purchase of Plant & Machinery at existing Factory in Mumbai   | January '08   | June '08   |
| 3.      | Capital expenditure for Mobile Marketing Vans   | Already Started                                       | June '08   |
| 4.      | Investment in Golden Harvest  | Already Started                                       | March '08  |
| 5.      | Existing Office Building Renovation & New Office Building   | February '08  | March, 09  |

Detailed schedule of implementation for manufacturing units:

| Sl. No.  | Particulars                                     | Starting Date | Expected Completion |
|----------|---|---------------|---------------------|
| <b>A</b> | <b>Ahmedabad</b>                                |               |                     |
| 1        | Land acquisition                                | April '07     | May '07             |
| 2        | Civil Works                                     | January '08   | June '08            |
| 3        | Placement of orders for Plant and machinery:    | April '08     |                     |
| 4        | Installation of Plant and Machinery, Electrical | May '08       | June '08            |
| 5        | Trial runs                                      | July '08      |                     |
| 6        | Commercial Production                           | August '08    |                     |
| <b>B</b> | <b>Lucknow</b>                                  |               |                     |
| 1        | Land acquisition                                | April '07     | May '07             |
| 2        | Civil Works                                     | January '08   | July '08            |
| 3        | Placement of orders for Plant and machinery     | April '08     |                     |
| 4        | Installation of Plant and Machinery, Electrical | July '08      | August '08          |
| 5        | Trial runs                                      | September '08 |                     |
| 6        | Commercial Production                           | September '08 |                     |
| <b>C</b> | <b>Medak (Andhra Pradesh)</b>                   |               |                     |
| 1        | Land acquisition                                | Completed     |                     |
| 2        | Civil Works                                     | April '07     | November '07        |
| 3        | Placement of orders for Plant and machinery     | April '07     |                     |
| 4        | Installation of Plant and Machinery, Electrical | October '07   | December '07        |
| 5        | Trial runs                                      | January '08   |                     |
| 6        | Commercial Production                           | February '08  |                     |
| <b>D</b> | <b>Additional unit in Maharashtra</b>           |               |                     |
| 1        | Land acquisition                                | December '07  | January '08         |
| 2        | Civil Works                                     | February '08  | August '08          |
| 3        | Placement of orders for Plant and machinery     | June '08      |                     |
| 4        | Installation of Plant and Machinery, Electrical | August '08    | September '08       |

|          |   |              |           |
|----------|---|--------------|-----------|
| 5        | Trial runs  | October '08  |           |
| 6        | Commercial Production                                       | October '08  |           |
| <b>E</b> | <b>Mumbai</b>   |              |           |
| a.       | Existing Office Building Renovation & New Office Building   | February '08 | March '09 |
| b.       | Purchase of Plant & Machinery at existing Factory in Mumbai |              |           |
| 1        | Placement of orders for Plant and machinery                 | January '08  |           |
| 2        | Installation of Plant and Machinery, Electrical             | April '08    | May '08   |
| 3        | Trial runs  | June '08     |           |
| 4        | Commercial Production                                       | June '08     |           |

#### Cost Incurred Till Date

As per the certificate dated November 5, 2007 issued by M/s Kirti D. Shah & Associates, Chartered Accountants, we have incurred a sum of Rs. 561.25 lakhs till 31<sup>st</sup> October, 2007 towards the Objects of the Issue. The cost incurred and means of finance of the above expenditure is given below:

| Particulars                                       | Amount<br>(Rs. In Lakhs) |
|---|--------------------------|
| New manufacturing unit at Ahmedabad               | 3.49                     |
| New manufacturing unit at Lucknow                 | 8.50                     |
| New manufacturing unit at Hyderabad               | 162.26                   |
| Capital Expenditure incurred for mobile marketing | 2.71                     |
| Investment in Golden Harvest                      | 314.16                   |
| Issue Expenses                                    | 70.13                    |
| <b>Total</b>                                      | <b>561.25</b>            |

#### Sources of Financing of Funds Already Deployed

(Rs. in Lakhs)

| Particulars                       | Amount Spent<br>as on October<br>31, 2007 |
|-----------------------------------|---|
| Through Internal Accruals         | 375.98                                    |
| Loan funds – Indian Overseas Bank | 185.27                                    |
| <b>Total</b>                      | <b>561.25</b>                             |

## Details of Balance Fund Deployment:

(Rs. In Lakhs)

| Sl. No. | Particulars   | Balance Funds to be deployed |  |            |            |
|---------|---|------------------------------|--|------------|------------|
|         |   | Incurred upto 31.10.2007     | For the period from 1.11.2007 to 31.3.2008 | 2008-09    | Total Cost |
| 1       | New Manufacturing unit at Ahmedabad                         | 3.49                         | 193.91                                     | -          | 197.40     |
| 2       | New Manufacturing unit at Lucknow                           | 8.50                         | 200.42                                     | -          | 208.92     |
| 3       | New Manufacturing unit at Medak (Andhra Pradesh)            | 162.26                       | 82.68                                      | -          | 244.94     |
| 4       | Additional unit in Maharashtra                              | -                            | 90.00                                      | 67.72      | 157.72     |
| 5       | Purchase of Plant & Machinery at existing Factory in Mumbai | -                            | 169.67                                     |            | 169.67     |
| 6       | Capital expenditure for Mobile Marketing                    | 2.71                         | 576.61                                     |            | 579.32     |
| 7       | Investment in Golden Harvest                                | 314.16                       | 422.64                                     |            | 736.80     |
| 8       | Existing Office Building Renovation & New Office Building   | -                            | 75.00                                      | 608.80     | 683.80     |
| 9       | To meet the working capital requirements of the Company     | -                            | [•]  | [•]        | 1776.00    |
| 10      | To meet General Corporate Expenses                          | -                            | [•]  | [•]        | [•]        |
| 11      | Expenses of the issue                                       | 70.13                        | [•]  |            | [•]        |
|         | <b>Total</b>  | <b>561.25</b>                | <b>[•]</b>                                 | <b>[•]</b> | <b>[•]</b> |

## Monitoring of Utilization of Funds:

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines. The Audit Committee appointed by the Board of Directors will monitor the utilisation of the issue proceeds. The Audit Committee has been constituted by the Board of Directors of our Company in their meeting held on 26th June, 2001. The said Committee was reconstituted on December 22, 2006. As on date, the Audit Committee comprises of the following members:

|                       |   |                                   |
|-----------------------|---|-----------------------------------|
| Prof R S S Mani       | : | Chairman (Independent Director)   |
| Dr D S Jadhav         | : | Member (Independent Director)     |
| Dr. Rahul Mirchandani | : | Member (Non-Independent Director) |

For further details of the Audit Committee please refer to page 153 of Red Herring Prospectus.

## Interim Use of Funds:

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposits with banks and similar securities for necessary duration. We may also use the same to fund its working capital requirement on a temporary basis.

## BASIC TERMS OF ISSUE

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

Public Issue of 45,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [•] per equity share for cash aggregating Rs. [•] Lakhs being made through a 100% book building process.

Details of the issue structures are tabulated below:

| Particulars  | QIBs  | Non Institutional Bidders   | Retail Individual Bidders   |
|--|---|---|---|
| Number of Equity Shares  | Up to 22,50,000 equity shares   | Not less than 6,75,000 equity shares  | Not less than 15,75,000 equity shares   |
| Percentage of Issue size available for allocation                      | Up to 50% of the Issue size shall be available for QIBs out of which 5% shall be available for Mutual Funds   | Not less than 15% of the Issue size   | Not less than 35% of the Issue size   |
| Basis of Allocation or Allotment if Respective category Oversubscribed | Proportionate 5% to Mutual Funds on proportionate basis Balance to QIBs including Mutual Funds on proportionate basis   | Proportionate   | Proportionate   |
| Minimum Bid  | Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 50 Equity Shares thereafter,  | Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 50 Equity Shares thereafter,  | 50 Equity Shares and thereafter in multiples of 50  |
| Maximum Bid  | Such number of equity shares not exceeding the size of the Issue, subject to applicable limits  | Such number of equity shares not exceeding the size of the Issue, subject to applicable limits  | Such number of Equity Shares whereby the Bid Amount does not exceed Rs.1,00,000   |
| Mode of Allotment  | Compulsory in Dematerialised form   | Compulsory in Dematerialised form   | Compulsory in Dematerialised form   |
| Trading Lot/ Market Lot  | One Equity Share  | One Equity Share  | One Equity Share  |
| Bidding Lot  | 50 Equity Shares and thereafter in multiples of 50  | 50 Equity Shares and thereafter in multiples of 50  | 50 Equity Shares and thereafter in multiples of 50  |
| Who can apply  | Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI multilateral and bilateral development Financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with | Companies, Corporate Bodies, Scientific Institutions Societies and Trusts Resident Indian individuals, HUF (in the name of Karta) and NRIs (applying for an amount exceeding Rs.1,00,000) | Resident Indian Individuals, HUF(in the name of the Karta) and eligible NRIs applying for an amount up to Rs.1, 00,000. |

| Particulars      | QIBs   | Non Institutional Bidders   | Retail Individual Bidders   |
|------------------|--|---|---|
|                  | Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 Lakhs and pension funds with minimum corpus of Rs. 2,500 Lakhs in accordance with applicable Law. |   |   |
| Terms of Payment | Margin amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate  | Margin Amount applicable to non institutional Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate | Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate |
| Margin Amount    | At least 10% Bid amount  | Full Bid Amount on bidding  | Full Bid Amount on Bidding  |

## BASIS FOR ISSUE PRICE

The Offer Price will be determined by us in consultation with the BRLM on the basis of Assessment of market demand for the offered Equity Shares through the Book Building Process. The Price Band will also be advertised in a widely circulated English language newspaper Hindi language newspaper and a Marathi newspaper. The face value of the Equity Shares is Rs. 10 and the Offer Price is 12.0 times the face value at the lower end of the Price band and 13.0 times the face value at the higher end of the Price Band.

Investors should read the following summary with the “Risk factors” and “Financial Information” beginning from page nos. viii and 164 respectively and other details about the company included in this Red Herring Prospectus. The trading price of the Equity shares of the Company could decline due to these risk factors and you may lose all or part of your investments

## Qualitative factors

- **Aries is an existing profit making company with more than three decades of existence in Micronutrients**  
We ventured into manufacture of chelated micronutrients in 1975. Currently, the micronutrients are manufactured at four locations i.e. Deonar - Mumbai, Kolkata, Hyderabad and Bangalore.
- **Experienced promoters with vast experience in the Industry**  
Dr. T. B. Mirchandani, Chairman & Managing Director has 40 years of experience in animal feed additives and health products. He is the founder president of IMMA. Dr. Jimmy Mirchandani is having 26 years of experience in Micronutrients. Dr. Rahul Mirchandani is having an experience of around 8 years.
- **Has a strong and experienced management team**  
The Company functions under the control of the Board consisting of experienced and professional Directors. The day-to-day matters are looked after by qualified key personnel, under the supervisions of the Joint Managing Director and Executive Director. The Company has stable manpower with a low attrition rate.
- **An ISO 9001:2000 certified Company**  
We were awarded with NS-EN ISO 9001:2000 / ISO 9001:2000 for Quality Management System, vide Certificate No. I/QSC-1592 dated May 8, 2007 from Kvalitet Veritas Quality Assurance.
- **The Company is highly customer centric**  
We have database of more than 65,000 dealers, which gives us instant access to the requirement of farmers. The sale of micronutrient largely depends upon the soil type, which differs from farmland to farmland. Our sales personnel visit each and every field to check the soil type, give live demonstration and prescribe the required micronutrient. The database of the company is a huge barrier to the new entrants in the industry because building up such a database requires not only huge capital but also years of experience. Aries's presence in the micronutrients segment for more than 30 years has enabled it to establish itself right from grass root levels.
- **Wide range of products**  
We have wide range of products spread across 5 main categories. These include namely Multi-micro nutrient fertilizers, Chelated micro nutrient fertilizers, Specialty soluble fertilizers, Anti-bacterial products for agricultural use, Nutritional products for animals. These categories can be grouped under 3 segments namely, plant nutrients, insecticides and veterinary products. All our products are branded products.
- **In-House Research & Development**  
We have in-house facility for conducting research. The R&D Team is equipped with the required infrastructure to develop products, inclusive of facilities for field testing of products under development.
- **Wide Distribution network**  
We already have four manufacturing plants, 25 branches and a dealer network of over 65,000 dealers spread all over India.

## Quantitative Factors

Information presented in this section is derived from our unconsolidated restated financial statements prepared in accordance with Indian GAAP.

## 1. Earnings per Share (EPS) (as adjusted for changes in capital) (As Restated)

### Unconsolidated Basis:

| Particulars                                  | Face Value (Rs. 10.00 per share) |        |
|--|----------------------------------|--------|
|  | EPS (Rs)                         | Weight |
| Year Ended March 31, 2005                    | 1.04                             | 1      |
| Year Ended March 31, 2006                    | 9.81                             | 2      |
| Year Ended March 31, 2007 *                  | 10.22                            | 3      |
| <b>Weighted Average EPS</b>                  | <b>8.55</b>                      |        |
| Four Months Ended July 31, 2007 (annualised) | 11.85                            |        |

\* As per Para 24 of AS - 20 weighted average no. of equity shares have been computed as if the bonus shares were issued at the beginning of the year.

### Consolidated Basis (of Aries Agro and its two subsidiaries):

| Particulars                                  | Face Value (Rs. 10.00 per share) |        |
|--|----------------------------------|--------|
|  | EPS (Rs)                         | Weight |
| Year Ended March 31, 2007 *                  | 10.22                            | 1      |
| <b>Weighted Average EPS</b>                  | <b>10.22</b>                     |        |
| Four Months Ended July 31, 2007 (annualised) | 11.85                            |        |

\* As per Para 24 of AS - 20 weighted average no. of equity shares have been computed as if the bonus shares were issued at the beginning of the year.

### Note:

- The Earning per Share has been computed on the basis of the restated profits of the respective years drawn as per 6.10.2 of SEBI DIP Guidelines as amended on May 24, 2007.
- The Denominator considered for the purpose of calculating Earning per share is the weighted average number of Equity Shares Outstanding as of Date.

## 2. P/E Ratio in relation to the Issue Price of Rs. 120/- per share (Lower end of Price Band)

### Unconsolidated Basis:

|  |       |
|--|-------|
| Based on EPS Rs. 10.22 for the Year ended March 31, 2007 | 11.74 |
| Based on Weighted Average EPS, the EPS is Rs. 8.55       | 14.04 |

### Consolidated Basis (of Aries Agro and its two subsidiaries):

|  |       |
|--|-------|
| Based on EPS Rs. 10.22 for the Year ended March 31, 2007 | 11.74 |
| Based on Weighted Average EPS, the EPS is Rs. 10.22      | 11.74 |

## P/E Ratio in relation to the Issue Price of Rs. 130/- per share (Higher end of Price Band)

### Unconsolidated Basis:

|  |       |
|--|-------|
| Based on EPS Rs. 10.22 for the Year ended March 31, 2007 | 12.72 |
| Based on Weighted Average EPS, the EPS is Rs. 8.55       | 15.20 |

### Consolidated Basis (of Aries Agro and its two subsidiaries):

|  |       |
|--|-------|
| Based on EPS Rs. 10.22 for the Year ended March 31, 2007 | 12.72 |
| Based on Weighted Average EPS, the EPS is Rs. 10.22      | 12.72 |

| Industry P/E Ratio – Chemicals |       | Industry P/E Ratio – Pesticides / Agrochemicals |               |        |
|--------------------------------|-------|---|---------------|--------|
|                                |       |   | Multinational | Indian |
| Highest                        | 122.1 | Highest   | 23.8          | 71.8   |
| Lowest                         | 4.1   | Lowest  | 19.2          | 5.3    |
| Industry Composite             | 17.2  | Industry Composite                              | 21.3          | 35.8   |

Source: Capital Market Volume XXII/18, November 5–18, 2007 ; Chemicals / Pesticides-Agrochemicals



**Note:**

- (i) For Industry P/E companies in the Chemicals<sup>1</sup> and Pesticides / Agrochemicals<sup>2</sup> segment have been considered as most peer group companies form part of this segment. However as there are no listed companies engaged solely in similar business as ours, the ratio is strictly not comparable.

**3. Return on Networth (RONW)**

**Unconsolidated Basis:**

| Particulars                                  | RONW (%)     | Weight |
|--|--------------|--------|
| Year Ended March 31, 2005                    | 7.10         | 1      |
| Year Ended March 31, 2006                    | 40.69        | 2      |
| Year Ended March 31, 2007                    | 35.26        | 3      |
| <b>Weighted Average</b>                      | <b>32.38</b> |        |
| Four Months Ended July 31, 2007 (annualised) | 36.39        |        |

**Consolidated Basis (of Aries Agro and its two subsidiaries):**

| Particulars                                  | RONW (%)     | Weight |
|--|--------------|--------|
| Year Ended March 31, 2007                    | 35.26        | 1      |
| <b>Weighted Average</b>                      | <b>35.26</b> |        |
| Four Months Ended July 31, 2007 (annualised) | 36.39        |        |

**Note:**

- (i) The Return on Networth has been computed on the basis of the restated profits of the respective years drawn as per 6.10.2 if SEBI DIP Guidelines as amended on May 24, 2007.
- (ii) The Average Networth has been computed as a simple average of the opening and closing networth, as per restated statement of Assets and Liabilities.

**4. Minimum Return on increased Net Worth after Issue, needed to maintain Pre-Issue EPS**

**Unconsolidated Basis:**

|  |       |
|--|-------|
| Minimum Return on Increased Total Networth, after Issue, needed to maintain Pre-Issue EPS of Rs. 10.22 as on 31.3.2007 |       |
| At the Issue Price of Rs. 120/- per Share  | 10.63 |
| At the Issue Price of Rs. 130/- per Share  | 10.08 |

**Consolidated Basis (of Aries Agro and its two subsidiaries):**

|  |       |
|--|-------|
| Minimum Return on Increased Total Networth, after Issue, needed to maintain Pre-Issue EPS of Rs. 10.22 as on 31.3.2007 |       |
| At the Issue Price of Rs. 120/- per Share  | 10.63 |
| At the Issue Price of Rs. 130/- per Share  | 10.08 |

**5. Net Asset Value (NAV) per share in Rupees**

**Unconsolidated Basis:**

|                                 |       |
|---------------------------------|-------|
| Four Months Ended July 31, 2007 | 32.61 |
| Year Ended March 31, 2007       | 29.00 |
| After issue                     | [•]   |
| Issue Price                     | [•]   |

**Consolidated Basis (of Aries Agro and its two subsidiaries):**

|                                 |       |
|---------------------------------|-------|
| Four Months Ended July 31, 2007 | 32.61 |
| Year Ended March 31, 2007       | 29.00 |
| After issue                     | [•]   |
| Issue Price                     | [•]   |

**Notes:**

Net Asset Value per Share represents Shareholder's Equity as per restated financial statements less revaluation reserve and miscellaneous expenditure as divided by weighted average number of Equity shares outstanding as of date.

**6. Comparison of Accounting Ratios:**

There are no Companies listed on Indian Stock Exchanges which are only in the same line of business as our Company i.e., Micronutrient Fertilisers. However, the Accounting ratios of our Company are compared with other listed Companies, who have micronutrients as one of the products in addition to other products, for the year ended 31<sup>st</sup> March, 2007.

(Rs. in Crores)

| Name of the Company                                   | Equity Capital<br>(Rs. In Cr.) | NAV per<br>share (Rs.) | EPS<br>(Rs.) | RONW<br>% | P/E  |
|---|--------------------------------|------------------------|--------------|-----------|------|
| Aries Agro Limited<br>(for FY ended on 31.03.2007)    | 8.50                           | 29.00                  | 10.22        | 35.26     | [•]  |
| Aries Agro Limited<br>(for 4 months ended 31.07.2007) | 8.50                           | 32.61                  | *11.85       | *36.39    | [•]  |
| <b>Industry Average<sup>(i)</sup></b>                 |                                |                        |              |           |      |
| <b>Peer Group<sup>(ii)</sup></b>                      |                                |                        |              |           |      |
| Ciba Speciality                                       | 13.28                          | 211.8                  | 20.4         | 11.5      | 17.4 |
| Rallis India Ltd.                                     | 11.98                          | 103.3                  | 35.4         | -1.2      | 13.4 |

\*annualized

**Note:** The EPS, RONW and NAV figures for peer group are based on the latest audited results for the year ended March 31, 2007 and P/E is based on the trailing twelve months (TTM) and Market Data.

(i) For Industry P/E companies in the Chemicals<sup>1</sup> and Pesticides / Agrochemicals<sup>2</sup> segment have been considered as most peer group companies form part of this segment. However as there are no listed companies engaged solely in similar business as ours, the ratio is strictly not comparable.

(ii) **Source:** Capital Market Volume XXII/18, November 5–18, 2007; Chemicals/ Pesticides-Agrochemicals

7. The face value of the shares is Rs.10 and the Issue price is [•] times of the face value. The Book Running Lead Manager and the Issuer Company believe that the Issue Price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors on page viii of the Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors' report on page no 164 of the Red Herring Prospectus to have a more informed view of the investment proposition.

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## STATEMENT OF TAX BENEFITS

The Board of Directors  
**ARIES AGRO LIMITED**  
Aries House, Plot No. 24  
Deonar, Govandi (East)  
Mumbai – 400 043

Dear Sirs,

We hereby certify that the enclosed annexure states the possible tax benefits available to **M/s Aries Agro Limited** (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 (provisions of Finance Act, 2007), and other direct and indirect 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. Hence, the ability of the Company or its 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 fulfil.

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

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consider in his/her/its own case, the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. 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; or
- The conditions prescribed for availing the benefits have been / would be met with.

This report is intended solely for your information and for the inclusion in the offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For M/s KIRTI D SHAH & ASSOCIATES**  
**Chartered Accountants**

**Kirti D Shah**  
**Proprietor**  
**Membership No. 32371**

Date: 5th November, 2007  
Place: Mumbai

## **TAX BENEFITS**

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfil.

### **I. SPECIAL TAX BENEFITS**

The following special tax benefits shall be available to the Company under Direct Tax Laws:

#### **A. BENEFITS AVAILABLE UNDER THE INCOME TAX ACT, 1961**

##### **1. ADDITIONAL DEPRECIATION**

The Company in terms of section 32(1)(IIa) of Income Tax Act, 1961 shall be entitled to claim additional depreciation @ 20% of the actual cost on new Plant and Machinery acquired after 31st March, 2005.

### **II. GENERAL TAX BENEFITS**

The following general tax benefits shall be available to the Company and the prospective shareholders under Direct Tax Laws:

#### **A. BENEFITS AVAILABLE UNDER THE INCOME TAX ACT, 1961**

##### **➤ TO THE COMPANY**

##### **1. Dividends exempt under Section 10(34)**

Under Section 10(34) of the Act, the Company will be eligible for exemption of income by way of dividend from domestic company referred to in Section 115-O of the Act.

##### **2. Income from units of Mutual Funds exempt under Section 10(35)**

The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of Section 10(35) of the Act.

##### **3. Exemption of Long-Term Capital Gain under Section 10(38)**

According to section 10(38) of the Act, long-term capital gains on sale of equity shares or units of an equity-oriented fund where the transaction of sale is chargeable to Securities Transaction Tax (STT) shall be exempt from tax. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB.

##### **4. Depreciation under Section 32**

In accordance with and subject to the provisions of section 32 of the Income tax Act, the Company will be allowed to claim depreciation on specified tangible and intangible assets at the rates prescribed.

##### **5. Preliminary Expenses under Section 35D**

In accordance with and subject to the provisions of section 35D of the Income Tax Act, the Company will be entitled to amortise, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.

## **6. Exemption of Long Term Capital Gain under Section 54EC**

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued 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, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year can not exceed Rs. 50 lakhs.

## **7. Lower Tax Rate under Section 111A on Short-Term Capital Gains**

As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction tax ("STT") shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

## **8. Lower Tax Rate under Section 112 on Long-Term Capital Gains**

As per the provisions of Section 112 of the Act, long-term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

## **9. Benefit under Section 115JAA(1A)**

Under Section 115JAA(1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 5 years succeeding the year in which the MAT becomes allowable.

### **➤ TO RESIDENT SHAREHOLDERS**

#### **1. Exemption under Section 10(34)**

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

#### **2. Exemption of Long-Term Capital Gain under Section 10(38)**

Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB.

### **3. Exemption of Long Term Capital Gain under Section 54EC**

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued 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, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year can not exceed Rs. 50 lakhs.

### **4. Exemption of Long term capital gain under Section 54F**

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

### **5. Rebate under Section 88E**

Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of Securities Transaction Tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

### **6. Lower Tax Rate under Section 111A on Short-Term Capital Gains**

As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to Securities Transaction Tax shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

### **7. Lower Tax Rate under Section 112 on Long-Term Capital Gains**

As per the provisions of Section 112 of the Act, long term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

➤ **TO NON RESIDENTS/ NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIS AND FOREIGN VENTURE CAPITAL INVESTORS)**

**1. Exemption under Section 10(34)**

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

**2. Exemption under Section 10(38)**

Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to Securities Transaction Tax. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB.

**3. Exemption of Long Term Capital Gain under Section 54EC**

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued 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, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year can not exceed Rs. 50 lakhs.

**4. Exemption of Long Term Capital Gain under Section 54F**

Under section 54F of the Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

**5. Lower Tax Rate under Section 111A on Short-Term Capital Gains**

Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

**6. Lower Tax Rate under Section 112 on Long-Term Capital Gains**

Under section 112 of the Act and other relevant provisions of the Act, long term capital gains, (other than those exempt under section 10(38) of the Act) arising on transfer of shares in the Company,



would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

*Where shares of the Company have been subscribed in convertible foreign exchange, Non- Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits:*

1. Under section 115E, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long-term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.
2. Under provisions of section 115F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
3. Under provisions of section 115G of the Act, it shall not be necessary for a Non- Resident Indian to furnish his return of income under section 139(1) if his income chargeable under the Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the Act.
4. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
5. As per Section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non- Resident India would prevail over the provisions of the Act to the extent they are more beneficial to the Non- Resident/ Non-Resident India.

➤ **TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')**

1. Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to Securities Transaction Tax. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB.

2. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued 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, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year can not exceed Rs. 50 lakhs.

3. The income by way of short term capital gains or long term capital gains [in cases not covered under section 10(38) of the Act] realized by FIIs on sale of shares of the company would be taxed at the following rates as per section 115 AD of the Act

- Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge & education cess).
- Short term capital gains, referred to under section 111A of the Act shall be taxed @ 10% (plus applicable surcharge and education cess)
- Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation)

It may be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

4. Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.
5. As per section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the Act to the extent they are more beneficial to the FII.

➤ **TO MUTUAL FUNDS**

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the Act.

➤ **TO VENTURE CAPITAL COMPANIES / FUNDS**

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

**B. BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957**

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

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**C. BENEFITS AVAILABLE UNDER THE GIFT TAX ACT, 1958**

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

**Notes:**

1. The above Statement of Possible Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;
2. 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 as amended by the Finance Act, 2006 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;
3. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, 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;
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 Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
5. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.
6. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.

**For M/s KIRTI D SHAH & ASSOCIATES**  
**Chartered Accountants**

**Kirti D Shah**  
**Proprietor**  
**Membership No. 32371**

Date: 5th November, 2007  
Place: Mumbai

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## SECTION IV ABOUT THE COMPANY

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### INDUSTRY OVERVIEW

*The information in this section is derived from various government publications and other industry sources available to public. Neither we, nor any other person connected with the issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.*

### GLOBAL ECONOMIC CONTEXT AND AGRICULTURAL SITUATION

In 2005, world economy remained very firm, boosted by strong growth in the United States and in emerging Asia. Growth of world GDP is assessed only slightly below five per cent. No significant changes are anticipated in 2006 and 2007, as the world economy is projected to remain buoyant, with growth rates fluctuating between 4.5 per cent and five per cent, according to the International Monetary Fund (IMF). In a five-year perspective, a slow-down is anticipated, but annual growth should stay firm, above three per cent. Income improvement in emerging economies will stimulate demand for meat, fish, fruits and vegetables, as well as depressing per capital consumption of cereals and pulses. At the same time, high oil prices will continue to foster the development of bio energy production. The combination of stronger meat consumption and high oil prices has a major influence on the cereal and oilseed markets. As far as cereals are concerned, industrial and feed uses are growing faster than food uses. The large share of US maize being diverted to ethanol production and the fact that co-products of the ethanol industry are used as animal feed are driving this shift. The oilseed market is also greatly influenced by firm demand for both vegetable oil for bio diesel production and oilseed meal for animal feeding. More fruit and vegetable production, and the construction of cities and infrastructures are occurring on some of the best areas for cereal and oilseed production. This makes it harder to feed, clothe and provide bio energy to an increasing and more demanding world population. Agriculture will have to meet these requirements using a stable, if not declining, planted area and soils with lower productivity potential. Production gains will therefore have to come from higher yields, which will require the use of improved technologies and inputs, including fertilizers and best management practices.

#### Medium-term Outlook:

In a five-year perspective, the development of bio energy and food diversification (more meat, fish, fruits, vegetables and vegetable oils) are key factors that will impact the outlook. Significant shifts in crop mix are projected at the country level, in particular: more maize and less soybean in the United States; more rapeseed and less sugar beet in the EU; more soybean and cereals in Argentina; more soybean, sugarcane and cotton in Brazil. China will become a regular net cereal importer, while the CIS countries will become regular cereal exporters. Both Brazil and the CIS countries have a great potential for expanding their output and exports, but development of appropriate infrastructures are a prerequisite for materializing this potential. Because of the limited potential to increase cultivated land in the medium term, greater yields per unit of land will need to be achieved. This will require larger amounts of fertilizers, combined with higher nutrient use efficiency.

(Source : [http://www.fertilizer.org/ifa/publicat/PDF/2006\\_cape\\_town\\_ifa\\_summary.pdf](http://www.fertilizer.org/ifa/publicat/PDF/2006_cape_town_ifa_summary.pdf))

### GLOBAL FERTILIZER DEMAND

#### Short-term Prospects:

World fertilizer consumption surged in 2003/04 and 2004/05, with growth rates of 3.7 and 4.7 per cent respectively. Because of declining agricultural commodity prices and higher fertilizer prices, global demand contracted slightly in 2005/06. It is estimated at 154.1 Mt nutrients, compared to 154.8 Mt the year before. After this temporary dip, world fertilizer demand is projected to increase again in 2006/07. Forecasts indicate that demand would be up 3.1 per cent to 158.8 Mt.

Looking at specific nutrients, nitrogen fertilizer consumption was up 0.7 per cent in 2005/06, while phosphate and potash consumption dropped by 1.8 and 2.4 per cent respectively. In 2006/07, demand for phosphate and potash is seen recovering, with growth rates of 3.5 and 3.9 respectively. Nitrogen is forecast up 2.7 per cent.

In 2005/06, fertilizer demand dropped significantly in Latin America and the Caribbean, North America and

West Europe. These declines have been almost entirely offset by major increases in South Asia and East Asia. In 2006/07, the fertilizer market is anticipated to expand in all regions but in Northeast Asia. Fertilizer demand should continue its robust growth in South Asia and East Asia. A strong recovery is projected in North America. These three regions together account for the bulk of the increase. Consumption in Southeast Asia is rising again after a one-year halt. Growth in West Europe, Africa and Oceania is not likely to offset the previous year's drop in demand. Latin America's consumption will remain depressed, well below its 2004 peak.

Demand is expected to increase steadily in West Asia and North-east Africa and rise moderately in Central Europe and in Eastern Europe and Central Asia.

### **Medium-term Outlook**

In a five-year perspective, world fertilizer demand is projected to grow steadily, reaching 171.9 Mt in 2010/11. This would represent an 11.6 per cent increase over 2005/06, or a 2.2 per cent average annual growth.

Projections point to a stronger growth for potash (+3.0 per cent p.a.) and phosphate (+2.6 per cent p.a.) than for nitrogen (+1.8 per cent p.a.). This arises from expectations that China and India will promote balanced fertilization and nitrogen use efficiency will continue to improve elsewhere.

In the medium term, most of the increase in demand is expected to come from Asia. South Asia and East Asia together would account for more than half of total growth.

Regional demand is anticipated to remain strong in South Asia (+3.3 per cent p.a.), while the growth of fertilizer demand is projected to slow down in East Asia to 2.0 per cent p.a. Fertilizer consumption should recover in Latin America and the Caribbean (+3.0 per cent p.a.) as well as in North America (+2.1 per cent p.a.). Sustained growth is also anticipated in Southeast Asia (+3.3 per cent p.a.), Eastern Europe and Central Asia (+3.0 per cent p.a.), Oceania (+2.1 per cent p.a.) and West Asia and Northeast Africa (+1.9 per cent p.a.).

Fertilizer consumption in Africa is tentatively forecast to rise by 4.2 per cent p.a. from its depressed 2005/06 level. In the EU, consumption is expected to increase only marginally, with a stagnating market in West Europe and a 1.2 per cent increase p.a. in Central Europe. Finally, the declining trend in North-east Asia is not expected to reverse itself (-1.4 per cent p.a.).

(Source : [http://www.fertilizer.org/ifa/publicat/PDF/2006\\_cape\\_town\\_ifa\\_summary.pdf](http://www.fertilizer.org/ifa/publicat/PDF/2006_cape_town_ifa_summary.pdf))

### **BACKGROUND OF INDIAN AGRICULTURE**

Agriculture accounts for 22% of India's GDP and more importantly, about 2/3rd of the country's population is dependent on agriculture and allied activities for their livelihood. Successive Five Year plans have stressed on self-sufficiency and self-reliance in food grains production and concerted efforts in this direction have resulted in substantial increase in agriculture production and productivity. This is clear from the fact that from a very modest level of 52 million tonnes in 1951-52, food grain production rose to above 232.1 million metric tonnes in 2004-2005. In India's success story of not only meeting total requirement of food grains but also having their exportable surplus, the significant role played by chemical fertilizers is well recognized and established.

Chemical fertilizers have played a vital role in the success of India's green revolution and consequent self-reliance in food-grain production. The increase in fertilizer consumption has contributed significantly to sustainable production of food grains in the country. The Government of India has been consistently pursuing policies conducive to increased availability and consumption of fertilizers in the country. The production of nitrogen (N) and phosphorus (P) fertilizer together has increased from mere 0.7 lakh MT in 1951-52 to about 184 lakh MT in nutrients terms in 2003-04. Since there are no commercially viable sources of potash (K) in the country, its entire requirement is met through imports. The overall consumption of fertilizers in nutrient terms (N, P & K) currently is about 168 lakh MT per annum. Accordingly, per hectare consumption of fertilizers less than 1 Kg in 1951-52 has gone up to the level of 96.7 Kg. in 2004-05.

As of now, the country has achieved near self-sufficiency in production capacity of urea, with the result that India could manage its requirement of these fertilizers from indigenous industry and imports of all fertilizers except MOP have presently been nominal.

(Source: <http://www.fert.nic.in/annualreport/annual-report-0506-english.pdf>)

## Factors that determine fertilizer needs

There are five factors that determine the fertilizer needs of the crop plants.

- 1. Crop, its variety and yield potential.** For example High Yielding Varieties (HYV) need higher NPK (Nitrogen Phosphate & Potassium) application. Similarly rapeseed-mustard needs more sulphur.
- 2. Rooting system of a crop:** It is another important factor in determining its capacity to feed the soil volume. Rice roots for example are clustered in the surface 0-20 cm depth and can feed from this soil layer only. Even if a nutrient such as P and K is present in deeper layers, rice roots will not be able to tap it. On the other hand, grain legumes such as pigeon pea and chickpea and cotton, etc. have deeper root system and can feed on P and K reserves from deeper soil layers.
- 3. Soil fertility status:** Soils differ in their nutrient supplying capacity; what has been recently termed as INS (indigenous nutrient supply). For example, alluvial soils in northern India can supply much more potassium than the Ultisols in peninsular India. Required N:K and P:K ratios in a fertilizer material or recommendation cannot be the same for the two kinds of soils. A perusal of the nutrient status of soils of India for eight nutrients (N,P,K,S,Mg,Zn,Fe,B) as shown in the below given Table, shows widespread deficiencies of N,P,S and Zn.

Table: **Nutrient status of soils of India**

| Sr. No. | Nutrient       | Nutrient status category<br>(no. of development blocks) |        |      |
|---------|----------------|---|--------|------|
|         |                | Low   | Medium | High |
| 1       | Nitrogen (N)   | 228   | 118    | 8    |
| 2       | Phosphorus (P) | 170   | 184    | 17   |
| 3       | Potassium (K)  | 47  | 194    | 122  |
| 4       | Sulphur (S)    | Deficiency scattered over 130 districts                 |        |      |
| 5       | Magnesium (Mg) | Kerala, other southern states, very acid soils          |        |      |
| 6       | Zinc (Zn)      | 50% of 200,000 soil samples analyzed found deficient    |        |      |
| 7       | Iron (Fe)      | Widespread in upland calcareous soils                   |        |      |
| 8       | Boron (B)      | Parts of West Bengal, Bihar, and Karnataka              |        |      |

- 4. Nutrient uptake pattern:** This is the basis used for classifying nutrients as macro (primary and secondary) and micronutrients. This is the main basis which should be considered along with above factors in determining a balanced ratio for that crop and for that region.
- 5. Nutrient use efficiency:** It is another important factor in determining fertilizer need. For example N use efficiency is only 30-50%, thus about 2-3 times of fertilizer N has to be applied in relation to its uptake by a crop.

(Source: [http://www.indiaagronet.com/indiaagronet/Technology\\_Upd/fert\\_research.htm](http://www.indiaagronet.com/indiaagronet/Technology_Upd/fert_research.htm))

## Plants' nutrient requirements

Plants need 16 essential nutrients, or elements. These include the carbon (C), oxygen (O) and hydrogen (H) which they draw from water and the air. The remaining elements are drawn from the soil. These nutrients can be divided into three categories: primary (macronutrients), secondary and minor (micronutrients).

| Element  | Role in plant growth   |
|--|--|
| <b>Primary elements (macronutrients)</b><br>Plants need large quantities of these elements. That is why they are called "primary" or "macronutrients." |  |
| Nitrogen (N)   | Basic component of proteins and chlorophyll (the pigment that gives plants their green colour). Plays an essential role in plant growth. Also feeds micro organisms in the soil. |
| Phosphorous (P)  | Plays an important role in root growth and promotes the establishment of young plants, flowering, fruiting and ripening, photosynthesis, respiration and overall plant growth.   |
| Potassium (K)  | Moves through the plant. Promotes the movement of sugars, turgor and stem rigidity.  |

|  |   |
|--|---|
|  | Also increases the plant's overall resistance to cold, diseases, insect pests, etc. Promotes the formation of flower buds, the hardening-off of woody plants and fruiting.  |
| <b>Secondary elements</b>  |   |
| Less of these elements is required than of primary elements.                                       |   |
| Calcium (Ca)   | Plays a vital role in plant structure, because it is part of cell walls and holds them together. Promotes the development of the root system and the ripening of fruit and seeds. Found in the growing parts of plants (apex and buds). |
| Magnesium (Mg)   | An important part of chlorophyll. Helps fruit ripen and seeds germinate. Reinforces cell walls and promotes the absorption of phosphorous, nitrogen and sulphur by plants.  |
| Sulphur (S)  | A component of several proteins, enzymes and vitamins. Contributes to chlorophyll production. Helps plants absorb potassium, calcium and magnesium.   |
| <b>Minor elements (micronutrients)</b>   |   |
| Although only small quantities of these elements are required, they are essential to plant growth. |   |
| Iron (Fe)  | Essential to chlorophyll production. Also contributes to the formation of some enzymes and amino acids.   |
| Boron (B)  | Essential to overall plant health and tissue growth. Promotes the formation of fruit and the absorption of water.   |
| Manganese (Mn)   | Promotes seed germination and speeds plant maturity. Plays an important role in photosynthesis by contributing to chlorophyll production. Essential for nitrogen assimilation and protein formation.                                    |
| Molybdenum (Mo)  | Essential for nitrogen assimilation by plants and nitrogen fixation by bacteria. This means that it is needed for the production of nitrogen-based proteins.  |
| Chlorine (Cl)  | Stimulates photosynthesis.  |
| Copper (Cu)  | Activates various enzymes. Also plays a role in chlorophyll production.   |
| Zinc (Zn)  | Plays an important role in the synthesis of proteins, enzymes and growth hormones.  |

(Source: [http://www2.ville.montreal.qc.ca/jardin/en/info\\_verte/fertilisation/besoins\\_nutritifs.htm](http://www2.ville.montreal.qc.ca/jardin/en/info_verte/fertilisation/besoins_nutritifs.htm))

**Generalized concentrations of macro and micronutrients essential for plant growth are given below:**

| Element    | Symbol | mg/kg  | percent | Relative number of atoms |
|------------|--------|--------|---------|--------------------------|
| Nitrogen   | N      | 15,000 | 1.5     | 1,000,000                |
| Potassium  | K      | 10,000 | 1.0     | 250,000                  |
| Calcium    | Ca     | 5,000  | 0.5     | 125,000                  |
| Magnesium  | Mg     | 2,000  | 0.2     | 80,000                   |
| Phosphorus | P      | 2,000  | 0.2     | 60,000                   |
| Sulphur    | S      | 1,000  | 0.1     | 30,000                   |
| Chlorine   | Cl     | 100    | --      | 3,000                    |
| Iron       | Fe     | 100    | --      | 2,000                    |
| Boron      | B      | 20     | --      | 2,000                    |
| Manganese  | Mn     | 50     | --      | 1,000                    |
| Zinc       | Zn     | 20     | --      | 300                      |
| Copper     | Cu     | 6      | --      | 100                      |
| Molybdenum | Mo     | 0.1    | --      | 1                        |
| Nickel     | Ni     | 0.1    | --      | 1                        |

(Source: <http://www.soils.wisc.edu/~barak/soilscience326/macronut.htm>)

### Micronutrients

Micronutrients are a group of nutrients which are essential for plant growth but are required by plants in small



quantities. Intensive cropping depletes all nutrients including micronutrients from the soil at a fast rate. Therefore selective use of micronutrients is necessary for increasing agricultural production.

Ten micronutrients namely Zinc Sulphate (monohydrate & heptahydrate), Manganese Sulphate, Borax, Solubor, Copper Sulphate, Ferrous Sulphate, Ammonium Molybdate, Chelated Zinc, and Chelated Iron have been incorporated in the Fertiliser (Control) Order (FCO). Fortified fertilisers like Zincated Urea and Boronated Single Superphosphate have also been notified under FCO. Nutrient content of micronutrients fertilisers is listed in Table below: -

#### Nutrient Contents of Micronutrient Fertilisers

| Sl. No | Name                        | Formula  | Element/Forms | Contents (%) |
|--------|-----------------------------|--|---------------|--------------|
| 1      | Zinc Sulphate*              | $\text{ZnSO}_4 \cdot 7\text{H}_2\text{O}$  | Zn            | 21           |
| 2      | Manganese Sulphate*         | $\text{MnSO}_4$  | Mn            | 30.5         |
| 3      | Ammonium Molybdate          | $(\text{NH}_4)_5 \text{Mo}_7 \cdot 24\text{H}_2\text{O}$   | Mo            | 52           |
| 4      | Borax(for soil application) | $\text{Na}_2\text{B}_4\text{O}_7 \cdot 5\text{H}_2\text{O}$  | B             | 10.5         |
| 5      | Solubor (foliar spray)      | $\text{Na}_2\text{B}_4\text{O}_7 \cdot 5\text{H}_2\text{O} + \text{Na}_2\text{B}_{10}\text{O}_{16} \cdot 10\text{H}_2\text{O}$ | B             | 19           |
| 6      | Copper Sulphate*            | $\text{CuSO}_4 \cdot 5\text{H}_2\text{O}$  | Cu            | 24           |
| 7      | Ferrous Sulphate*           | $\text{FeSO}_4 \cdot 7\text{H}_2\text{O}$  | Fe            | 19.5         |
| 8      | Chelated Zn                 | as Zn-EDTA   | Zn            | 12           |
| 9      | Chelated Fe                 | as Fe-EDTA   | Fe            | 12           |
| 10     | Zinc Sulphate monohydrate   | $\text{ZnSO}_4 \cdot \text{H}_2\text{O}$   | Zn            | 33           |

\* Average sulphur content

i)  $\text{ZnSO}_4 = 15\%$  ii)  $\text{MnSO}_4 = 17\%$

iii)  $\text{CuSO}_4 = 13\%$  iv)  $\text{FeSO}_4 = 19\%$

@ Specification as per FCO Amendment 1987

(Source: <http://fert.nic.in/aboutfert/micronutrients.asp>)

#### Range of Micronutrient in soils

| Micro Nutrients  | Deficient  | Medium    | Adequate |
|--|------------|-----------|----------|
| Boron (Hot Water Extractable-ppm)  | 0.0 - 0.4  | 0.5 - 1.2 | > 1.2    |
| Chlorine (Water Extractable-ppm)   | 0.0 - 8.0a | -         | -        |
| Copper (DTPA Extractable-ppm)  | 0.0 - 0.2b | 0.3 - 1.0 | > 1.0    |
|  | 0.0 - 0.5c | 0.6 - 1.0 | > 1.0    |
|  | 0.0 - 2.5d | -         | > 2.5    |
| Iron (DTPA Extractable-ppm)  | 0.0 - 2.0  | 2.0 - 4.5 | > 4.5    |
| Manganese (DTPA Extractable-ppm)   | 0.0 - 1.0  | -         | > 1.0    |
| Zinc (DTPA Extractable-ppm)  | 0.0 - 0.5  | 0.5 - 1.0 | > 1.0    |
| <sup>a</sup> This level is used by some labs as a critical level for recommending CI for disease suppression in cereals. |            |           |          |
| <sup>b</sup> Brown and Dark Brown soil areas   |            |           |          |
| <sup>c</sup> Black and Grey Wooded soil areas  |            |           |          |
| <sup>d</sup> Organic soils   |            |           |          |

(Source: [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/agdex713](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agdex713))

#### Soil Factors That Affect Micronutrient Availability

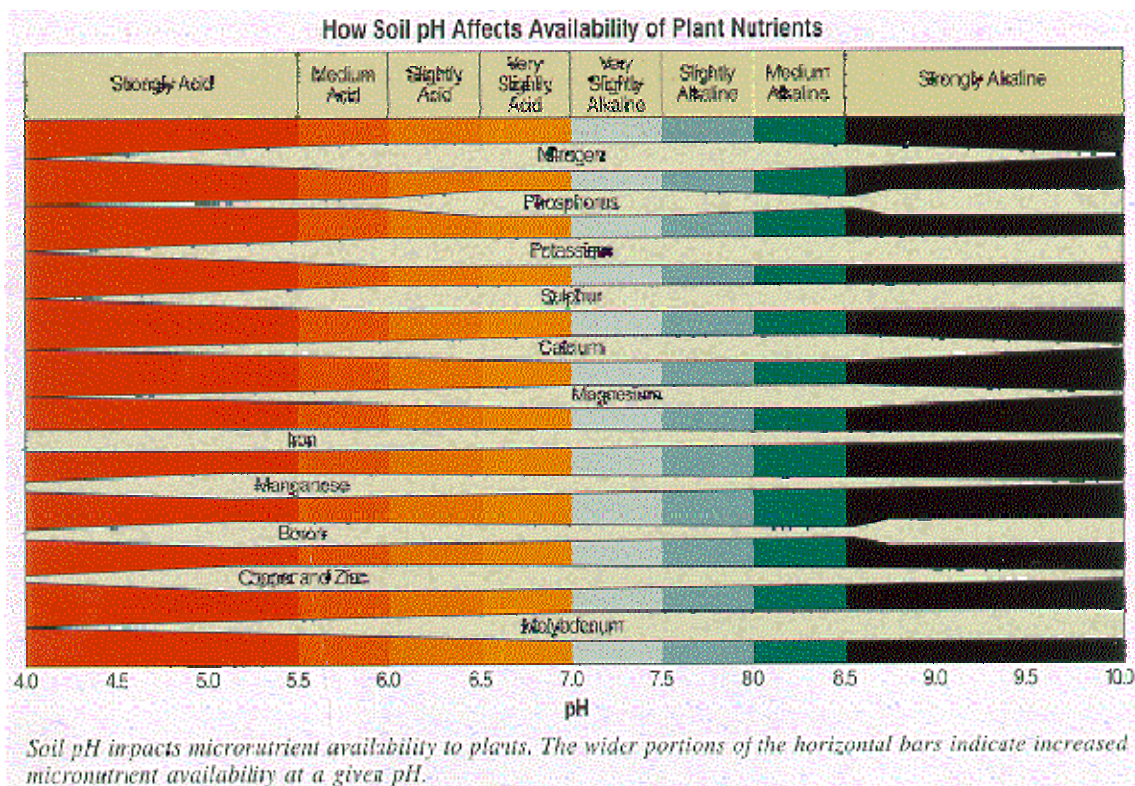
Physical and chemical characteristics of soil affect the availability and uptake of micronutrients:

1. Soils low in organic matter (less than 2.0%) may have lower micronutrient availability.



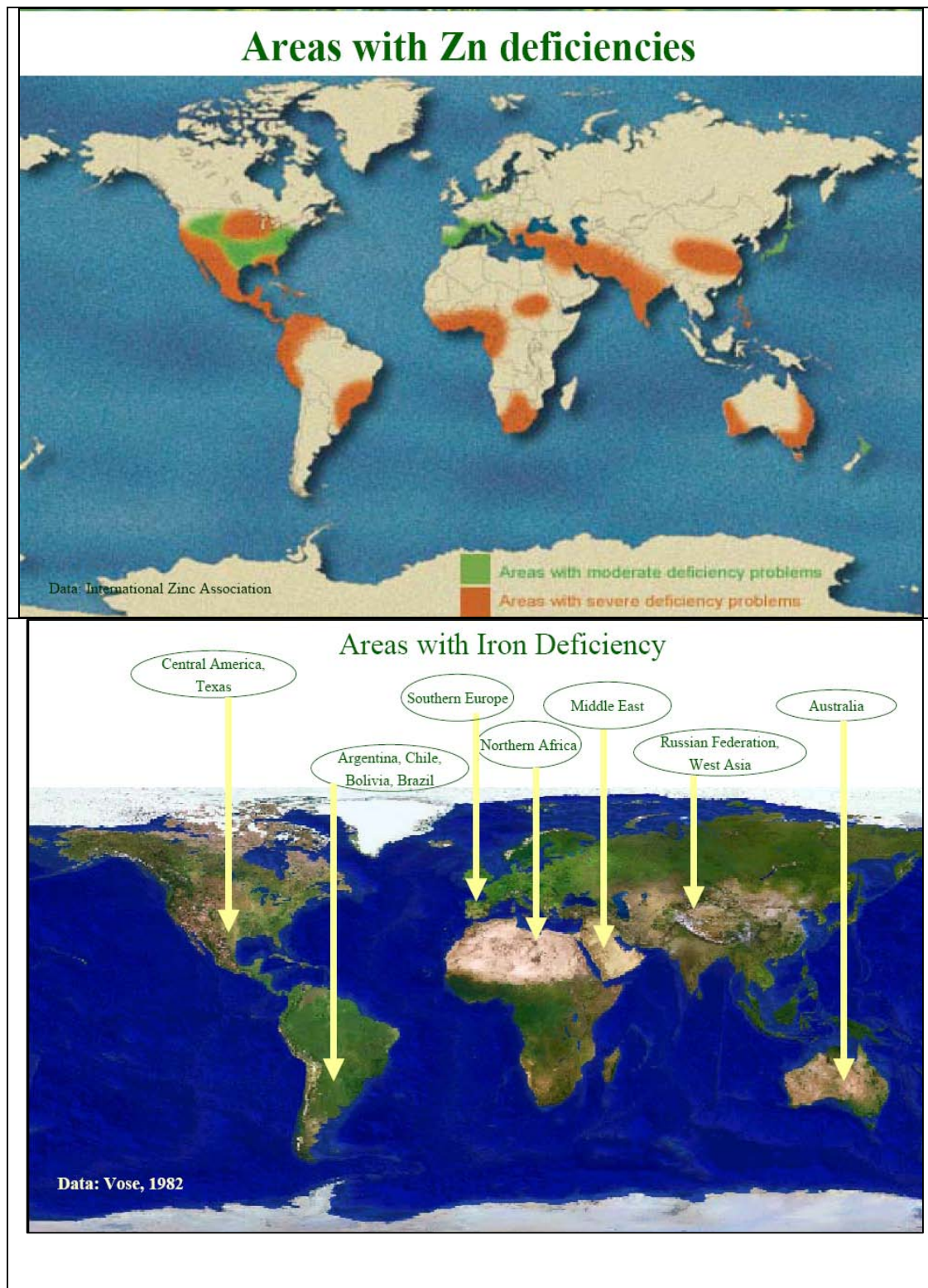
2. Soils with higher amounts of clay (fine texture) are less likely to be low in plant available micronutrients. Sandy soils (course texture) are more likely to be low in micronutrients.
3. Soils that have very high levels of organic matter (greater than 30% organic matter to a depth of 30 cm) often have low micronutrient availability.
4. Soil temperature and moisture are important factors. Cool, wet soils reduce the rate and amount of micronutrients that may be taken up by crops.
5. As soil pH increases the availability of micronutrients decreases, with the exception of molybdenum.

(Source: [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/agdex713#Sources](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agdex713#Sources))

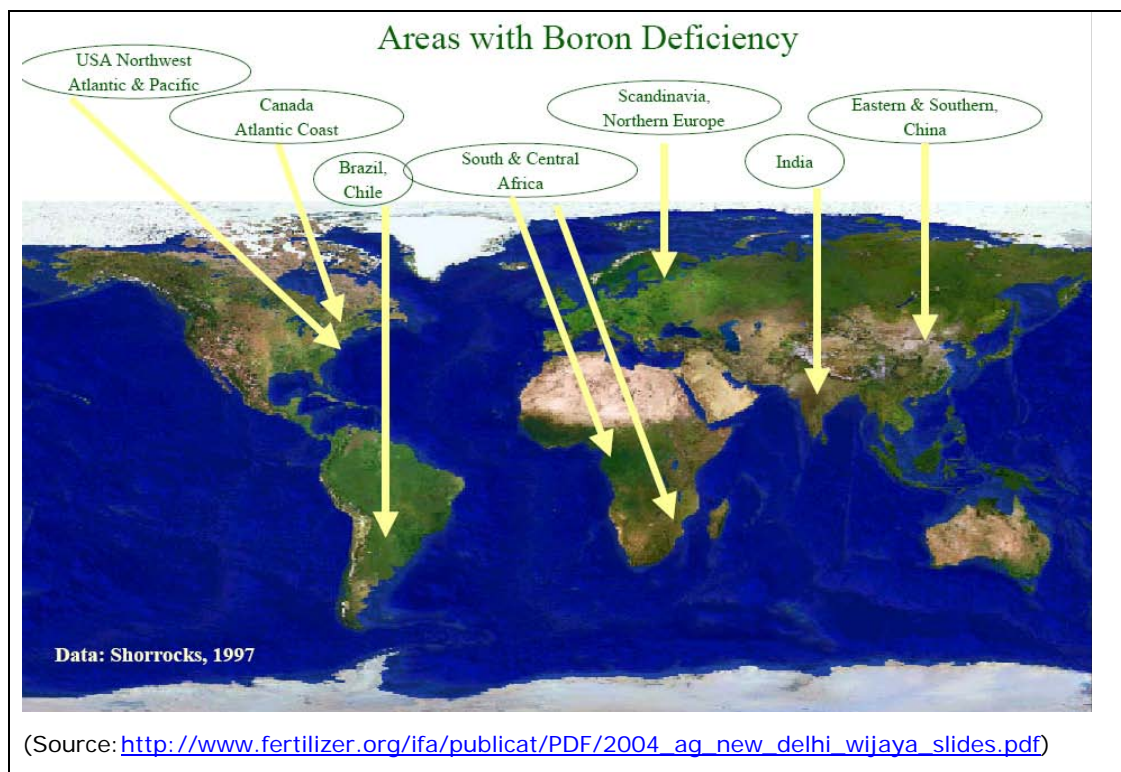


(Source: [http://attra.ncat.org/images/organic\\_soil/chart.jpg](http://attra.ncat.org/images/organic_soil/chart.jpg))

World Scenario for the Important Micro Nutrient Deficiency:







### **Micronutrient Deficiency Symptoms in Plants**

Some micronutrients have characteristic deficiency symptoms. However, symptoms can be easily confused with other nutrient deficiencies, salinity, disease, drought, herbicide injury or other physiological problems. Visual symptoms alone are not a reliable method of determining a micronutrient problem, but they are useful indicators when used with other diagnostic tools.

#### **Boron**

This deficiency results in stunted growth of young plants. The youngest leaves are affected first. They will be misshapen, thick, brittle and small. Because boron is not easily transferred from old to young leaves, older leaves usually remain green and appear healthy. Often dark brown, irregular lesions appear, followed by pale yellow chlorosis of young leaves. Stems are short and growing points may die. In canola, the symptoms of a boron deficiency can be confused with a sulphur deficiency. In alfalfa, boron deficiency symptoms include death of the terminal bud, rosetting, yellowtop and poor flowering.

When a boron deficiency is moderate, seed yield is often reduced without any evidence of severe deficiency symptoms during vegetative growth.

#### **Chlorine**

Chlorine deficiencies are very rare; therefore, symptoms are seldom observed. Symptoms may include stubby roots, some chlorosis of new leaves and plant wilting.

#### **Copper**

Copper is not readily transferred from old to young leaves, so older leaves remain darker and relatively healthy and the deficiency symptoms develop on younger leaves. The visual symptoms of a copper deficiency in wheat include yellowing of younger leaves, limpness, wilting, pig tailing (whip tailing or curling) of the upper leaves and kinking of the leaf tips. Other signs include excessive tillering, aborted heads, delayed maturity and poor grain filling resulting in a high straw to grain ratio. On copper deficient soils these symptoms tend to occur in irregular patches. Copper deficiency is often associated with the disease stem or head melanosis and an increased incidence of ergot. For barley, the symptoms of a copper deficiency include yellowing, pig tailing, awn kinking, excessive tillering and weak straw. Oats will also show pig tailing. Copper deficiency symptoms have not been well documented for canola or alfalfa.

### **Iron**

Chlorosis of the younger leaves characterizes an iron deficiency. The tissue between the veins gradually turns yellow, while the veins tend to stay green. The tips and margins of some leaves may turn brown and become dry and brittle.

### **Manganese**

In legumes, deficiency symptoms include pale green young leaves and a pale yellow mottling develops in interveinal areas, while the veins remain green. Oats are an excellent indicator crop. Manganese is partly mobile in oats. White to grey flecks or specks first appear and become more severe on mature leaves about halfway up the shoot. If a deficiency persists, symptoms spread to old leaves then to the youngest leaves. The speckled condition is referred to as "grey speck" and will appear in the interveinal area of the lower half of older leaves and extend toward the tip as symptoms develop.

Manganese is not readily transferred from old to young leaves in wheat and barley. In wheat and barley, affected young leaves frequently turn pale green and have a limp or wilted appearance. A mild interveinal chlorosis develops in the mid-section of the leaf and spreads rapidly becoming pale yellow-green. Small white to grey spots, specks or strips appear a short distance from the end of the leaf tip on young leaves.

### **Molybdenum**

Molybdenum deficiency symptoms are similar to those of nitrogen. Since molybdenum deficiencies are very uncommon symptoms are rarely seen.

### **Zinc**

Zinc is partly mobile in wheat and barley. In these crops pale yellow chlorotic areas appear on middle leaves, halfway up the stem. Chlorotic symptoms first develop in the lower half or mid-section of the leaf followed by grey or dark brown necrosis of the leaf. Generally, stems are very short and often fan-shaped with leaves crowded together at the top.

Zinc deficient beans are stunted and older leaves are smaller and narrower. The older leaves may have light blotches between the veins. Younger leaves will have a more normal healthy green colour but may be smaller.

In flax, a zinc deficiency can cause greyish-brown spots in the younger leaves with shortened internode spaces and stunted appearance.

In corn, symptoms occur within a few weeks of emergence as light yellow bands on the youngest leaves. The most severe symptoms occur on the youngest leaves from the unfolding bud, referred to as "white-bud". Old leaves remain dark green and appear healthy. In a prolonged case of deficiency the middle leaves develop pale yellow interveinal chlorosis near the tips. A zinc deficiency prevents the elongation of internodes and leaves, which results in short stems with the leaves crowded together at the top in a fan-shaped appearance. Zinc deficiency symptoms are similar to those of manganese and iron in some crops.

(Source: [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/agdex713#Sources](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agdex713#Sources))

Diagnosing a micronutrient deficiency can be a difficult and time consuming process. To identify a micronutrient deficiency one should follow these steps:

1. Ensure that poor crop growth is not the result of a macronutrient deficiency, drought, salinity, disease or insect problem, herbicide injury or some physiological problem.
2. Find out if a micronutrient deficiency has been identified before in a particular crop or soil type in the area.
3. Examine the affected crop for specific micronutrient deficiency symptoms.
4. Take separate soil samples from both the affected and unaffected areas for complete analysis, including micronutrients.
5. Send plant tissue samples from both the affected and unaffected areas for complete analysis that includes tests for micronutrient levels.
6. If all indications point to a micronutrient deficiency, apply the micronutrient to a specific, clearly marked out affected area of land to observe results in subsequent seasons.

(Source: [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/agdex713#Sources](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agdex713#Sources))

### **Widespread Deficiencies**

The numerous studies have been made into the occurrence of these deficiencies in different soils and areas

and also of the benefits that can be gained and many scientific papers are available on the subject.

Below are just some of the important deficiencies affecting the Asian Region.

#### Micronutrient deficiencies – some crops affected in Asian region

| B           | Cu     | Fe          | Mn                     | Zn     |
|-------------|--------|-------------|------------------------|--------|
| Alfalfa     | Barley | Citrus      | Cereals (with high pH) | Beans  |
| Cauliflower | Carrot | Grapes      | Potatoes               | Citrus |
| Carrot      | Onions | Ornamentals | Sugar beet             | Coffee |
| Coffee      | Wheat  | Fruit trees | Peas                   | Maize  |
| Cotton      |        | Vegetables  | Citrus                 | Rice   |
| Oil palm    |        | Groundnut   | Soy bean               |        |
| Rapeseed    |        | Rice        |                        |        |
| Tobacco     |        | Maize       |                        |        |
| Sunflower   |        |             |                        |        |
| Groundnut   |        |             |                        |        |

(Source: [http://www.fertilizer.org/IFA/publicat/PDF/2004\\_ag\\_new\\_delhi\\_phillips\\_slides.pdf](http://www.fertilizer.org/IFA/publicat/PDF/2004_ag_new_delhi_phillips_slides.pdf))

#### Development of micro nutrient deficiency:

The average concentration of micro nutrients in soil are Mn 1000 ppm, Cl 480 ppm, Zn 80 ppm, Cu 70 ppm, B 10 ppm, Mo 2 to 3 ppm and iron 140 ppm. The micro nutrient deficiency occurs under conditions of :

- Soils with very high organic matter content (peat and much soils)
- Soils with very high or very low Ph
- High doses of commercial fertilisers
- Highly leached acid and sandy soil
- Soils with impended drainage or high water table
- Over liming of the soil
- Intensive cultivation

(Source: [http://www.indiaagronet.com/indiaagronet/Manures\\_fertilisers/contents/micro\\_nutrient\\_fertilisers](http://www.indiaagronet.com/indiaagronet/Manures_fertilisers/contents/micro_nutrient_fertilisers))

#### Response to the Application of the Micronutrient on different crops:

| Crop         | Soil                        | Response  | Reference   |
|--------------|-----------------------------|---|---|
| <b>Boron</b> |                             |   |   |
| Safflower    | Vertisol, HWS-B 0.11ppm     | 2.5 kg B application enhanced seed yield by 100 kg and oil yield by 70 kg over and above yield attributable to 75 kg N ha <sup>-1</sup> | Purvimath, S.S., Manure, G.R., Badiger, M.K. and Kavallappa, B.N. (1993) <i>J. Indian Soc. Soil Sci.</i> 41: 780-781. |
| Black gram   | B deficient calcareous soil | 2 kg B treatment produced 30% increase in yield of black gram over separate application of 30 kg K ha <sup>-1</sup> .                   | Singh, B.P. and Singh, B. (1990) <i>J. Indian Soc. Soil Sci.</i> 38: 769-771.   |
| <b>Iron</b>  |                             |   |   |
| Groundnut    | Alfisol (calcareous)        | 30% yield increase due to Fe over and above application of recommended treatment with fertilizers                                       | Katyal, J.C. (1985) <i>Fertil. News</i> , 30(4): 67-80.   |

|                   |   |   |   |
|-------------------|---|---|---|
| Chick pea         | Entisol, (calcareous)                                 | Fe treatment led 500 kg ha <sup>-1</sup> increase in grain yield  |   |
| Sorghum           | Vertisol, calcareous                                  | 2% FeSO <sub>4</sub> spray increased NPK yield (2.8 tons ha <sup>-1</sup> ) by 1.9 tons ha <sup>-1</sup>                        |   |
| <b>Manganese</b>  |   |   |   |
| Wheat             | Sandy loam soils, DTPA Mn 2 mg kg <sup>-1</sup>       | Response to N application in the presence of Mn treatment increased dry matter and N uptake                                     | Singh, Vijay (1990) <i>J. Indian Soc. Soil Sci.</i> 38: 328-329.                              |
| Rice              | Alluvial sandy soil, DTPA Mn 2.15 mg kg <sup>-1</sup> | 25 kg Mn ha <sup>-1</sup> treatment increased rice yield due to 100 kg P <sub>2</sub> O <sub>5</sub> ha <sup>-1</sup> by 430 kg | Gupta, M.L. and Bhadra, D. (1980) <i>J. Indian Soc. Soil Sci.</i> 28: 485-490.                |
| <b>Molybdenum</b> |   |   |   |
| Pigeon pea        |   | Mo treatment over and above P application increased grain yield by nearly 400 kg ha <sup>-1</sup>                               | Singh, Vinay, Mehta, V.S. and Singh, Bani (1986) <i>J. Indian Soc. Soil Sci.</i> 34: 535-538. |
| Trifolium         |   | Fodder yield increased by 20% due to combined application of Mo and P   |   |

(Source: [http://www.fertilizer.org/ifa/publicat/PDF/2004\\_ag\\_new\\_delhi\\_katyal.pdf](http://www.fertilizer.org/ifa/publicat/PDF/2004_ag_new_delhi_katyal.pdf))

#### Micro Nutrient bonds with organic molecule - Chelate :

A type of metal-organic complex. A ring like complex in which a metal cation is bound by an organic chelating agent. Process known as chelation. An important form in which micronutrient fertilizers containing metal cations are produced. The organic molecule aids in the absorption of the mineral while it also protects the mineral from being prematurely broken down, therefore making chelated minerals more stable. The strength or energy with which a metal ion can remain bound to a ligand in chelated form determines chelate stability. It mainly depends on the number of rings formed, size of the ring, nature of ligand and other factors. In soils, chelate stability is also affected by the type of complexing agent and soil pH. Some chelating agents (ligands) are:

|                     |  |
|---------------------|--|
| EDTA                | Ethylenediaminetetraacetic acid                |
| HEDTA               | Hydroxyethylethylenediaminetriacetic acid      |
| DTPA                | Diethylenetriaminepentaacetic acid             |
| EDDHA               | Ethylenediamine(o-dihydroxyphenyl) acetic acid |
| NTA                 | Nitrilotriacetic acid                          |
| Glucosheptonic acid |  |
| Citric acid         |  |

Some organic compounds obtained from non-synthetic (natural) sources which are used for chelation of metal cations are lignosulphates, phenols and polyflavonoids obtained as organic by-products of wood pulp industry.

(Source: [http://www.fao.org/landandwater/agll/ipns/index\\_en.jsp?term=c165&letter=c](http://www.fao.org/landandwater/agll/ipns/index_en.jsp?term=c165&letter=c))

By supplementing the seaweed extract base, the proper balance of these chelated trace elements has been ensured. When the metallic elements (molybdenum, copper, manganese, iron, boron and zinc) are linked or joined with the respective protein masses, they become activated enzymes. The chelated status of the critical elements enhances their ability to enter the leaf and to be transported throughout the plant.

Since NPK content is naturally low in seaweed extracts, RESPONSE has been formulated to fortify the NPK content and to insure a proper balance of the following trace elements:

|                         |                         |
|-------------------------|-------------------------|
| Magnesium (Mg) Chelated | Manganese (Mn) Chelated |
| Iron (Fe) Chelated      | Boron (B)               |
| Copper (Cu) Chelated    | Molybdenum (Mo)         |
| Zinc (Zn) Chelated      | Cobalt (Co) Chelated    |

(Source: <http://www.agresponse.com/micronutrientsandplantgrowth.htm>)

### Micronutrients are no way micro in their role

Micronutrients require special attention and care because there is a narrow margin between excess and deficiency in the microelement needs of the plants.

Micronutrients are needed only in small amounts. If too much of a given microelement (e.g. boron) is applied, it may have a harmful effect on the crop and/or the succeeding crop. Special compound fertilizers can be prepared containing micronutrients along with the NPK grades for soils and crops where deficiencies are known to exist.

In many cases microelement deficiencies are caused through a soil pH which is too low (acid), or more often, through a soil pH which is too high (neutral to alkaline), thus a change in soil pH may make microelements plant-available.

Whenever micronutrient fertilizers are needed a fertilizer specialist at the local experimental station should be consulted.

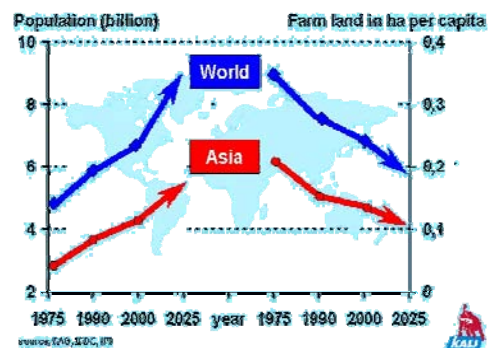
A more exact rate of application and usually also a greater efficiency are made possible through the use of spray or seed treatments with micronutrients (formulated as powders or liquids).

(Source: [http://www.fertilizer.org/ifa/publicat/pdf/2000\\_fertilizers\\_use\\_english.pdf](http://www.fertilizer.org/ifa/publicat/pdf/2000_fertilizers_use_english.pdf))

### MICRONUTRIENTS – REQUIREMENT OF SOCIETY

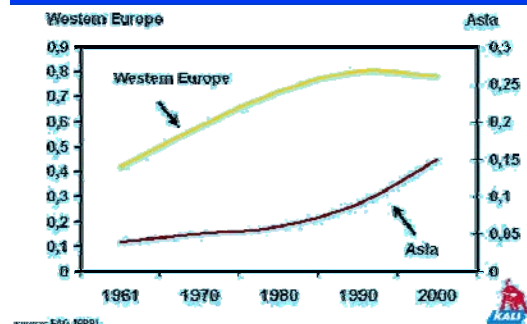
In the last 25 years, the world population has increased from 4 billion to more than 6 billion. The increase took place predominantly in Asia, while population growth in Europe and North America was even stagnant. With the available land for farming shrinking and the population rapidly growing, it is that the land per capita will continue to drop down 0.25 ha per capita in 1975 to merely 0.18 ha per in 2025, which is less than half an acre. Therefore forced to further agricultural production on the agricultural land with the help of integrated crop production. This necessarily also means additional of fertilizers, including micronutrients, and to further optimize the application of fertilizers to crops. The challenge to feed the world population, however, is only a quantitative one. In the last decades diets

#### Population Growth and available Land



people.  
the  
low or  
  
obvious  
from  
capita  
we are  
limited  
  
inputs

#### Diet changes in selected Regions (Ratio meat : cereals for food)



not  
have  
the consumption of meat versus cereals, which has been traditionally high in Western Europe and in North and Latin America, has not substantially changed during the last 30 years. More important for the future fertilizer demand is the situation in Asia. In the sixties, the ratio was really low in this region. Since then until 2000 it has risen more than three times in Asia, but it is still far below that prevailing in developed countries. Not only diet ratio is important but also the quality of the food. Deficiencies of micronutrients affect millions of the population in the developing world. These facts have a huge influence on farming. An increasing life stock production needs an intensification of the production of forage and grain crops, which obviously has a very direct impact on the use of micronutrient fertilizers.

(Source: [http://www.fertilizer.org/ifa/publicat/PDF/2004\\_ag\\_new\\_delhi\\_gransee.pdf](http://www.fertilizer.org/ifa/publicat/PDF/2004_ag_new_delhi_gransee.pdf))



## Market demand for Micro Nutrients

In the Government of India publication titled “Indian Agriculture – 1999” issued by Indian Economic Data Research Centre considered from Micronutrient Manufacturers Associates of India. The summary of Demand Estimate is presented below:

| Micronutrient           | Demand for Micronutrients<br>(Lakh MT) |         |           | Projected<br>Demand<br>(Lakh MT) |
|-------------------------|--|---------|-----------|----------------------------------|
|                         | 1995-96                                | 1996-97 | 1997-2002 | 2025                             |
| Zinc (as Sulphate)      | 56.85                                  | 57.71   | 308.05    | 560.00                           |
| Iron (as Sulphate)      | 17.00                                  | 17.34   | 92.60     | 170.00                           |
| Manganese (as Sulphate) | 5.50                                   | 5.61    | 29.94     | 54.00                            |
| Copper (as Sulphate)    | 12.50                                  | 12.75   | 68.03     | 121.00                           |
| Boron                   | 13.50                                  | 13.77   | 73.47     | 126.00                           |

## BUSINESS OVERVIEW

### OVERVIEW

Our Company was founded by Dr. T. B. Mirchandani and Mrs. Bala Mirchandani in 1969. We are into the business of manufacturing of micronutrients and other nutritional products for plants and animals. We started our activity by manufacturing a small range of mineral feed additives for animals & birds and then diversified into mineral additives for the agriculture use. Our products were immediately accepted by the consumers and slowly it became the brand leader in the field of mineral nutrition with a range of products including mineral premixes, milk boosters, protein concentrates, vitamin premixes, anti-coccidial and anti-bacterial feed additives.

In 1975, we diversified into nutrients for plant. We had in-house expertise in the area of mineral nutrition and thereby decided to concentrate on the same. We conducted research on compounds that could deliver mineral nutrients to plants more efficiently. The research zeroed in on “Metal Chelates”. The product had to be manufactured in accordance with the locally available ingredients and expertise which posed a challenge for us. Through in-house R&D efforts, we branched out into Agrochemicals in 1975 with the introduction of Chelated Micronutrients. We pioneered the concept of Chelates in India with the introduction of “Agromin”, a micronutrient fertilizer in the year 1975, followed by “Chelamin” in 1976. Agromin (chelated micronutrients) and Chelamin (chelated zinc) are the company's flagship brands.

We also conducted in-house R&D to develop bactericides for agriculture. We were amongst the first few to receive license for use of bactericides for agricultural use by the Govt. of India. This was then followed by the introduction of plant hormones. In 2001, Aries expanded its product line to include secondary nutrients – sulphur, magnesium and calcium. In subsequent years, we continued expanding our plant nutrition product line to include value-added, water-soluble complexes of nitrogen (N), phosphorous (P) and potassium (K).

### LOCATION

#### Existing location

Our plants are presently located at Bangalore, Mumbai, Hyderabad and Kolkata with total production capacity of 21,600 TPA on single shift basis. The details of locations are as below:

| Location                           | Address   |
|------------------------------------|---|
| Deonar, Maharashtra                | Survey No.97 of Borla Village & Survey No.116 & 93 of Deonar Village, Khata No.61, Plot No.24, S.S. No. 1, Deonar, Maharashtra  |
| Madhyamgram Municipality, Calcutta | Plot No. 414/663 and 414 in Khatian No. 297 of Mouza Chandnager, commonly known as Rani Park, Police Station Barasat, J. L. 44, R.S. 167 within Madhyamgram Municipality, Kolkata |
| Hyderabad                          | Plot No. 98 & Gala No. 2 in Plot No. 113, Balanagar Co-operative Industrial Estate, Expansion Programme Balanagar, Hyderabad  |
| Bangalore                          | 8-B, Attible Industrial Area, Hosur Main Road, Bangalore - 562 107  |



### **Proposed Location**

We are proposing to add additional plant and machinery at existing unit in Mumbai and set up new units at Ahmedabad, Lucknow, Medak (Andhra Pradesh) and Additional unit in Maharashtra to manufacture micronutrients. We have entered into a Lease Deed with Mr. Ramesh Bhai Kanji Bhai Kanji Bhai Thakkar dated 24.4.2007 for leasing of industrial premises / shed admeasuring 10,000 sq ft of land at Revenue Survey No. 112, Paiki, Plot Nos. 5 & 5A, Paiki, Tal. Sanand, Ahmedabad, Gujarat. We have entered into an agreement with Mrs Veena Jaiswal dated 27.4..2007 for leasing out industrial shed/premises along with open space located at Plot No. 836, Banthara, Lucknow Kanpur Highway, Sikandanpur, Tehsil & Distt. Lucknow, Uttar Pradesh. We have entered into a Sale Agreement dated 14.11.1996 with Andhra Pradesh Industrial Infrastructure Corporation Ltd. for purchase of Plot No. 244 to 246, 250 to 252 admeasuring 8910.44 sq. yards situated at IDA, Phase II, Pashamylaram, Andhra Pradesh. The Land at Medak (Andhra Pradesh) has been already acquired. We are also proposing to have additional unit in Maharashtra. The location for the same has not been finalised. We are exploring a suitable location for setting up additional manufacturing facilities in Maharashtra. In this regard, as of now, we have received preliminary indications about the prevailing land cost at two locations.

The existing land held by us and the land acquired for the proposed project at Medak, Andhra Pradesh are registered and we have clear title to the said properties. Please refer to the section titled "Government Approvals/Licensing Arrangements" at page no. 271 of this Red Herring Prospectus for details and status of approvals of the properties.

## PLANT & MACHINERY

The details of the existing plant and machinery are detailed below:

**Summarized list of plant & Machinery for which orders are yet to be placed:**

| Sl. No.                                | Description  | Units   | Tentative Supplier                         | Amount (Rs. in Lakhs) | Quotation No. & Date of Quotation/ Delivery terms   |
|--|--|---------|--|-----------------------|---|
| <b>Manufacturing Unit at Ahmedabad</b> |  |         |  |                       |   |
| 1.                                     | Combi – Dump Unloader: MS Construction. (Combination of Jumbo Bag & Small Bag Unloader) complete with 1.5T cap Hoist, Dust Extraction System   | 1       | Rajath Material Handling Systems Pvt. Ltd. | 91.11                 | RMHS/QTN/06-07/AAL-001 dated 22.3.2007, validity extended vide letter no. RMHS/QTN/07-08/AAL-002 dated 3.11.2007 till 31.12.2007<br><br>Delivery: 10-12 weeks from the date of receipt of Order along with advance. |
| 2                                      | Rotary Airlock Valve: 200, MS Construction   | 1       |  |                       |   |
| 3                                      | Line Injector: 125 NB, MS Construction   | 1       |  |                       |   |
| 4                                      | Conveying Pipe: 125 NB, MS Construction, ERW   | 30 mtrs |  |                       |   |
| 5                                      | Long Radius Bend: 125 NB, MS Construction, ERW   | 12      |  |                       |   |
| 6                                      | Diverter: 125 NB, MS Construction, Pneumatic Operated  | 9       |  |                       |   |
| 7                                      | Storage Silos: 2m <sup>3</sup> 3Thk, MS Construction   | 10      |  |                       |   |
| 8                                      | Bag Filter: 1-6-M-8, MS Construction, Reverse Pulse Jet Cleaning type, complete with Pneumatic operated Butterfly valve / Slide gate, Vibromotor   | 10      |  |                       |   |
| 9                                      | Screw Conveyor: 200 x 1.2 mtrs long, MS Construction, driven by 1 HP geared motor, VFD, Flexible Connection  | 10      |  |                       |   |
| 10                                     | Weigh Hopper: 2m <sup>3</sup> capacity, MS Construction, with load cells, Pneumatic operated slide gate, Vibromotor, Batch Controlling, Venstock   | 2       |  |                       |   |
| 11                                     | Roots Blower: 78 AC Model with 20 HP/1440 rpm motor  | 1       |  |                       |   |
| 12                                     | Bag Filling System   | 1       |  |                       |   |
| 13                                     | Stitching Machine with Slat Conveyor   | 1       |  |                       |   |
| 14                                     | STD Model (Contact SS 316Q and non contact mild steel painted) three piece in design with one container and trolley – Thermic Coil Heated, Extra 316Q container with mild steel trolley painted, Finger Bag, Set of Gasket | 2       | Quality Engineering Products               | 22.02                 | QEP/AAL/07-08/218 dated 3.11.2007<br>Delivery: 8-12 weeks from the date of receipt of Order along with advance.   |
| 15                                     | Thermic Fluid Heater Model: Fluidtherm – 500 LDO fired unit having capacity of 5,00,000 kcal/hr withy maximum outlet temperature of 3000 C along with Thermic Fluid Circulation Pump & Expansion cum Deaerator tank        | 1       | Elite Thermal Engineers Pvt. Ltd           | 7.50                  | Q/ETE/463-R/2007-08 dated 3.11.2007<br>Delivery: 6-8 weeks from the date of receipt of Order along with advance.  |
| 16                                     | Ribbon Blender: 1500 Kg working capacity of powder weight wise MOC = MS along with motor 15 Hp, Gearbox & Fluid Coupling, Discharge valve, etc   | 1       | Alankar Fabricators & Engineers            | 5.95                  | AFE/AAL/0708/0511 dated 5.11.2007<br>Delivery: 60 days from date of Order.  |
| 17                                     | Electrical Installation including VAT  |         | D. A. Enterprise                           | 10.24                 | 22.3.2007. Revised vide letter dated 6.11.2007.<br>Completion Period: Within two months from the date of  |

| Sl. No.                              | Description  | Units   | Tentative Supplier                         | Amount (Rs. in Lakhs) | Quotation No. & Date of Quotation/ Delivery terms   |
|--------------------------------------|--|---------|--|-----------------------|---|
|                                      |  |         |  |                       | receiving of advance.   |
| 18                                   | Analytical Balance<br>Flame Photometer - Microprocessor based<br>UV - Spectrophotometer - Microprocessor based<br>Atomic Absorption Spectrophotometer<br>Moisture Balance – InfraRed<br>Hot Air Oven<br>Digital PH Meter<br>Karl Fischer Titrator (automatic)<br>Karl Fischer Titrator – Digital<br>De-Ioniser<br>Muffle Furnace<br>Heating Mantle | 1       | Riddhi Enterprise                          | 11.40                 | RE/Q/AAL/06-07 dated 2.1.2007<br><br>Delivery:<br>Within 4 weeks from the date of receipt of Order.   |
| 19                                   | Electronic Weighing Machine  | 5       | Win Enterprises                            | 1.13                  | 10.3.2007<br><br>Delivery:<br>Within 4 weeks from the date of receipt of Order.   |
| 20                                   | Computers  | 5       | Compunet Computing Solution                | 3.28                  | 3.11.2007<br><br>Delivery:<br>Within 2-3 weeks.   |
|                                      | <b>Sub - Total</b>   |         |  | <b>152.63</b>         |   |
| <b>Manufacturing Unit at Lucknow</b> |  |         |  |                       |   |
| 21                                   | Combi – Dump Unloader: MS Construction. (Combination of Jumbo Bag & Small Bag Unloader) complete with 1.5T cap Hoist, Dust Extraction System   | 1       | Rajath Material Handling Systems Pvt. Ltd. | 91.40                 | RMHS/QTN/06-07/AAL-001 dated 22.3.2007 , validity extended vide letter no. RMHS/QTN/07-08/AAL-002 dated 3.11.2007 till 31.12.2007<br><br>Delivery:<br>10-12 weeks from the date of receipt of Order along with advance. |
| 22                                   | Rotary Airlock Valve: 200, MS Construction   | 1       |  |                       |   |
| 23                                   | Line Injector: 125 NB, MS Construction   | 1       |  |                       |   |
| 24                                   | Conveying Pipe: 125 NB, MS Construction, ERW   | 30 mtrs |  |                       |   |
| 25                                   | Long Radius Bend: 125 NB, MS Construction, ERW   | 12      |  |                       |   |
| 26                                   | Diverter: 125 NB, MS Construction, Pneumatic Operated  | 9       |  |                       |   |
| 27                                   | Storage Silos: 2m <sup>3</sup> 3Thk, MS Construction   | 10      |  |                       |   |
| 28                                   | Bag Filter: 1-6-M-8, MS Construction, Reverse Pulse Jet Cleaning type, complete with Pneumatic operated Butterfly valve / Slide gate, Vibromotor   | 10      |  |                       |   |
| 29                                   | Screw Conveyor: 200 x 1.2 mtrs long, MS Construction, driven by 1 HP geared motor, VFD, Flexible Connection  | 10      |  |                       |   |
| 30                                   | Weigh Hopper: 2m <sup>3</sup> capacity, MS Construction, with load cells, Pneumatic operated slide gate, Vibromotor, Batch Controlling, Venstock   | 2       |  |                       |   |
| 31                                   | Roots Blower: 78 AC Model with 20 HP/1440 rpm motor  | 1       |  |                       |   |
| 32                                   | Bag Filling System   | 1       |  |                       |   |

| Sl. No.   | Description  | Units | Tentative Supplier               | Amount (Rs. in Lakhs) | Quotation No. & Date of Quotation/ Delivery terms  |
|---|--|-------|----------------------------------|-----------------------|--|
| 33  | Stitching Machine with Slat Conveyor   | 1     |                                  |                       |  |
| 34  | STD Model (Contact SS 316Q and non contact mild steel painted) three piece in design with one container and trolley – Thermic Coil Heated, Extra 316Q container with mild steel trolley painted, Finger Bag, Set of Gasket   | 2     | Quality Engineering Products     | 22.02                 | QEP/AAL/07-08/218 dated 3.11.2007<br>Delivery: 8-12 weeks from the date of receipt of Order along with advance.  |
| 35  | Thermic Fluid Heater Model: Fluidtherm – 500 LDO fired unit having capacity of 5,00,000 kcal/hr with maximum outlet temperature of 3000 C along with Thermic Fluid Circulation Pump & Expansion cum Deaerator tank   | 1     | Elite Thermal Engineers Pvt. Ltd | 7.50                  | Q/ETE/463-R/2007-08 dated 3.11.2007<br>Delivery: 6-8 weeks from the date of receipt of Order along with advance. |
| 36  | Ribbon Blender: 1500 Kg working capacity of powder weight wise MOC = MS along with motor 15 Hp, Gearbox & Fluid Coupling, Discharge valve, etc   | 1     | Alankar Fabricators & Engineers  | 5.95                  | AFE/AAL/0708/0511 dated 5.11.2007<br>Delivery: 60 Days.  |
| 37  | Electrical Installation including VAT  |       | Jabin Corporation                | 10.07                 | 22.3.2007  |
| 38  | Analytical Balance, Flame Photometer - Microprocessor based, UV - Spectrophotometer - Microprocessor based Atomic Absorption Spectrophotometer, Moisture Balance – InfraRed, Hot Air Oven, Digital PH Meter, Karl Fischer Titrator (automatic), Karl Fischer Titrator – Digital De-Ioniser, Muffle Furnace, Heating Mantle | 1     | Riddhi Enterprise                | 11.40                 | RE/Q/AAL/06-07 dated 2.1.2007<br>Delivery: Within 4 weeks from the date of receipt of Order.                     |
| 39  | Electronic Weighing Machine  | 5     | Win Enterprises                  | 1.13                  | 10.3.2007<br>Delivery: Within 4 weeks from the date of receipt of Order.   |
| 40  | Computers  | 5     | Compunet Computing Solution      | 3.28                  | 3.11.2007<br>Delivery: Within 2-3 weeks from the date of receipt of Order.                                       |
|   | <b>Sub - Total</b>   |       |                                  | <b>152.75</b>         |  |
| <b>Manufacturing Unit at Medak (Andhra Pradesh)</b> |  |       |                                  |                       |  |
| 41  | Ribbon Blender: 1500 Kg working capacity of powder weight wise MOC = MS along with motor 15 Hp, Gearbox & Fluid Coupling, Discharge valve, etc   | 1     | Alankar Fabricators & Engineers  | 6.20                  | AFE/AAL/0708/0511 dated 5.11.2007<br>Delivery: 60 Days the date of Order.  |
| 42  | Analytical Balance, Flame Photometer - Microprocessor based, UV - Spectrophotometer - Microprocessor based Atomic Absorption Spectrophotometer, Moisture Balance – InfraRed, Hot Air Oven, Digital PH Meter, Karl Fischer Titrator (automatic), Karl Fischer Titrator – Digital De-Ioniser, Muffle Furnace, Heating Mantle | 1     | Riddhi Enterprise                | 11.40                 | RE/Q/AAL/06-07 dated 2.1.2007<br>Delivery: Within 4 weeks from the date of receipt of Order.                     |

| Sl. No.  | Description  | Units   | Tentative Supplier                         | Amount (Rs. in Lakhs) | Quotation No. & Date of Quotation/ Delivery terms   |
|--|--|---------|--|-----------------------|---|
| 43   | Electronic Weighing Machine  | 5       | Win Enterprises                            | 1.13                  | 10.3.2007<br>Delivery:<br>Within 4 weeks from the date of receipt of Order.   |
| 44   | Computers  | 5       | Compunet Computing Solution                | 3.28                  | 3.11.2007<br>Delivery:<br>Within 2-3 weeks from the date of receipt of Order.   |
| <b>Sub - Total</b>   |  |         |  | <b>22.01</b>          |   |
| <b>Additional Manufacturing Unit in Maharashtra</b>                    |  |         |  |                       |   |
| 45   | High Speed Vertical Form / Fill / Seal Machine Model PK – 30 AG (HS) equipped with SERVO Auger Filler  | 1       | Pakona Engineers (I) Pvt. Ltd.             | 28.08                 | PE/BOM/AD/53784/G/2007 dated 21.3.2007 extended vide letter No. PE/BOM/AD/59269G/2007 dated 3 <sup>RD</sup> November, 2007 till 2 <sup>nd</sup> January, 2008<br><br>Delivery:<br>10-12 weeks from the date of receipt of Order along with advance. |
| 46   | Inclined Screw Conveyor with Base Hopper   | 1       |  |                       |   |
| 47   | Ink Coding Unit  | 1       |  |                       |   |
| 48   | Electrical Installation including VAT  |         | S. R. Enterprises                          | 10.13                 | 6.11.2007<br>Completion:<br>Within one month after receiving advance.   |
| 49   | Computers  | 5       | Compunet Computing Solution                | 3.28                  | 3.11.2007<br>Delivery:<br>Within 2-3 weeks from the date of receipt of Order.   |
| <b>Sub - Total</b>   |  |         |  | <b>41.49</b>          |   |
| <b>Purchase of Plant &amp; Machinery at existing Factory in Mumbai</b> |  |         |  |                       |   |
| 50   | Combi – Dump Unloader: MS Construction. (Combination of Jumbo Bag & Small Bag Unloader) complete with 1.5T cap Hoist, Dust Extraction System     | 1       | Rajath Material Handling Systems Pvt. Ltd. | 91.61                 | RMHS/QTN/06-07/AAL-001 dated 22.3.2007 , validity extended vide letter no. RMHS/QTN/07-08/AAL-002 dated 3.11.2007 till 31.12.2007<br><br>Delivery:<br>10-12 weeks from the date of receipt of Order along with advance.                             |
| 51   | Rotary Airlock Valve: 200, MS Construction   | 1       |  |                       |   |
| 52   | Line Injector: 125 NB, MS Construction   | 1       |  |                       |   |
| 53   | Conveying Pipe: 125 NB, MS Construction, ERW   | 30 mtrs |  |                       |   |
| 54   | Long Radius Bend: 125 NB, MS Construction, ERW   | 12      |  |                       |   |
| 55   | Diverter: 125 NB, MS Construction, Pneumatic Operated  | 9       |  |                       |   |
| 56   | Storage Silos: 2m <sup>3</sup> 3Thk, MS Construction   | 10      |  |                       |   |
| 57   | Bag Filter: 1-6-M-8, MS Construction, Reverse Pulse Jet Cleaning type, complete with Pneumatic operated Butterfly valve / Slide gate, Vibromotor | 10      |  |                       |   |
| 58   | Screw Conveyor: 200 x 1.2 mtrs long, MS Construction, driven by 1 HP geared motor, VFD, Flexible Connection                                      | 10      |  |                       |   |

| Sl. No.                 | Description  | Units | Tentative Supplier              | Amount (Rs. in Lakhs) | Quotation No. & Date of Quotation/ Delivery terms  |
|-------------------------|--|-------|---------------------------------|-----------------------|--|
| 59                      | Weigh Hopper: 2m <sup>3</sup> capacity, MS Construction, with load cells, Pneumatic operated slide gate, Vibromotor, Batch Controlling, Venstock                                       | 2     |                                 |                       |  |
| 60                      | Roots Blower: 78 AC Model with 20 HP/1440 rpm motor  | 1     |                                 |                       |  |
| 61                      | Bag Filling System   | 1     |                                 |                       |  |
| 62                      | Stitching Machine with Slat Conveyor   | 1     |                                 |                       |  |
| 63                      | GMP Model (Contact parts 316Q and non contact parts SS .304Q) one piece in design mounted on SS square tube with one container and trolley<br>Extra 316Q container and SS 304Q trolley | 2     | Quality Engineering Products    | 36.54                 | QEP/AAL/07-08/214 Dated 3 <sup>rd</sup> November 2007<br>Delivery:<br>Within 12-14 weeks from the date of receipt of Order along with advance. |
| 64                      | One Kilo litre Capacity Reaction Vessel Make:SS316 along with Anchor Type of Agitator, Flame proof Motor, Mechanical seal etc. and SS304 Jacket for circulation of Thermic Fluid       | 1     | Consite Engineering Co. Limited | 18.43                 | CEC:2007-08:11:E:191:REV.1 dated 5 <sup>th</sup> November 2007<br>Delivery:<br>14-16 weeks from the date of receipt of Order.                  |
| 65                      | Computers  | 5     | Compunet Computing Solution     | 13.67                 | Dated 3 <sup>rd</sup> November 2007<br>Delivery:<br>2-3 weeks from the date of receipt of Order.   |
| <b>Sub - Total</b>      |  |       |                                 | <b>160.25</b>         |  |
| <b>Mobile Marketing</b> |  |       |                                 |                       |  |
| 66                      | Tata 207 Di inclusive of Taxes   | 50    | Kamal Motors                    | 233.73                | 3.11.2007<br>Delivery:<br>Minimum 15 Days from the receipt of full payment and subject to availability from the Principal M/s TATA Motors Ltd. |
| 67                      | Fabrication for special design container type Delivery Van on Tata 207 Di Single Cabin & Tray  | 50    | Randhawa Motors                 | 25.65                 | 3.11.2007<br>Delivery:<br>10-15 working days from the date of receipt of Order.  |
| 68                      | Tata ACE inclusive of Taxes  | 50    | Kamal Motors                    | 146.93                | 3.11.2007<br>Delivery:<br>Minimum 15 Days from the receipt of full payment and subject to availability from the Principal M/s TATA Motors Ltd. |
| 69                      | Fabrication for special design container type Delivery Van on Tata ACE Single Cabin & Tray   | 50    | Randhawa Motors                 | 20.79                 | 3.11.2007<br>Delivery:<br>10-15 working days from the date of receipt of Order.  |
| 70                      | vTrack VT 1800WC-R (e-modem) Basic Vehicle Tracking Model with Rig Engine ON/OFF Sensor  | 100   | M M Traders                     | 18.00                 | 22.3.2007  |
| 71                      | Graphic Design for vinyl cut letters and reflective logos inclusive of material & labour cost for TATA 207 Di  | 50    | Makarand Potdar                 | 6.24                  | 21.3.2007  |

| Sl. No.            | Description   | Units | Tentative Supplier          | Amount (Rs. in Lakhs) | Quotation No. & Date of Quotation/ Delivery terms                             |
|--------------------|---|-------|-----------------------------|-----------------------|---|
| 72                 | Graphic Design for vinyl cut letters and reflective logos inclusive of material and labour cost for TATA Ace                      | 50    | Makarand Potdar             | 4.16                  | 21.3.2007   |
| 73                 | Projector Multisync Display Device Make NEC : VT-48   | 100   | Compunet Computing Solution | 64.12                 | 21.3.2007<br>Delivery: 2-3 weeks from the date of receipt of Order.           |
| 74                 | 4`X` H/G Wall Type Screen Make : WARSA  | 100   | Compunet Computing Solution | 7.21                  | 21.3.2007<br>Delivery: 2-3 weeks from the date of receipt of Order.           |
| 75                 | Demo Tent 6*6 (Inclusive of Taxes)  | 600   | Sree Bharat Shamiyanas      | 19.20                 | 5.12.2006<br>Delivery: 21 days from the date of receipt of Order.             |
| 76                 | Screen Printing on Demo Mobile Tent 6*6 Top Three Sides, Bottom Three Sides with two colours Screen Printing (Inclusive of Taxes) | 600   | Indian Arts & Screens       | 3.30                  | 6.12.2006<br>Delivery: 30 days from the date of receipt of Advance.           |
| 77                 | Digital Flex with 11.5 oz Media with best printing quality 5` * 5-1/2` Banner (Inclusive of Taxes)                                | 600   | SRI Advertisings            | 2.07                  | 6.12.2006<br>Delivery: Within 10 days from the date of receipt of Work Order. |
| 78                 | Wrapping Strips – Each Banner Contains 12 Nos. (Inclusive of Taxes)   | 600   | SRI Advertisings            | 0.33                  | 6.12.2006<br>Delivery: Within 10 days from the date of receipt of Work Order. |
| <b>Sub - Total</b> |   |       |                             | <b>551.73</b>         |   |
| <b>Total</b>       |   |       |                             | <b>1080.86</b>        |   |

## PLANT AND MACHINERIES

### I. ORDERS ALREADY PLACED:

| (Rs. in lakhs)         |   |   |  |                             |  |
|------------------------|---|---|--|-----------------------------|--|
| Sl. No.                | Particulars of Machines   | Name of Supplier  | Total Cost (Rs. in lakhs)  | Advance Paid (Rs. in lakhs) | Date of Order/ Status/Expected Date of Delivery                                    |
| <b>HYDERABAD UNIT:</b> |   |   |  |                             |  |
| 1.                     | 1 No. Automatic Vertical Form Fill Seal Machine Model No. IFPL-A250-BDS (Semi Servo) to pack 25 gms & 50 gms. | Inpack Fabrications Pvt. Ltd. C-17, Industrial Estate Moula Ali Hyderabad 500 040         | 9.81<br><br>(Inclusive of Excise Duty of 16%, Cess thereon of 3%, and VAT of 4%) | 8.88                        | Order No. F:MAC:BC:STB:1770 dated 19.6.2007<br><br>Delivered.                      |
| 2.                     | Horizontal Form Fill Seal Machine Model PK-91 including Screw Conveying System                                | Pakona Engineers (I) Private Limited 22-D, Wadia Charities Building S.A. Brelvi Road Fort | 23.58<br><br>(Inclusive of Excise Duty of 16%, Cess thereon of 3%,               | 7.86                        | Order No. F:PO:SR:STB:1805 dated 21.6.2007 & Amendment Letter No. F:PO:SR:STB:3584 |

|    |   |   |   |        |   |
|----|---|---|---|--------|---|
|    |   | Mumbai 400 023  | and CST of 3%)  |        | dated 16.11.2007<br><br>Between Last week of January, 2008 & 1 <sup>st</sup> week of February, 2008.  |
| 3. | Spray Drying Plant for Micro Nutrients<br>Capacity 200 Kgs/Hour, water evaporation 1 set including erection and commissioning   | Advanced Drying Systems<br>5-B, Madhu Kunj, Vinod Baug, Upashana Lane, Off Juhu Lane<br>Andheri (W)<br>Mumbai 400 058                 | 36.00<br><br>(Inclusive of Excise Duty of 16%, Cess thereon of 2%, and CST of 3% and Freight Charges) | 20.50  | Order No. F:ADS:SR:STB:1222 dated 30.4.2007<br><br>Erection on or before 30.6.2007 and commissioning after due trials on or before 15.7.2007.<br>Partly Delivered.                        |
| 4. | Batching & Conveying System<br>(including 3 Ton Storage Hopper (4 Nos.), Screw Conveyor (4 Nos.), 1 Ton Storage Hopper with Structures (3 Nos.), 1 Ton Weigh Hopper, 2 Ton weigh Hopper, Screw Conveyor for 1 Ton (3 Nos.), Control Panel, Pneumatic. | Feaster India<br>4, Jai Malhar Shed Eastern Express Highway<br>Kurla Signal Behind Hotel Triveni<br>Chembur<br>Mumbai 400 071         | 19.57<br><br>(Inclusive of VAT @ 3%)  | 17.38  | Order No. PO# 1232/2007 dated 2.5.2007<br><br>Delivered.  |
| 5. | ELGI Air Compressor-Model TS-10-120 HT equipped with pressure guage. FAD 30.1 CFM; ELGI Refined Air Dryer-Model ELRD040, Capacity 40 CFM; ELGI Air Lube, Anti Vibration Pads, Auto Drain valve, Micro Filter Element-Model MF 80-01                   | Bimpex Machines<br>Private Limited<br>Machine House<br>6, Oak Lane<br>Fort<br>Mumbai 400 023  | 1.61<br><br>(Inclusive of Excise Duty of 16%, Cess thereon of 3%, and CST of 3%)                      | 0.53   | Order No. PO# 2904/2007 dated 20.9.2007<br><br>Delivered.   |
| 6. | 1 No. Fluid Bed Dryer<br>Capacity 120 Kg<br>(including extra 316 Quality Container with Trolley and SS Blower)  | Manibhadra Steels & Engineering Co.<br>28/30, Shop No. 6/B<br>Dr. Wilson Street<br>Near V.P. Road<br>Police Station<br>Mumbai 400 004 | 3.76<br><br>(Inclusive of CST of 3%)  | 0.91   | Order No. F:MAC:BC:STB:1823 dated 22.6.2007<br><br>Delivered.   |
| 7. | 1 No. Non IBR Steam Boiler<br>Model NSB-400 including Water Tank, Oil Day Tank, Chimney, Water Softener with regeneration tank and pump   | NTEK Services<br># 16-11-16/A/78<br>Afzalnagar<br>Saleem Nagar<br>Colony<br>Malakpet<br>Hyderabad 500 036                             | 3.40<br><br>(Inclusive of VAT of 4%)  | 0.82   | Order No. F:MAC:SR:STB:2539 dated 14.8.2007 & Amendment Letter No. F:MAC:SR:STB:3583 dated 16.11.2007<br><br>Between Last week of December, 2007 & 1 <sup>st</sup> week of January, 2008. |
| 8. | Reaction Vessel: Capacity 3,000 Litres (2 Nos.)   | Quality Engineering Products<br>A-193, Road No. 16-A<br>Wagle Industrial Estate<br>Mumbai 400 064                                     | 12.48   | 10.20. | Order No. F:QEP:SR:STB:1667 dated 11.6.2007<br><br>Delivered.   |
| 9. | 250 KVA, 11000/433V Transformer   | Esennar Transformers (P) Ltd.   | 3.41<br><br>(Inclusive of   | 3.02   | Order No. F:MACH:BC:STB:1702 dated 13.6.2007  |



|     |   |   |   |              |  |
|-----|---|---|---|--------------|--|
|     |   | Plot No. 12, Flat No. 4<br>Aravind Apartments<br>Sunder Nagar   | Excise Duty of 16%, Cess thereon of 3%, and Sales Tax of 12.5%) |              | Delivered.   |
| 10. | i. 1 No. LT Power Distribution Panel  | Power Switchgears & Controls<br>Plot No. 17/2, CIEE Opp. Nitco Roadways Pvt. Ltd. Gandhinagar Hyderabad 500 037 | 1.01<br>(Inclusive of VAT @ 12.5%)                              | 1.01         | Order No. F:MAC:SR:STB:1883 dated 27.6.2007<br>Delivered.                              |
|     | ii. LT Power Distribution Panel Changeover Switch   |   | 0.33<br>(Inclusive of VAT @ 12.5%)                              | 0.21         | Order No. F:MAC:SR:STB:1883 (Amended) dated 27.7.2007<br>To be delivered when advised. |
| 11. | Electricals<br>i. Electrical Quotation for Door Panel, Switchyard, Transformer, etc.              | Madhu Electricals H-No. 4-197, Suraram Colony, IDA Jeedimetla, Hyderabad-500055                                 | 1.85  | 1.76         | Order No. F:ME:SR:STB:1662 dated 11.6.2007   |
|     | ii. Electrical Quotation for Disc Insulators, Mounting, Copper Wires, Cement Poles, Channels etc. |   | 3.39  | 1.03         | Order No. F:ME:SR:STB: dated 11.6.2007<br>Partly Delivered.                            |
|     | <b>TOTAL</b>  |   | <b>120.20</b>   | <b>72.29</b> |  |

**Summary of Orders of plant and machinery (excluding escalation, contingencies, etc):**

| Sl. No.  | Particulars                                  | Value (Rs. In lakhs) | %age          |
|----------|--|----------------------|---------------|
| <b>A</b> | <b>Total Cost of Plant &amp; Machinery :</b> | <b>1201.06</b>       | <b>100%</b>   |
|          | Domestic                                     | 1201.06              | 100%          |
|          | Imported                                     | -                    | -             |
| <b>B</b> | <b>Value of Orders Placed :</b>              | <b>120.20</b>        | <b>10.00%</b> |
|          | Domestic                                     | 120.20               | 10.00%        |
|          | Imported                                     | -                    | -             |
| <b>C</b> | <b>Value of Orders yet to be placed :</b>    | <b>1080.86</b>       | <b>90.00%</b> |
|          | Domestic                                     | 1080.86              | 90.00%        |
|          | Imported                                     | -                    | -             |

The details of the plant and machinery at the proposed factories at Ahmedabad, Lucknow, Medak (Andhra Pradesh), additional unit in Maharashtra and also at Mumbai may please be seen under the head 'Objects of the Issue' from page 61.

## TECHNOLOGY

We use mainly indigenous technology developed in-house by our own R&D Team. Two major technological inputs used in the development of ARIES products are:

- 1) **Chelation:** The process involves enveloping metal nutrients with the chelating agent (EDTA) forming an organo-metallic complex. The resulting Chelates are highly cost effective, required in extremely low doses and chemically inert, thereby making it environmentally safe. The company, today, has an entire range of Chelates manufactured using this process namely Zinc Chelate, Iron Chelate, Copper Chelate, Manganese Chelate, Magnesium Chelate and Calcium Chelate.
- 2) **Complexing of Multi Micro Nutrients:** The Company uses a world class system of producing multi micro complexes, in contrast to most competitors who produce mixtures. This process involves dissolving and heating the source raw materials to more than 300° Celsius eliminating impurities completely. This super heated solution is passed through an atomizer running at 16000 RPM thus spraying the heated solution forming minute particles. The chamber where this is carried out is under high pressure and the minute droplets are flash cooled from 300° Celsius to room temperature in a fraction of a second. This combination of pressure and sudden drop in temperature fuses the raw materials in the spray solution together forming a highly efficient complex of nutrients. The primary advantage of this is to ensure that every particle of the end-product contains all the Multi Micro Nutrients in their pre-determined proportion. This is essential as the quantity required for every plant is very small and therefore every particle being of a pre-determined composition will ensure that uniform application of nutrients over the entire field.

## RESEARCH & DEVELOPMENT

Ever since the inception of our Company, we have been at the forefront of developing and applying scientific research in order to develop state of the art products for the Indian farmers.

We were instrumental in bringing Chelation Technology to India. Subsequently, we have, in initial years developed crop specific formulations of Multi Micro Nutrient mixtures. Later, when the State Governments notified crop specific, soil specific and climate specific formulations, we were in a position to adapt our production lines to meet all these multi farious formulations. Today, we have developed products meeting the requirements of more than 100 notified formulations by various State Governments.

We are also setting up laboratory at each of our manufacturing unit. We have a continuing R & D programme actively based on market feedback & field trials, which enables us to develop new products targeted to specific crop requirements & needs resulting in result oriented products.

We have also undertaken large scale soil sampling from across various States in the country. Infact, after the collection of more than 20000 soil samples, our company in partnership with the Bidhanchandra Krishri Vishwa Vidyalaya, West Bengal, presented Government of West Bengal with soil deficiency map indicating district-wise nutrient deficiency. We have also worked extensively with prominent Agricultural Universities /and Research Stations, since inception. All our products are tried, tested and their efficacy proved at these Research Farms. Trials are documented and used by us to develop awareness amongst farming community. Cost benefit ratios based on Trial Reports are also prepared and disseminated extensively.

We have an in-house Journal called 'ARIES Flash', which was first published in 1970. It is distributed amongst farmers, dealers as well as staff and other employees.

Another achievement of our R&D is the setting up of our Spray Drying Facility at Bangalore. The process and technology for this particular factory was developed in partnership with our R&D team and the machinery fabricators.

The company uses its Research facility team in the process of new product development. The primary source of information is extensive soil sampling data that the company collects, which identifies the current deficiency trends in various areas. We have obtained quality certification NS-EN/ISO 9001:2000 / ISO 9001:2000..

## INTELLECTUAL PROPERTY

We use trademarks in order to brand our products as well as to protect them. We have appointed M/S M. P. Mirchandani & Company, Trademark & Patent Attorneys as our representative for liasioning with Registrar of Trademarks, Mumbai and a Power of Attorney has been executed in favour of it. We have already received the

clearance for following Trademarks from the Registrar of Trademarks, Mumbai:

| Sl. No. | Trademark           | Trademark No. | Class | Date of Approval | Date of Expiry |
|---------|---------------------|---------------|-------|------------------|----------------|
| 1.      | ARIES CHELA FER     | 355493        | 01    | 19-Feb-01        | * 19-Nov-07    |
| 2.      | ARIES CHELACOP      | 355494        | 01    | 19-Feb-01        | * 19-Nov-07    |
| 3.      | ARIES CHELAMAG      | 355495        | 01    | 19-Feb-01        | * 20-Nov-07    |
| 4.      | CHELACAL            | 956625        | 01    | 18-Sep-00        | 17-Sep-10      |
| 5.      | KHAZAANA            | 1029184       | 01    | 20-Jul-01        | 19-Jul-11      |
| 6.      | ARIES MACROFERT     | 1103102       | 01    | 08-May-02        | 07-May-12      |
| 7.      | ARIES NITROSULF     | 1103104       | 01    | 08-May-02        | 07-May-12      |
| 8.      | ARIES BORON 20      | 1202550       | 01    | 30-May-03        | 29-May-13      |
| 9.      | ARIES PRIMASULF     | 1204085       | 01    | 05-Jun-03        | 04-Jun-13      |
| 10.     | ARIES TOTAL         | 1247150       | 01    | 03-Nov-03        | 02-Nov-13      |
| 11.     | PLANTEK             | 1253764       | 01    | 08-Dec-03        | 07-Dec-13      |
| 12.     | CATTLEMIN           | 314203        | 31    | 12-Apr-04        | 21-Apr-14      |
| 13.     | ARIES AGRONAA       | 317927        | 01    | 02-Dec-01        | 22-Aug-14      |
| 14.     | AGROMIN             | 1337088       | 01    | 08-Feb-05        | 07-Feb-15      |
| 15.     | ARIES BORON 19      | 1131874       | 01    | 29-August-05     | 09-Sept.-12    |
| 16.     | CHELAMIN            | 344786        | 01    | 29-June-07       | 14-Jan-2017    |
| 17.     | ARIES PLANTOMYCIN   | 318398        | 05    | 03-Oct-07        | 08-Sept-2014   |
| 18.     | ARIES FertiMAX ~ NK | 1131873       | 01    | 07-June-07       | 08-Sept-2012   |

\* Applied for renewal.

The details of trademarks for which applications have been made are given below.

| Sl. No. | Trademarks         | Trademark / Application No. | Class       | Date of Application |
|---------|--------------------|-----------------------------|-------------|---------------------|
| 1.      | PROT-O-LIV         | 279413B                     | 31          | 01.11.2004          |
| 2.      | B G FERTILISER     | 1414962                     | 01          | 19.01.2006          |
| 3.      | FERRO MIX          | 1414960                     | 01          | 19.01.2006          |
| 4.      | CALBOR             | 1414961                     | 01          | 19.01.2006          |
| 5.      | SULFONITE          | 1467716                     | 01          | 07.07.2006          |
| 6.      | TUGGY              | 1467719                     | 12          | 07.07.2006          |
| 7.      | ANOKHI             | 1486720                     | 05          | 13.09.2006          |
| 8.      | JAHAAAN            | 1486719                     | 05          | 13.09.2006          |
| 9.      | HAASIL             | 1483948                     | 05          | 04.09.2006          |
| 10.     | NIRBHAY- PLUS      | 1483947                     | 05          | 04.09.2006          |
| 11.     | MOHAR              | 1504195                     | 05          | 15.11.2006          |
| 12.     | NOOPUR             | 1504196                     | 05          | 15.11.2006          |
| 13.     | ASHRAY             | 1504197                     | 05          | 15.11.2006          |
| 14.     | ARIES BOROSOIL     | 1191018                     | 01          | 10.04.2003          |
| 15.     | AGROFER+           | 1491430                     | 01          | 27.09.2006          |
| 16.     | BOON-O-MILK        | 1539851                     | 31          | 14.03.2007          |
| 17.     | ORGAFERT           | 1539853                     | 01          | 14.03.2007          |
| 18.     | CRACKGUARD         | 1539852                     | 01          | 14.03.2007          |
| 19.     | CALCOP             | 1539854                     | 01          | 14.03.2007          |
| 20.     | Aries Agro Limited | -                           | Logo & Font | 10.06.2006          |
| 21.     | Zinco Mix          | 1576518                     | 01          | 06.07.2007          |
| 22.     | Tetrabor           | 1576519                     | 01          | 06.07.2007          |
| 23.     | Aquazin            | 1592061                     | 01          | 20.08.2007          |
| 24.     | Mag Mix            | 1592062                     | 01          | 20.08.2007          |

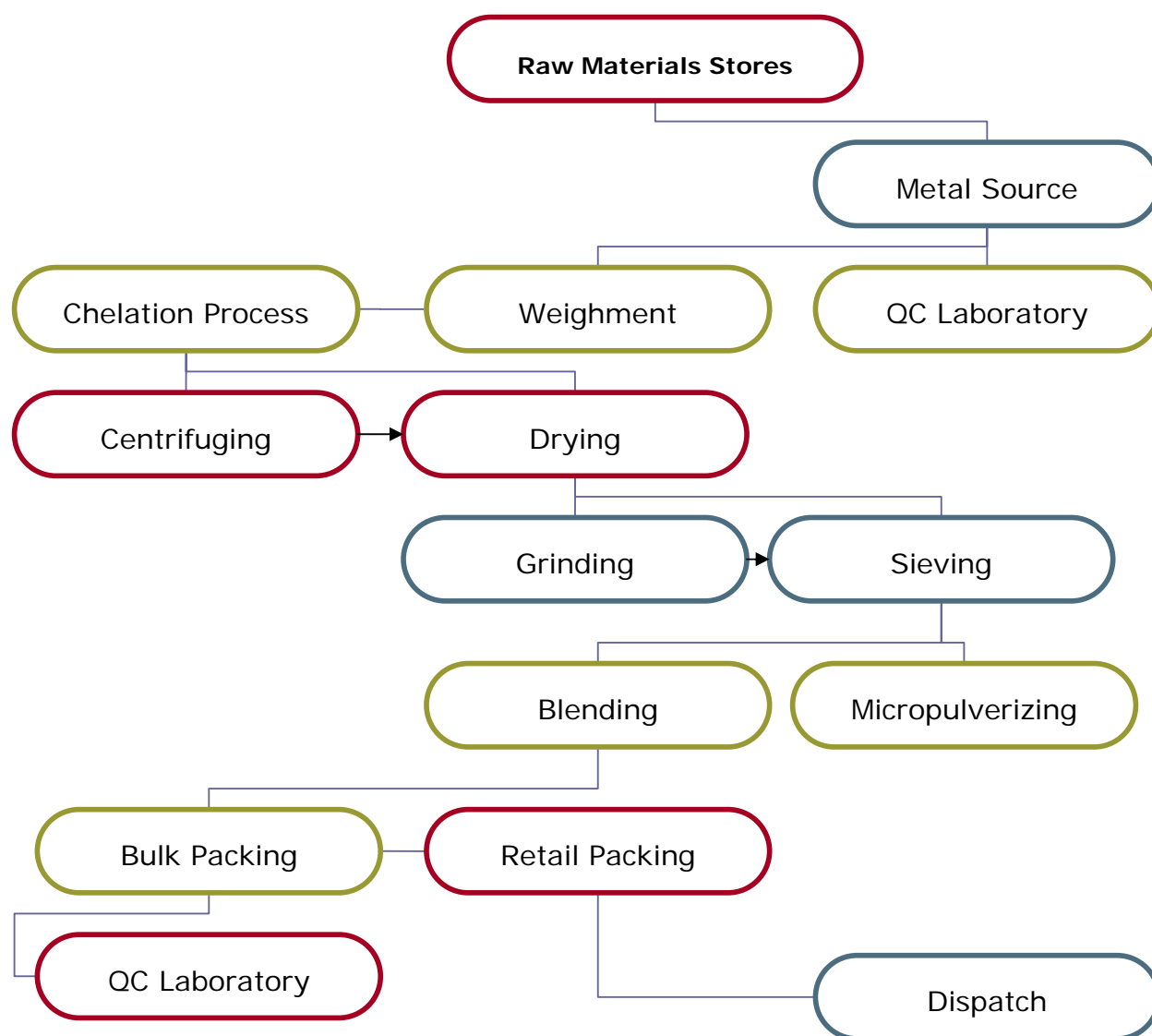
## MANUFACTURING PROCESS

The basic process for all the products is quality checking of raw materials, followed by mixing and finally quality checking of the finished products. The process is elaborated below:

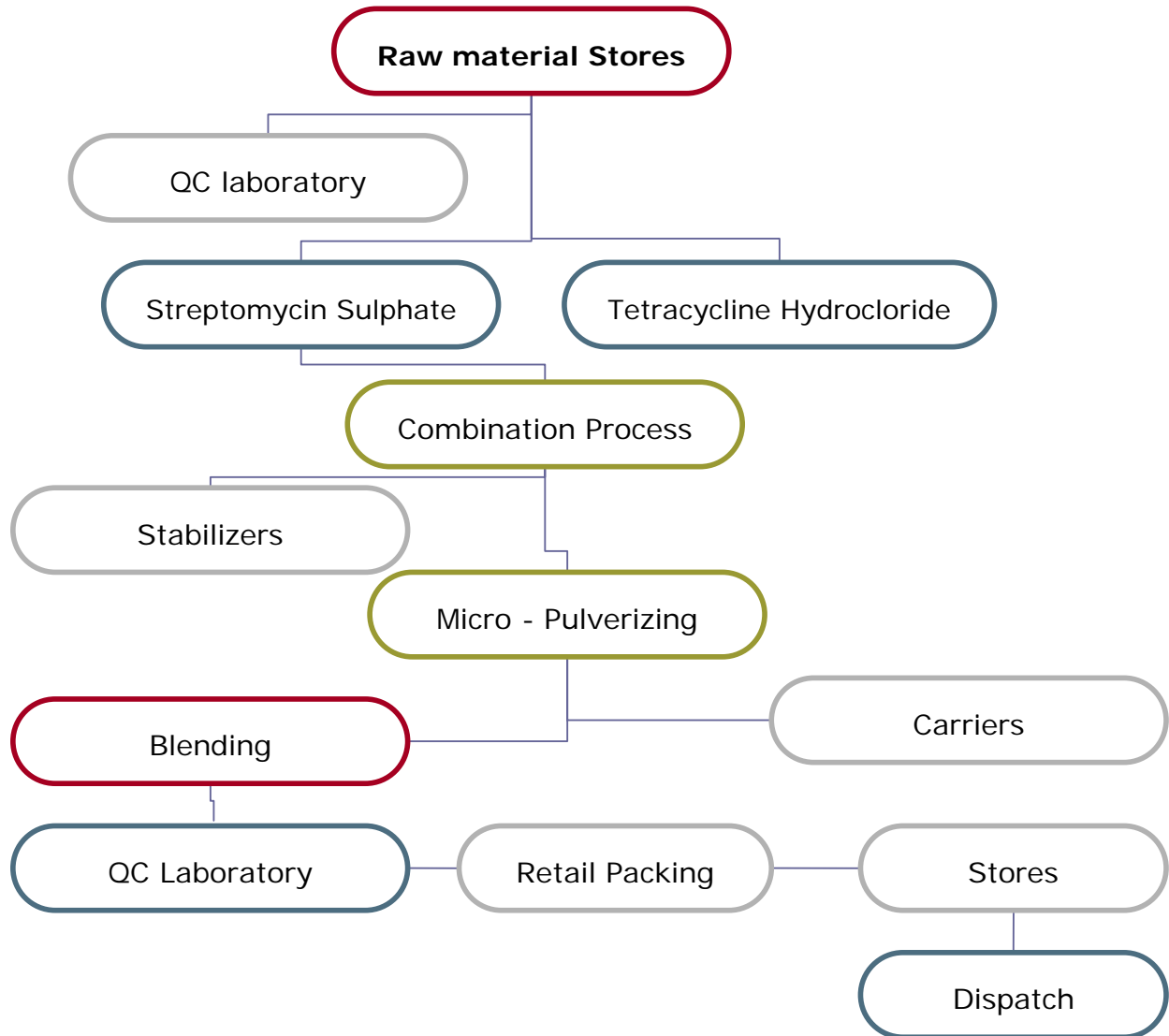
Samples of raw material are analysed in laboratory for checking the metal content, purity, solubility (in some cases) of the raw material. Small lab batch is made and analysed further for micronutrient contents. If lab results are as per the specifications, the raw materials are taken for further processing in production department.

The raw material as per the required formula of the end product is fed into a ribbon blender wherein it gets blended for a certain period of time (normally ranges between 30 min to 45 min). The material from blender is unloaded into bags as a bulk product (50 kg) and samples are drawn from each bag which are analysed for specific micronutrient contents. After confirmation from the lab about the properties, the material is then packed for retail packs for dispatch.

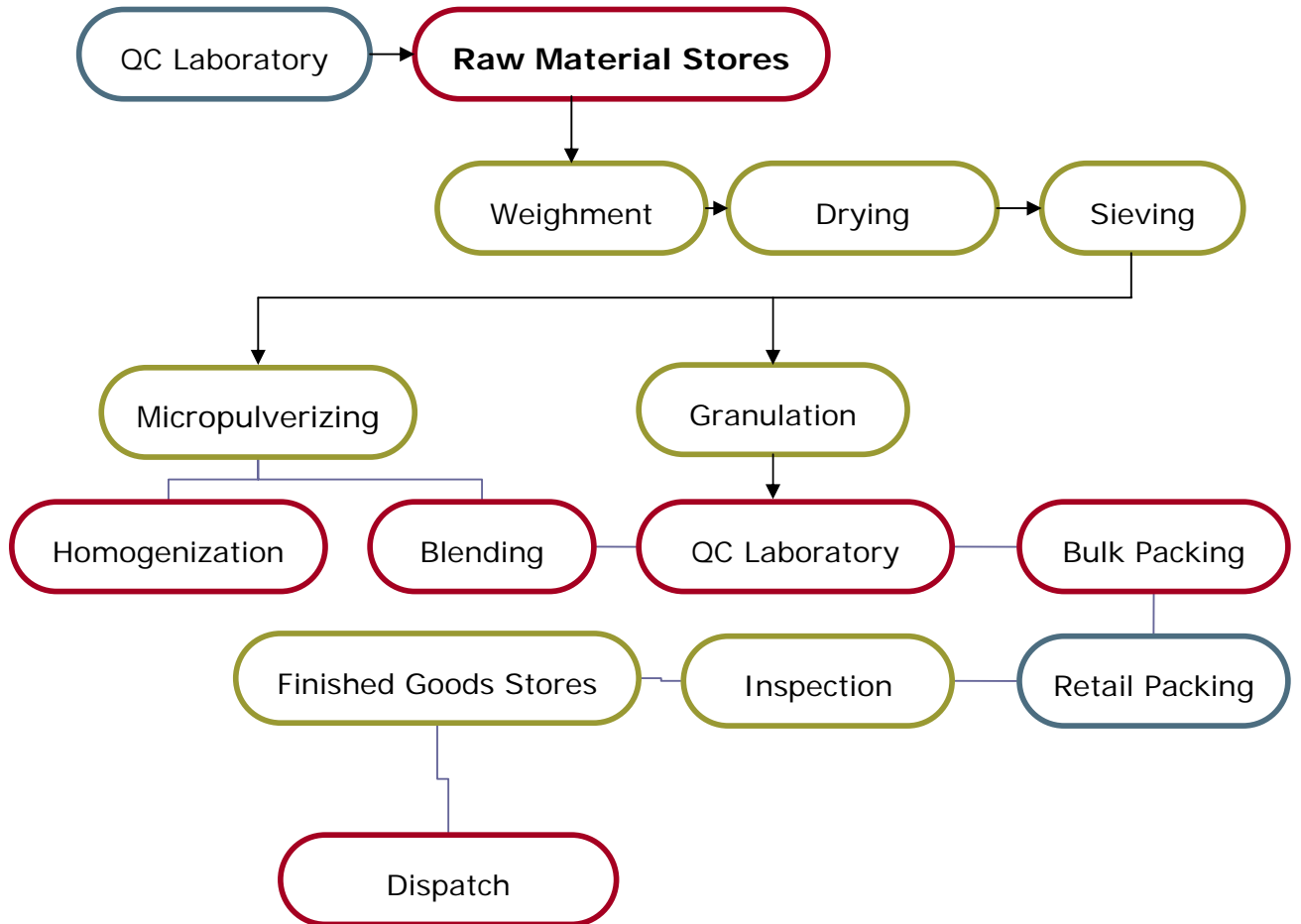
### Chelated Micronutrients – Process Chart



## Plantomycin Process Chart



## Vet. Powders-Process Chart



## INFRASTRUCTURE FACILITIES

### a) Raw Materials

We source the raw materials locally as well as import from various countries. The details of the major raw materials are given below:

| Sl.No. | Raw Material               | Sl. No. | Raw Material              |
|--------|----------------------------|---------|---------------------------|
| 1      | Alpha Naa                  | 14      | Zinc Oxide (white seal)   |
| 2      | Ammonium Thiosulphate      | 15      | Zinc Sulphate Monohydrate |
| 3      | Borax Pentahydrate         | 16      | Borax Pentahydrate        |
| 4      | Boric Acid                 | 17      | Boric Acid                |
| 5      | Copper Sulphate            | 18      | EDTA Acid                 |
| 6      | Dolomite Powder            | 19      | EDTA Fe                   |
| 7      | Ferrous Sulphate Hydrous   | 20      | EDTA Zn                   |
| 8      | Magnesium Sulphate (Hepta) | 21      | Mono Ammonium Phosphate   |
| 9      | Magnesium Sulphate (Mono)  | 22      | Mono Potassium Phosphate  |
| 10     | Manganese Sulphate         | 23      | Potassium Nitrate         |
| 11     | Streptomycin Sulphate      | 24      | Potassium Sulphate        |
| 12     | Tetracycline HCl           | 25      | Zinc Sulphate Mono        |
| 13     | Zinc Oxide                 |         |                           |

Our business is seasonal in nature i.e. demand for certain products are quite high during kharif and rabi seasons. Before the beginning of each season, an assessment of performance for the year is done which involves inputs from all key managerial personnel. Inputs from sales/field staff across the country is also taken and sales target for the next financial year is finalized. Based on this, monthly production targets and raw materials procurement target are finalized. Sales, production and raw material procurement targets are reviewed on a regular basis depending upon market conditions. We normally keep sufficient stock of raw materials for build up of enough stock of finished goods for the ensuing season. All the raw materials procured are tested for various chemical properties including solubility, purity etc. The test report is generated and recorded for any future reference. The raw material is released for further processing only if it passes the quality standard.

### b) Utilities

#### i) Power

The details of the existing connected load and power requirement for the proposed factories at various locations is given below:

| Sl. No.         | Location  | Power Requirement   |
|-----------------|-----------|---|
| <b>Existing</b> |           |   |
| 1               | Mumbai    | Billing Demand of 184.20 KVA from Reliance Energy   |
| 2               | Hyderabad | Billing Demand of 49 HP, 25 HP & 5 HP from AP Central Power Distribution Company Limited            |
| 3               | Bangalore | Contract Demand of 80 KVA (Billing Demand of 60 KVA) from Bangalore Electricity Supply Company Ltd. |
| 4               | Kolkata   | Connected Load of 24 KVA from West Bengal State Electricity Board                                   |

| <b>Proposed</b> |                                 |                                      |
|-----------------|---------------------------------|--------------------------------------|
| Sl. No.         | Location                        | Power Requirement                    |
| 1               | Ahmedabad                       | 100 Hp / 75 Kw                       |
| 2               | Lucknow                         | 30 Hp / 22 Kw                        |
| 3               | Medak (Andhra Pradesh)          | 175 Hp / 130 Kw                      |
| 4               | Additional unit in Maharashtra  | 15 Hp / 12 Kw                        |
| 5               | Mumbai – Additional requirement | Existing Power Connection sufficient |

We have received sanction of power for Ahmedabad Unit from North Gujarat Electricity Company Limited vide its letter no. 3569 dated 3<sup>rd</sup> August, 2007; and for Andhra Pradesh Unit from Central Power Distribution Company of A.P. Limited vide its letter no. SE/OP/MDK/ADE/Comml/D.No.524 dated 18<sup>th</sup> May, 2007.

## ii) Fuel

The Company requires fuel for running DG set and operation of Boiler, presently installed at Bangalore and also running a DG Set at Kolkata taken on hire basis. We are also proposing to have boiler at new unit in Medak (Andhra Pradesh) for which High Speed Diesel will be required. We do not foresee any problem in sourcing of fuel.

## iii) Water

We use water in the manufacturing process at our Mumbai and Bangalore plant for certain products. Presently, water is sourced from local municipalities at all four locations for all purposes. At Bangalore, water is also sourced from Water Tankers.

For the proposed projects at Ahmedabad, Lucknow and in Maharashtra no water is required for manufacture and /or process. However, water for domestic purposes would be met through local municipality. In Medak (Andhra Pradesh), water required for manufacture and /or process would be sourced from bore wells. Water for domestic purposes would be met through local municipality.

## iv) Effluent Treatment

The production of the Micro – Nutrient does not generate any effluents. The Company has been awarded No Objection Certificate from the Pollution Control Board for the existing sites.

For proposed unit at Ahmedabad, we have received Consent for Establishment from Gujarat Pollution Control Board vide its letter No.GPCB/CE/ABD/GEN-NOC-1200/30361 dated 9.10.2007 which is valid for 5 years till 8.10.2012. For the proposed unit at Medak (Andhra Pradesh), we have received Consent for Establishment from Andhra Pradesh Pollution Control Board vide its Order No.361/PCB/CFE/RO-I-SRD/HO/2007-1238 dated 5.9.2007 which is valid till 4.9.2012 for a capacity of 8,000 MT/annum of Agro Chemicals. We have further made an application vide our letter no. F:Pollution:BRP:RB:3418 dated 3.11.2007 to the Andhra Pradesh Pollution Control Board for enhancing the capacity to 32,400 MT/annum. For other new units in Lucknow and Maharashtra, the same will be obtained in due course of time as per the schedule of implementation.

## v) Manpower

As on 31<sup>st</sup> October, 2007, we are having 516 employees under the permanent rolls and a few under contract. We have entered into an agreement dated 10<sup>th</sup> May, 2006 with M/s Manoj Enterprises having its office at No.88/A1, Ramalakshmi Complex, Bangalore Main Road, Dharga, Hosur – 635109 for supplying of workers for our packaging activity. The agreement is valid for 1 year and can be renewed as per our Company's discretion. We have entered into an agreement dated 15<sup>th</sup> May, 2001 with M/s Elite Contract Services having its office at Sodepur Road, Madhyamgram, District 24 North Praganas for supplying of workers for production/packing, loading and unloading etc. The agreement has been renewed vide letter dated 9<sup>th</sup> October, 2006 for a further period of two years from 1<sup>st</sup> September, 2006.

We have 85 workers in our permanent employment and a few on contract working in our factories. The detailed breakup of the same is as under:

| Sr. No. | Particular        | Employees |
|---------|-------------------|-----------|
| 1       | Skilled           | 40        |
| 2       | Semi-Skilled      | 11        |
| 3       | Unskilled         | 34        |
|         | <b>Sub- Total</b> | 85        |
| 4       | Contract Labour   | 48        |
|         | <b>Total</b>      | 133       |

The Department wise breakup of our manpower is as under:

| Sr. No | Name of the Department | No. of Staff |
|--------|------------------------|--------------|
| 1      | Administration         | 75           |
| 2      | Marketing And Sales    | 309          |
| 5      | Accounts               | 22           |
| 6      | Legal And Secretarial  | 01           |



|   |                          |            |
|---|--------------------------|------------|
| 7 | Production – staff       | 20         |
|   | Production – workers     | 85         |
| 8 | Research And Development | 04         |
|   | <b>Total</b>             | <b>516</b> |

The additional requirement of people for the proposed projects is as under:

| Sl. No. | Particulars  | Number of people /plant | Number of people for all 4 plants |
|---------|--------------|-------------------------|-----------------------------------|
| 1       | Managerial   | 1                       | 4                                 |
| 2       | Supervisors  | 2                       | 8                                 |
| 3       | Chemist      | 1                       | 4                                 |
| 4       | Workers      | 18                      | 72                                |
| 5       | Others       | 3                       | 12                                |
|         | <b>Total</b> | <b>25</b>               | <b>100</b>                        |

In addition, the Company would require 210 people for Mobile Marketing. We do not foresee any difficulties in recruiting additional manpower.

## PRODUCTS

We manufacture various products under 41 Brands/Trademarks. Our products are spread across 3 main segments. These include:

- (A) Plant nutrients
- (B) Insecticides
- (C) Veterinary products

We entered the Chelated Micronutrients market with Agromin in 1975. We entered the Chelated Zinc market with Chelamin in 1976 and this was later followed by Plantomycin which is a combination of antibiotics for the control of bacterial diseases in plants. Agromin and Chelamin are the company's flagship brands. The Company has been continuously launching about 2-3 products every year post 2001.

## MAJOR PRODUCTS OF THE COMPANY

### 1. AGROMIN

Agromin is Aries® Research based product developed with the object of safeguarding and increasing crop yield. Agromin provides essential plant nutrients such as Zinc, Iron, Copper, Manganese, Magnesium in partially Chelated form and Boron and Molybdenum in ideal predetermined proportions. Agromin has been formulated by us using the various State-specific formulations as notified by the various State Governments. A summary of the various formulations in which Agromin is manufactured by us is presented below:

#### Agromin Foliar Spray (AGROMIN HISOL)

| State                     | Nutrient |    |    |    |   |    |    |
|---------------------------|----------|----|----|----|---|----|----|
|                           | Fe       | Mn | Cu | Zn | B | Mo | Mg |
| Andhra Pradesh (Cotton)   | •        | •  |    | •  | • |    |    |
| Andhra Pradesh (Paddy)    | •        | •  |    | •  |   |    |    |
| Andhra Pradesh (Citrus)   | •        | •  | •  | •  | • | •  |    |
| Andhra Pradesh (Oilseeds) | •        | •  |    | •  |   |    |    |
| North Bihar               | •        | •  | •  | •  | • | •  |    |
| Gujarat                   | •        | •  | •  | •  | • |    |    |
| Himachal                  | •        | •  | •  | •  | • | •  | •  |
| Karnataka                 | •        | •  |    | •  | • |    |    |
| Maharashtra               | •        | •  | •  | •  | • | •  |    |
| Madhya Pradesh            |          | •  |    | •  | • |    |    |

|                             |   |   |   |   |   |   |   |
|-----------------------------|---|---|---|---|---|---|---|
| Punjab                      | • |   |   | • |   |   |   |
| Rajasthan                   | • | • | • | • | • | • |   |
| Jharkhand                   | • | • | • | • | • | • |   |
| Tamil Nadu                  | • | • | • | • | • | • | • |
| Uttar Pradesh & Uttaranchal | • | • | • | • |   |   |   |
| Assam                       |   |   | • | • | • | • | • |
| Orissa                      | • | • | • | • | • | • |   |
| Tamil Nadu (Horticulture)   | • | • | • | • | • | • |   |

• indicates that nutrient is present in the respective formulation as per the State / Crop specific requirements

### Agromin Soil Application

| Nutrient                 |    |    |    |    |   |    |    |    |
|--------------------------|----|----|----|----|---|----|----|----|
|                          | Fe | Mn | Zn | Cu | B | Mo | Mg | Ca |
| Andhra Pradesh (General) | •  | •  | •  |    |   |    |    |    |
| Assam                    |    |    | •  | •  | • | •  |    |    |
| Bihar (Formula 1)        | •  | •  | •  | •  | • | •  |    |    |
| Bihar (Formula 2)        |    |    | •  |    | • | •  |    |    |
| Gujarat                  | •  | •  | •  | •  | • |    |    |    |
| Himachal Pradesh         | •  | •  | •  | •  | • | •  | •  |    |
| Karnataka (Formula 1)    | •  | •  | •  |    | • |    |    |    |
| Karnataka (Formula 2)    |    |    | •  |    | • |    |    |    |
| Maharashtra              | •  | •  | •  | •  | • |    |    |    |
| Madhya Pradesh           |    | •  | •  | •  | • |    |    |    |
| Orissa (Formula 1)       |    | •  | •  |    | • | •  | •  |    |
| Orissa (Formula 2)       | •  | •  | •  | •  | • |    |    |    |
| Rajasthan                | •  | •  | •  | •  | • | •  |    |    |
| Uttar Pradesh            | •  | •  | •  | •  |   |    |    |    |
| West Bengal              | •  | •  | •  | •  | • |    |    |    |

• indicates that nutrient is present in the respective formulation as per the State / Crop specific requirements

Agromin prevents and corrects trace element deficiency from the onset. If any of these nutrients are in short supply, the crop fails to fully utilize the major nutrient fertilizers due to lack of balanced nutrition.

Agromin increases the crop yield by:

- Correcting micronutrient deficiencies and ensuring better nutrient balance.
- Producing stimulatory effects on various enzyme reactions.

Agromin also contains a wetting and dispersing agent which ensures the absorption by the plant with minimum wastage.

Agromin has been formulated by Aries for export to other countries using the specifications laid down by the country of export / buyer, subject to minimum order quantities.

## 2. AGROMIN - MAX

Agromin – Max contains all Micronutrients Zn, Fe, Mn, Cu, B, Mo with Mg in ideal, high proportions to successfully combat growing deficiencies of these nutrients reported all over the country. It addresses the unique nutritional requirements of horticultural crops, spices, plantation crops, oilseeds and pulses. The product, at lower doses can also be used on cereals. It is a spray Dried, Super fine, free flowing, 100% instantly water soluble powder, which provides booster doses of High Performance, partially Chelated

micronutrients. Being very highly concentrated, Agromin – Max is recommended for use at extremely low doses per unit of land area, and is therefore a source of tremendous cost benefit advantage over traditional foliar sprays of micronutrients. Agromin – Max will be launched nationwide in 250 g tamper-proof, multi-colour, international stand-up pouches, followed by the introduction of 500 g and 1 kg packs.

### 3. CHELATES

Metal chelates are another source of nutrients which are very effective for the correction of deficiencies. These metal chelates also increase the yield of the crop mainly because of regulatory and stimulatory influence of chelates on enzyme systems. Aries has introduced the following single nutrient chelates:

- Chelamin - Zinc Chelate
- Chelafer - Iron Chelate
- Chelacop - Copper Chelate
- Chelamag - Magnesium Chelate
- Chelacal - Chelated Calcium
- MnChel - Manganese Chelate

### 4. CHELAMIN

Chelamin is a most cost-effective source of Zinc. Being chelated, the zinc is fully and totally absorbed by the plant through foliage. Chelamin effectively fulfills the demand of zinc by the plant.

Chelamin

- reduces withering in patches.
- stops the formation of abnormally small leaves.
- increases the plant's resistance to diseases.
- boosts growth rate.
- increases yield.
- the intensity of chlorosis
- decreases flower and fruit drop.
- helps in the growth of shoots and the formation of grains and fruits.

Chelamin is a micronized free-flowing powder with high solubility in water. A wetting and dispersing agent facilitates complete absorption by the plant. Chelamin is compatible with all water sprayable agrochemicals. It can be safely used to prevent and correct zinc deficiency in all crops.

Chelamin is manufactured indigenously by our Company using globally accepted manufacturing processes and conforming to all international standards for high performance Chelated Zinc.

### 5. CHELAFER

Chelafer is a synthetic Iron Chelate.

Iron deficiency in plants is one of the hardest to correct. Iron applications as inorganic salts usually revert rapidly to forms not available to plants. Timely application of Chelafer helps achieved top yields.

Chelafer stimulates and regulates enzyme reactions for growth and development of crops as iron activates several enzymes.

Chelafer increases chlorophyll content of healthy green leaves. It also prevents chlorosis and spiralling of leaves.

Chelafer increases the productive tillers in wheat and paddy. It induces resistance to pests and diseases. Further, Chelafer boosts growth rate, dry matter accumulation and increases yields.

Chelafer can be safely used to prevent and correct iron deficiency in all crops

### 6. CHELACOP (Chelated Copper 7.5% CuEDTA)

Copper deficient plants respond quickly to foliar sprays with Chelated Copper.

Certain types of soil and the alkalinised effect of irrigation waters can cause copper deficiency in plants. For example, leached acid and sandy soils, alkaline and calcareous soil, especially sandy types, and heavily nitrogen-fertilized soils. All crops grown in such soils - cereals, vegetables and fruits - will show symptoms of copper deficiency.

Synthetically chelated for easy absorption, Chelacop is an organo-copper complex, which effectively fulfills copper requirements of plants. Chelacop is absorbed through leaves and being an organo-metallic complex, is not free to react with any other compound in plants and remains available to the plant for a long time.

Chelacop stimulates and regulates enzyme reactions for growth and development of crop as copper is an activator of several enzymes. It increases the chlorophyll content for green healthy leaves and also prevents leaves from chlorosis and spiraling.

Chelacop increases the productive tillers in wheat and paddy, induces resistance to pests and diseases and boosts growth rate, dry matter accumulation and increases yield.

Chelacop is compatible with all water sprayable agrochemicals. It can be applied at various stages in the growth of rice, wheat, maize, groundnut, citrus, apple, mango and vegetables.

## 7. CHELAMAG

Magnesium deficiency in the soil harms plantation and fruit crops and at times, food crops too. It also prevents optimum utilization of major nutrient fertilizers.

Magnesium plays an important role in chlorophyll synthesis and activates many enzymes. It is depleted from the soil due to loss in percolating water, absorption by living organisms, fixation on surrounding clay particles and break-up into secondary minerals. Liming of acid soils and overdose of nitrogenous fertilizers also contribute to magnesium deficiency.

Synthetically chelated for easy absorption, Chelacop is an organo-copper complex, which effectively fulfills copper requirements of plants. Chelacop is absorbed through leaves and being an organo-metallic complex, is not free to react with any other compound in plants and remains available to the plant for a long time.

Synthetically chelated for complete and rapid absorption, Chelamag containing organic magnesium chelate complex, effectively meets the magnesium requirements of plants. The wetting and dispersing agents ensure maximum absorption without adverse reactions.

Chelamag stimulates and regulates enzyme reactions for growth and development of crops. It increases the chlorophyll content for green healthy leaves. Chelamag prevents chlorosis and spiralling of leaves.

Chelamag increases productive tillers in wheat and paddy and the oil content of several crops. Chelamag induces resistance to pests and diseases. It boosts growth rate, dry matter accumulation and increases yield. Chelamag is compatible with water sprayable agrochemicals and may be applied as a foliar spray in various stages of plant growth.

## 8. CHELACAL

Calcium is an essential element for growth. Calcium improves the strength of the cell walls. A stronger cell wall translates into better resistance to transport stress and reduced product damage. This naturally results in improved shelf life, thereby improving the commercial value of the crop. Stronger cell walls also result in improved resistance to cell damage and thereby increased resistance to cell damage and thereby increased resistance to disease.

Calcium, once incorporated into plant tissues is not translocated. Therefore, calcium becomes critical when new cells are being formed. Reduced availability of Calcium at the formative stages results in visible deficiency symptoms and malfunctioning and collapse of the plant cells.

Deficiency of calcium is characterized by:

- Stunted plant growth, appearance of small leaves and thin stems.

- Leaves display spot chlorosis. Leaf tips turn brown and present a burnt appearance, known as “tip burn”.
- Root development is seriously affected with young roots dying out, while older roots turn brown.
- Calcium deficiency is most pronounced in fruit crops – like blossom end rot in tomatoes, capsicum and chillies, bitter pit in apples, soft nose in mangoes and internal browning in potato and melons.
- Calcium deficiency is more pronounced in warm, dry climatic conditions.

**Why Chelacal is required:**

- Various soils like sand, substrates, etc have naturally low levels of Calcium.
- Moreover, high levels of  $\text{NH}_4^+$ ,  $\text{K}^+$  and  $\text{Mg}^{2+}$  in the soil restrict the uptake of soil calcium.
- Cold weather and high humidity result in inefficient nutrient uptake.
- Currently used high yielding varieties remove excessive amounts of nutrients.
- Recent hybrid varieties have very high growth rates requiring larger amounts of Calcium for cell wall production and integrity.

**Features:**

- Chelacal is India's first indigenously produced Calcium Chelate.
- Chelacal is Ca-N-EDTA containing 10% calcium in a fully chelated form.
- Chelacal provides vital calcium to plants and thereby effectively prevents & overcomes Calcium deficiency.
- Chelacal improves the transportability of agricultural produce like fruits and flowers, thereby increasing its commercial value.
- Chelacal helps to improve crop yields.
- Chelacal is fully water-soluble and is suitable for drip irrigation, In addition to normal application methods like foliar spray and soil application.
- Chelacal being chelated is inert and keeps the vital Calcium readily available to plants without permitting the normal chemical interactions that occur in the soil and within plant tissues.

**Target Crops:**

- Vegetables and fruits, especially tomato, chillies, capsicum, onion – Both outdoor and greenhouse cultivation
- Apple, Citrus, Pomegranate and other hard fruits
- Strawberry, Currants, Peaches and other soft fruits
- Grapes, Mango and other orchard fruits
- Tobacco, Cotton, Potato
- Pot plants

**Benefits of Chelacal:**

- Better disease resistance (e.g. Erwinia rot in potato)
- Prevention and treatment of Calcium deficiency symptoms (e.g. blossom end rot in tomato and capsicum; bitter pit in apple; tip burn in cabbage and lettuce; soft nose in mango; stem necrosis in grapes, etc.)
- Crops having improved storage characteristics and shelf life and therefore a reduction in post-harvest losses (potato, apples, vegetables, flowers)
- Improved transport tolerance due to stronger cell walls.
- Crops being able to better tolerate the stresses due to high and low temperatures.

**9. ARIES TOTAL**

Aries Total is a natural extract containing all essential nutrients necessary to provide the total nutritional requirements of plants in a balanced manner. It contains Nitrogen (N), Phosphorus (P), Potassium (K), Boron (B), Copper (Cu), Iron (Fe), Manganese (Mn), Molybdenum (Mo) and Zinc (Zn) in ideal proportions to ensure balanced plant nutrition.

**10. BORON - Soluble Boron 20% B****Borosoil - Boron for soil application 17%B**

Boron is one of the more important of the essential micronutrients. Boron has the following functions and effects on plants:

- Boron plays an important role in the pollination process of plants; reproductive organs are particularly rich in boron.
- Boron has an effect on the metabolism of plants, i.e. energy processes of phosphorylation and dephosphorylation.
- Boron is closely related to the activity of meristems, i.e. a plant tissue actively dividing cells forming new tissue.
- Under Boron deficiency the activity and integrity of the outer membrane of the cytoplasm of root cells is altered in such a way that the absorption of phosphorus, chloride and rubidium is reduced.
- Adequate Boron supply is essential for proper nucleic acid metabolism and also influences the incorporation of phosphorus into RNA and DNA.
- Boron application can increase frost resistance in plants such as eucalyptus, pines, fruit trees and vines.

#### The Functions of Boron

- Boron increases nitrogen availability to the plant.
- Boron is involved in the synthesis of cell wall components.
- Boron increases calcium efficiency within the plant.
- Boron has a central role in pollen viability and good seed set.
- Boron influences cell development and elongation of cells.
- Boron increases the elongation growth of primary and lateral roots.
- Boron is important for fruit set. Crops, notorious for their poor fruit to flower ratio, will often set more fruit with a pre-bloom boron foliar application.
- Boron is involved in the nodulation of legumes.
- Boron carries starch from leaves to the grain or fruit.

Boron is involved in so many stages in the production of the saleable product; it is virtually inevitable that production will suffer when boron runs low

#### 11. NITROSULF

A Unique liquid formulation with 33% Sulphur

#### 12. PRIMASULF

A Liquid Formulation containing the 3 Primary Nutrients & Sulphur (S)

PRIMASULF, A Liquid Formulation containing the three Primary Nutrients, in combination with Sulphur (S)

Sulphur (S) is recognized as an essential Secondary Nutrient in crop nutrition cycles all over the globe. S is now identified as an emerging deficient nutrient limiting crop production in India. Consumption of S as a fertilizer has increased three-fold since the 1970s and currently stands at over 1 million tons.

Sulphur is important not only for yields, but also for quality. The primary importance of sulphur in crop nutrition arises from it being an essential component of amino acids which act as building blocks in the synthesis of proteins. Further, sulphur is a constituent of oil in oilseed crops. It has a role to play in increasing chlorophyll formation and aiding photosynthesis. Specifically in fruit crops, it increases the ascorbic acid content in the fruit as well as the total soluble solids. Sulphur also plays a role in the activation of enzymes, nucleic acids and forms a part of Biotin and Thiamine (vitamins).

#### The Importance of Nitrogen

The importance of Nitrogen in crop nutrition has been established over the past many decades. Nitrogen is required by plants for amino acid synthesis, formation of protein, coenzymes and nucleic acids. It is also critical to Chlorophyll synthesis.

#### The Critical N:S ratio

Sulphur and Nitrogen are closely linked due to the fact that both the nutrients are components of the essential amino acids that make up plant proteins.

Experts worldwide believe the ideal ratio of N to S in soil organic matter is generally about 7:1. Indian studies conducted by the Fertilizer Association of India (FAI) recommend that the ideal N : P<sub>2</sub>O<sub>5</sub> : K<sub>2</sub>O : S ratio should be 4 : 2 : 1 : 1.

If this N:S ratio is disturbed, the plant is unable to absorb both N & S optimally. Therefore, it is critical that N & S be supplied in combination for balanced crop nutrition.

It has now become imperative that the present emphasis on the production and promotion of fertilizers containing Nitrogen (N), Phosphorus (P) and Potassium (K) be modified to specifically include the fourth major plant nutrient, i.e., S. Application of S at key stages in the crop cycle will have a profound effect on the quality of yields obtained by farmers, a factor that directly affects the farmer's prosperity.

ARIES NITROSULF is a product that serves to meet this very critical need of the farmers to have an effective source for the supplementation of Sulphur, while simultaneously providing an ideal balanced optimum application of Nitrogen.

ARIES PRIMASULF goes a step and provides an effective source for the supplementation of Sulphur, while simultaneously providing an ideal balanced optimum application of all 3 primary Nutrients N, P and K.

Currently, sulphur in India is supplemented in a crude form using sulphur dust or sulphur based suspensions.

Both ARIES NITROSULF & ARIES PRIMASULF enable more rapid uptake of sulphur than that of flowable suspensions or powder products where sulphur must first undergo oxidation before it can be absorbed. In case of sulphur suspensions, there is always a problem of sedimentation and/or settling down of active ingredients, clogged sprayers and blocking of drip irrigation systems.

Both ARIES NITROSULF & ARIES PRIMASULF are unique liquid formulations which are clear solutions where these problems are completely eliminated, reducing wastage to the farmers and ensuring that all the available Sulphur and N, P and/or K in the product is fully available for absorption by the plant.

## MAJOR FERTILIZERS

MACROFERT (Balanced Complex Fertilizer NPK 20-20-20)

FERTIMAX-NK (NPK 13-0-45)

FERTIMAX-PK (NPK 0-52-34)

FERTIMAX-NP (NPK 12-61-0)

FERTIMAX-K (NPK 0-0-50)

13. **ARIES MACROFERT** 20-20-20 is a water-soluble compound fertilizer containing primary nutrients in a balanced ratio most suitable for foliar spray of the crops for higher yields.

ARIES MACROFERT is manufactured indigenously and conforms strictly to the provisions of the Fertilizer Control Amendment Order, 2003, Government of India.

### Position of ARIES MACROFERT

|   |      |
|---|------|
| Total Nitrogen percent by weight, min.                | 20.0 |
| Nitrate Nitrogen percent by weight, max.              | 4.9  |
| Ammonical Nitrogen percent by weight, min.            | 3.0  |
| Urea Nitrogen percent by weight, max.                 | 12.1 |
| Water Soluble Phosphate percent by weight, min.       | 20.0 |
| Water Soluble Potash percent by weight, min.          | 20.0 |
| Sodium (as NaCl) present by weight on dry basis, max. | 0.06 |
| Matter insoluble in water percent by weight, max.     | 0.5  |

### Functions of Primary Nutrients:

Nitrogen (N) in ARIES MACROFERT is:

- Most important major essential plant nutrient
- Important constituent of protein & amino acids
- Chief constituent of chlorophyll
- Controls the utilization of nutrients like phosphorus and potassium Formation of protein, coenzymes and nucleic acids

Phosphorus (P) in ARIES MACROFERT is:

- Essential for enzymatic and energy transfer reactions.
- Formation of nucleic acids
- Protein synthesis
- Cell membrane component (phospholipids)
- Essential for cell division

Catalyst that hastens the ripening process

Potassium (K) in ARIES MACROFERT is:

- An enzyme activator
- Essential for protein synthesis
- Stomatal functions
- Turgor potential
- Free agent in plants that helps in photosynthesis, fruit formation, developing winter hardiness and disease resistance Essential for sugar translocation

### **Deficiency Symptoms**

- Stunted or lack of growth
- Yellowing of foliage
- Necrosis of older leaves
- Purplish coloration due to anthocyanin pigments
- Darker green foliage
- Reduced tillering
- Reduced fruit quality and storage potential
- Chlorosis
- Petioles turn yellow or brown and die
- Twigs become slender and hard
- Stems in cereals turn purple in colour
- Stalks and roots more susceptible to diseases
- Young leaves are stunted
- Tubers develop rusty brown lesions
- Under surface of leaves develop reddish purple colour
- Young leaf edges dry up and are scorched
- Yellowish white mottling in between veins
- Reduced leaf size and crinkled leaflets
- Leaves and shoots shed excessively during blossom
- Older leaf margins develop yellowish brown and bronze colour
- Specks develop along veins of the leaf
- Shortened internodes

### **Benefits of ARIES MACROFERT:**

- ARIES MACROFERT is a 100% water soluble powder
- ARIES MACROFERT supplies all three major nutrients N, P, & K in a form readily absorbable by plants
- ARIES MACROFERT gives best results with frequent applications at low application rates
- ARIES MACROFERT improves root development, boosts irrigation efficiency and nutrient absorption by plants
- ARIES MACROFERT can be used in sprayers, drip irrigation systems
- ARIES MACROFERT is compatible with common plant protection chemicals and micronutrients (cannot be applied with strong alkaline products)
- ARIES MACROFERT uses sources of N that are in a more available form to the crops, i.e., as ammonical & nitrate nitrogen.

### **14. FERTIMAX - NK NPK 13:0:45**

- Supplies Nitrate Nitrogen with high levels of Potassium required from fruit setting to fruit development stages.
- Improves shape, size and height of growing fruits and increases fruit quality.
- Reducing dropping of immature and developing fruits under unfavourable growing condition.



- Protects matured fruits from sunburn through development of an adequate leaf canopy.
- Ideal for foliar sprays as additional K-source having low risk of leaf burning and scorching. Also ideal for fertigation.

**15. FERTIMAX –P K NPK 0:52:34**

- Promotes profuse flowering and fruit setting
- Maintains uniform growth and shape of developing fruits
- Reduces flower and fruit dropping and improves yields
- Controls Powdery and Downey Mildews, reddening of leaves and other similar diseases
- Has a low salt index relative to other fertilizer grades, reducing injuries to crops from seedling to maturity stages

**16. FERTIMAX – NP NPK 12:61:0**

- For fast and healthy vegetative growth
- Best and most cost effective source of high levels phosphorus for direct fertigation use as well as foliar sprays

**17. FERTIMAX – K NPK 0:0:50**

- For fruit maturity, colour and sugar development
- Improves translocation of nutritional material from stem and branches to maturing fruits
- Improves final weight, sugar and quality of fruits
- Develops resistance in plants to water stress conditions during terminal period of the production season
- Improves shelf life of the fruits and enables storage for required periods to take the benefit of fluctuations in market prices

**18. CALBOR@ - Natural 'Mined' Calcium Borate.**

Calbor, is a mined product from the volcanoes of Chile in South America. It contains a rich and natural combination of nutrients - such as Boron, Calcium, Sulphur, Potassium and Magnesium. It undergoes no chemical processing whatsoever and is a product of nature itself, thus eliminating the deleterious side effects of chemical fertilization. Its natural combination of nutrients is essential for good plant growth and productivity. It is completely safe to store and use and complements most other commonly used fertilizers and agrochemicals. Calbor is also a non-hazardous and non-flammable product.

**OTHER AGRICULTURAL PRODUCTS**

AGRONAA (Plant Hormones)

PLANTOMYCIN (Broad Spectrum Antibiotic for Agriculture)

**19. PLANTOMYCIN**

Plantomycin is a combination of antibiotics for the control of bacterial diseases in plants.

Plantomycin contains Streptomycin Sulphate, Tetracycline Hydrochloride and adjuvants for better absorption and penetration of antibiotics. Plantomycin's systemic action ensures free translocation in the plant and direct action on pathogens. Plantomycin controls bacterial diseases and therefore, helps increase yield.

Plantomycin is proven to be effective against a number of bacterial diseases including Blast of Paddy, Fire Blight in Apple, Halo Blight in Beans, Citrus Canker in Citrus, Seedling Blight in Cotton, Black Leg and Soft Rot in Potato, Wild Fire in Tobacco, Bacterial Leaf Spot in Tomato and Chilli, Angular Leaf Spot in Cucumber, Bacterial Leaf Blight in Rice and Blister Blight in Tea.

Plantomycin is a stable, free flowing fine powder that is fully soluble in water.

**20. AGRONAA**

AGRONAA is a multiple benefit plant hormone spray for quicker and higher yield. AGRONAA contains 4.5% Naphthyl Acetic Acid plus solvents and other inert ingredients.

AGRONAA is recommended in suitable concentration for use on Cotton, Chillies, Tomato, Brinjal, Groundnut, Peas, Guava, Jackfruit, Sweet Cherry, Water Melon, Paddy, Wheat, Mango, Apples, Pears, Citrus, Oranges, Guava, Chickoo, Pineapple, Litchis, Papaya and Grapes.

In general, AGRONAA induces flowering and increases yield by preventing bud and flower drop. In oilseeds, it increases the number and size of pods and kernels and also increases oil content. AGRONAA also increases the overall size and quality of the fruits, delays maturity and induces uniform growth.

To minimize spraying costs, AGRONAA is sprayed with commonly used fungicides.

## VETERINARY PRODUCTS

CATTLEMIN – Is a Mineral Feed Supplement for Cattle

PROT-O-LIV – Is a Protein Feed Supplement for Poultry

### 21. CATTLEMIN

Is a Mineral Feed Supplement for Cattle with ISI Mark (ISI - IS:1664)

CATTLEMIN is amongst India's first and few mineral feed supplements meant for Cattle.

The major raw materials of CATTLEMIN are calcined at a temperature of 500 deg. Celcius, thereby totally eliminating the possibility of bacterial contamination.

CATTLEMIN is microfined, thus enabling perfect assimilation by the animals.

CATTLEMIN contains less than 7% moisture as compared to ordinary mineral mixtures now available in the market.

Trace minerals in CATTLEMIN are present in ideal predetermined proportions, which help improve breeding efficiency of the animals, at the same time ensuring perfect health.

CATTLEMIN ensures healthy calf at birth, rapid growth, early maturity and calving, reduced inter-calving and dry periods, sturdy bones, increased resistance to disease and worm infestations.

| Chemical Composition                              | Poultry - min contents | ISI Specification* |
|---|------------------------|--------------------|
| Moisture, % by weight (max.)                      | 5                      | 5                  |
| Calcium (as Ca), % by weight (min.)               | 23                     | 23                 |
| Phosphorus (as P), % by weight (min.)             | 12                     | 12                 |
| Magnesium, % by weight (min.)                     | 6.5                    | 6.5                |
| Manganese, % by weight (min.)                     | 0.12                   | 0.12               |
| Iodine (as KI), % by weight (min.)                | 0.026                  | 0.026              |
| Zinc, % by weight (min.)                          | 0.38                   | 0.38               |
| Fluorine, % by weight (max.)                      | 0.07                   | 0.07               |
| Copper, % by weight (min.)                        | 0.077                  | 0.077              |
| Iron, % by weight (min.)                          | 0.5                    | 0.5                |
| Sulphur, % by weight (max.)                       | 0.5                    | 0.5                |
| Acid insoluble Ash, % by mass (max.)              | 2.5                    | 2.5                |
| Spores of Bacillus anthracis and Clostridium spp. | NIL                    | NIL                |

\* Specification for Mineral Mixture for Cattle (Source: ISI Bulletin) - All values, except Moisture are on a moisture-free basis.

### 22. PROT-O-LIV

Protein Feed Supplement for Poultry.

PROT-O-LIV is a guaranteed protein source containing minimum 60% animal protein and thereby is an effective, economical replacer of fishmeal.

PROT-O-LIV is a combination of meat, liver and blood meal, providing highly digestible protein to poultry.

PROT-O-LIV is freely available throughout the year, unlike fishmeal.

PROT-O-LIV provides a high level of productive energy and has a very low fiber content. All these factors add to its economic feasibility and make it a very effective and convenient source of high quality animal protein.

It is recommended that, initially, PROT-O-LIV be used to replace a fraction of the total fish meal used and gradually, the mixing rate may be increased to totally replace fish meal. However, total replacement will necessitate supplementation with Methionine.

**Chemical Composition:**

|                      |               |
|----------------------|---------------|
| Protein Content      | 58 %          |
| Fibre                | 1.32 %        |
| Metabolizable Energy | 3000 kcal/kg. |

**Typical Analysis:**

|               |        |               |        |
|---------------|--------|---------------|--------|
| Aspartic Acid | 4.39 % | Isoleucine    | 2.51 % |
| Threonine     | 1.64 % | Leucine       | 2.32 % |
| Serine        | 2.31 % | Tyrosine      | 0.57 % |
| Glutamic Acid | 7.10 % | Phenylalanine | 2.34 % |
| Proline       | 6.64 % | Lysine        | 4.46 % |
| Glycine       | 2.57 % | Histidine     | 1.26 % |
| Alanine       | 5.70 % | Arginine      | 2.85 % |
| Cystine       | 0.15 % | Tryptophan    | 0.15 % |
| Valine        | 1.15 % | Methionine    | 1.02 % |

## 23. BOON-O-MILK

BOON-O-MILK is a milk booster that ensures increased milk production and increased butter fat content.

BOON-O-MILK is available in a new and improved form, fortified with six non-hormonal galactogogues and volatile fatty acids to increase milk and butter fat. The non-hormonal galactogogues safely stimulate increased milk production.

BOON-O-MILK contains no thyroprotein or other hormones.

BOON-O-MILK contains Acetates and Butyrates which increase the butter fat content of milk.

BOON-O-MILK contains Calcium, Phosphorus and booster doses of Vitamin D, all of which act as effective deterrents to milk fever.

BOON-O-MILK is a tried and tested research based product that is accepted by dairymen all over India.

## QUALITY

We have been awarded with Quality Management System Standard NS-EN ISO 9001:2000 / ISO 9001:2000 vide Certificate No. 1/QSC-1592 dated May 8, 2007 valid till 7<sup>th</sup> May, 2010 from Kvalitet Veritas Quality Assurance. This certification is a testimony of our quality. We carry out Quality Control at each stage of production. The quality of input is tested and recorded for the future reference. Based on the input quality the finer adjustment is done in the manufacturing process to maintain the quality and consistency of end product. The semi finished product is tested for quality and consistency. If there is any deviation from accepted norm the whole batch is reprocessed. Further before the end product is sent for the packing the finished product is tested for quality. If the finished product meets the quality norms then it is sent to the packaging.

Various Universities and Government Institutions have carried out tests on effectiveness of our products on various crops over the last three decades. The details of these tests are as below:

| Sl. No. | Year / Crop    | Institution   | Control                                     | Control Yield        | Treatment   | Yield with Treatment  | Increase in yield with treatment |
|---------|----------------|---|---|----------------------|---|-----------------------|----------------------------------|
| 1)      | 1978-79 Paddy  | All Indian Coordinated Rice Research Project Banaras Hindu University | Control Water Spray                         | 36.99 qntl./ha       | Agromin @ 0.16% solution  | 40.18 qntl./ha        | 8.62%                            |
| 2)      | 1980-81 Paddy  | All Indian Coordinated Rice Research Project Banaras Hindu University | Control Water Spray                         | 34.95 qntl./ha       | Agromin @ 0.16% solution  | 40.39 qntl./ha        | 15.57%                           |
| 3)      | 1981 Chillies  | Assam Agricultural University, Dept. of Horticulture                  | No application                              | 62.32 fruits / plant | 25 ppm Agronaa Application  | 148.34 fruits / plant | 138.03%                          |
| 4)      | 1981 Tomato    | Assam Agricultural University, Dept. of Horticulture                  | No application                              | 14.22 fruits / plant | 75 ppm Agronaa application  | 32.04 fruits / plant  | 125.32%                          |
| 5)      | 1983 Maize     | Plant Protection Officer, Bhagalpur, Bihar                            | No Micro – nutrients                        | 1280 kgs / acre      | Agromin sprayed twice - 27 days after sowing & 21 days after sowing | 1562 kgs/acre         | 22.00%                           |
| 6)      | 1984-85 Wheat  | Office of the Agronomist, Dept of Agriculture, Govindgarh, Rajasthan  | No Zinc application                         | 24.0 qntl/ha         | 10 kg/ha Chelamin Basal Application                                 | 47.5 qntl/ha          | 97.92%                           |
| 7)      | 1985 Rice      | Bidhan Chandra Krishi Vishwavidyalaya Farm, Mohanpur, Nadia, WB       | No Zinc application                         | 4.05 MT/ha           | Chelamin @20 Kg/ha  | 5.17 Mt/ha            | 27.65%                           |
| 8)      | 1987 Sugarcane | Central Sugarcane Research Station, Padegaon, Nira, Maharashtra       | Normal P&K dose and 50 kg/ha. Less Nitrogen | 84.833 MT/ha         | Regular NPK dose + Soil Application of Agromin @ 50 kg/ha           | 119.500 MT/ha         | 40.86%                           |

| Sl. No. | Year / Crop       | Institution   | Control  | Control Yield   | Treatment   | Yield with Treatment | Increase in yield with treatment |
|---------|-------------------|---|--|-----------------|---|----------------------|----------------------------------|
| 9)      | 1990-91 Wheat     | Department of Agricultural Testing and Demonstration Centre, Haldwani, Nainital | No Zinc application                            | 20.17 qntl/ha   | Chelamin – 500 gm/ha  | 27.14 qntl//ha       | 34.56%                           |
| 10)     | 1992-93 Wheat     | Department of Agricultural Testing and Demonstration Centre, Haldwani, Nainital | No Zinc application                            | 29.88 qntl/ha   | Chelamin – 500 gm/ha  | 36.38 qntl//ha       | 21.75%                           |
| 11)     | 1992 Rice         | Bangladesh Rice Research Institute  | No Fertilizer (Var BR-14)                      | 3.59 MT/ha      | NPK + Chelamin @ 500gms/ha (Var BR-14)                            | 5.13 MT/ha           | 42.90%                           |
| 12)     | 1992 Potato       | Ramkrishna Mission Ashram Ranchi  | No Zinc (0.03 acre Plot)                       | 550 kgs         | Chelamin 500 gm/acre (0.03 acre plot)                             | 600 kgs              | 9.10%                            |
| 13)     | 1994-95 Onion     | Bidhan Chandra Krishi Vishwavidyalaya Farm, Kalyani                             | No application of Zinc                         | 148.45 qntl./ha | Chelamin @ 20 kgs/ha  | 172.35 qntls / ha    | 16.10%                           |
| 14)     | 1995-96 Tea       | Tea Research Association, Tocklai Experimental Station, Assam                   | 400 Ltrs water per ha per round x 3 rounds     | 2910 KMTH/ha    | Chelamin @ 240 gm/ha ha   | 3091 KMTH/ha         | 6.22%                            |
| 15)     | 1995-96 Tea       | Tea Research Association, Tocklai Experimental Station, Assam                   | 4 kg Zinc Sulphate per ha per round x 3 rounds | 2866 KMTH/ha    | Chelamin @ 240 gm/ha ha   | 3091 KMTH/ha         | 7.85%                            |
| 16)     | 1996-97 Soyabean  | Govt. of West Bengal, Agricultural Development Officer, Joypur, Bankura         | Plot without Agromin treatment (Var. UPSM-19)  | 1800 Kgs/ha     | Plot treated with Agromin Soil Appn (Var UPSM-19)                 | 1950 Kgs / ha        | 8.33%                            |
| 17)     | 1996-97 Soyabean  | Govt. of West Bengal, Agricultural Development Officer, Bishnupur, Bankura      | Plot without Agromin treatment (Var. UPSM-19)  | 1250 Kgs/ha     | Plot treated with Agromin Soil Appn. (Var UPSM-19)                | 1425 Kgs / ha        | 14.00%                           |
| 18)     | 1997-98 Paddy     | Govt. of West Bengal, Agricultural Development Officer                          | Plot without Agromin treatment (Var. IR-64)    | 3440 Kgs/ha     | Plot treated with Agromin Liquid (Grade-4) (Var IR-64)            | 4050 Kgs / ha        | 17.73%                           |
| 19)     | 1997-98 Mustard   | Govt. of West Bengal, Agricultural Development Officer                          | Plot without Agromin treatment (Var. B-9)      | 750 Kgs/ha      | Plot treated with Agromin Liquid (Var B-9)                        | 885 Kgs / ha         | 18.00%                           |
| 20)     | 2001 Sugarcane    | Jai Jawan Jai Kisan Sahakari Sakhar Karkhana, Latur                             | No micro-nutrients                             | 106 MT/ha       | Agromin   | 143 MT/ha            | 34.91%                           |
| 21)     | 2001 Rice         | Dr. R. Raman Sr. Lecturer in Agronomy Annamalai University Experimental Farm    | No Zinc nutrition                              | 4.5 MT/ha       | Chelamin @ 500g /ha   | 5.93 Mt/ha           | 31.78%                           |
| 22)     | 2001-02 Paddy     | Agricultural Research Station Warangal.   | No Zinc application                            | 4.39 MT/ha      | Chelamin @ 20kg/ha  | 5.34 MT/ha           | 21.64%                           |
| 23)     | 2002 Rice         | Bidhan Chandra Krishi Vishwavidyalaya Farm, Mohanpur, Nadia, WB                 | NPK Basal 60: 30: 30                           | 42.70 q/ha      | 2 sprays of Macrofert @ 6gm/ltr + 25% of Basal NPK recommendation | 46.40 q/ha           | 8.66%                            |
|         |                   |   |  |                 | Mean of three replication   |                      |                                  |
| 24)     | 2002-03 Rape Seed | Bidhan Chandra Krishi Vishwavidyalaya Farm, Mohanpur, Nadia, WB                 | NPK 100: 50: 50 as recommended                 | 6.96 q/ha       | 3 sprays of 875 ml Nitrosulf in 500 Ltr of water/ha               | 8.44 q/ha            | 21.26%                           |
| 25)     | 2002-03 Rice      | Govt. of Tripura Dept. of Agriculture   | No fertilizer                                  | 0.90 MT/ha      | Macrofert 2kg/ha x 2 application + Basal NPK (50% of recommended  | 2.33 Mt/ha           | 158.89%                          |

| Sl. No. | Year / Crop   | Institution   | Control                                     | Control Yield | Treatment  | Yield with Treatment | Increase in yield with treatment |
|---------|---------------|---|---|---------------|--|----------------------|----------------------------------|
|         |               |   |   |               | dose)  |                      |                                  |
| 26)     | 2003-04 Rice  | Govt. of Tripura<br>Dept. of Agriculture  | No fertilizer                               | 1.04 MT/ha    | Macrofert 2kg/ha x 2 application + Basal NPK (50% of recommended dose) | 2.42 Mt/ha           | 132.69%                          |
| 27)     | 2003 Paddy    | Bidhan Chandra Krishi Vishwavidyalaya Farm, Mohanpur, Nadia, WB                           | Basal NPK @ 60:30:30                        | 43.76 q/ha    | Macrofert @ 6gm/ltr x 2 sprays + 25% recommended Basal NPK             | 53.90 qntl./ha       | 23.17%                           |
| 28)     | 2004 Chillies | Acharya N.G. Ranga Agricultural University Regional Agricultural Research Station, Guntur | Normal dose of NPK – No Calcium application | 49.49 q/ha    | Three 1% sprays of Chelacal  | 56.97 q/ha           | 15.11%                           |

## MARKETING NETWORK

We have very wide distribution network across the country. We operate along a distribution channel comprising of about 4,700 distributors and a direct retail touch point of more than 65,000 dealers. Our reach extends to 375 fertilizer consuming districts of the country. Our retail outlets are spread over 20 states in India.

The marketing personnel directly visit villages to educate the farmers on the concept of chelation and the various benefits of micronutrients. This has helped us to establish a close connectivity with the farmers and has helped to increase the customer base. We have 25 branches spread across all over India.

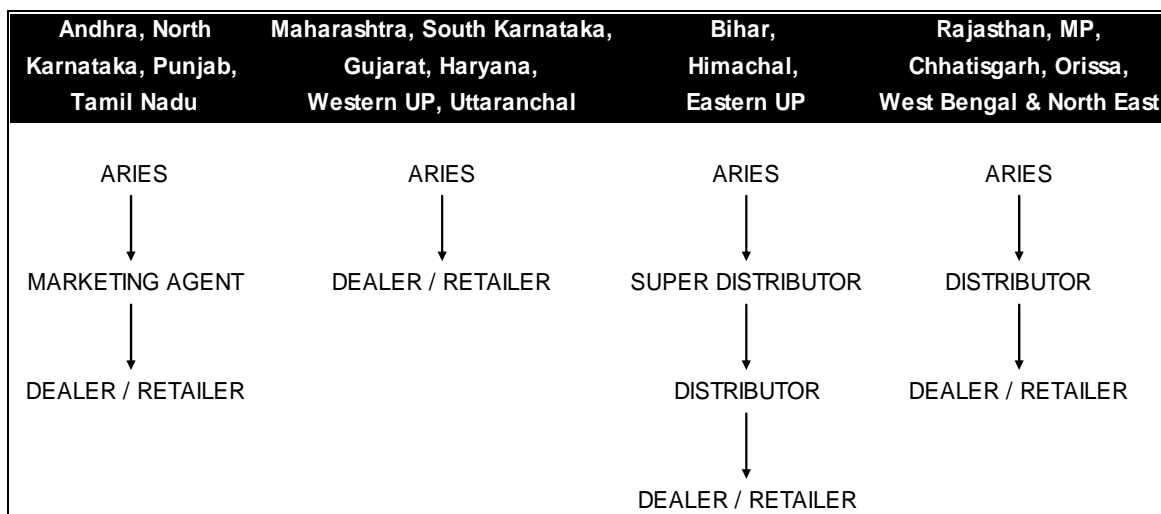


## DISTRIBUTION REACH

| Category  | Number (approx) |
|---|-----------------|
| Registered Distributors                                       | About 4,700     |
| Number of Dealers counters serviced                           | Over 65,000     |
| Number of villages covered (assuming 2 to 3 villages /dealer) | Over 1,45,000   |

Distribution Channels:

We market our products through Super Distributors, Distributors, Marketing Agents and Dealers/ Retailers. The structure followed by us in various states is as below:



#### **Super Distributors:**

The super distributors are single parties in charge of entire state. They are people pricing for next level, i.e. distributors which is decided by Aries. The staff is employed by us. The warehouse space is provided within the Super Distributors premises.

#### **Distributors:**

These are single party exclusively appointed for a pre-defined territory. These distributors work with our staff and are restricted from stock and sale of directly competing brands, depending on the prevalent market practices. However, the distributors pricing towards the dealers and retailers is not decided by us.

#### **Marketing Agents:**

The marketing agents of our Company operate in different territories with staff to service the market as entrepreneurs. They work exclusively for our range of products.

#### **Dealers/ Retailers:**

The dealers/ retailers are part of the open trade network. These dealers/ retailers furnish a security deposit to our Company. These people typically stock all brands. Our Company freely appoints dealers in the geographical area.

#### **Loyalty Programme**

We have in the recent past started a Dealer Loyalty programme called Khazaana. This programme was aimed at providing the company's dealers with a range of rewards and privileges. Khazaana is first one of its kinds in the agrochemical industry.



## Khazaana Membership Profile

| State              | Members      | Retailers Serviced | Villages Serviced | Farmers Serviced |
|--------------------|--------------|--------------------|-------------------|------------------|
| Andhra Pradesh     | 2,251        | 8,539              | 51,427            | 34,21,585        |
| Assam              | 1            | 10                 | 0                 | 0                |
| Chattisgarh        | 61           | 727                | 2,901             | 49,427           |
| Gujarat            | 175          | 3,182              | 8,259             | 1,36,995         |
| Haryana            | 60           | 760                | 1,732             | 35,625           |
| Kerala             | 1            | 45                 | 27                | 999              |
| Madhya Pradesh     | 179          | 7,047              | 8,200             | 4,25,178         |
| Maharashtra        | 751          | 16,750             | 18,601            | 10,61,007        |
| North Karnataka    | 571          | 3,740              | 14,275            | 6,68,621         |
| Orissa             | 68           | 2,771              | 4,233             | 1,92,540         |
| Punjab             | 90           | 1,309              | 2,784             | 38,043           |
| Rajasthan          | 117          | 2,596              | 5,194             | 1,15,087         |
| South Karnataka    | 71           | 1,006              | 6,225             | 6,56,175         |
| Tamilnad           | 75           | 990                | 2,160             | 54,589           |
| Uttarpradesh       | 206          | 9,512              | 11,274            | 2,08,595         |
| West Bengal        | 105          | 6,036              | 8,267             | 3,27,930         |
| <b>Grand Total</b> | <b>4,782</b> | <b>65,020</b>      | <b>1,45,559</b>   | <b>73,92,396</b> |

We service around 1,45,559 villages and have active participation from the farmers, distributors and dealers in the Khazaana programme. In this programme, each and every sale and payment of the dealer is tracked. These dealers are then given points on the basis of their collection instead of sales. This helps us to increase the cash flow. The distributors are not given discounts but are entitled to redeem points in the future. This system of working provides interest free working capital as redemption is generally prolonged by distributors. The programme also helps in developing databases which eases the planning process.

## Sales Force Training

The sales force training is typically conducted twice a year in each of the 5 regions. It is conducted in a span of a week to 10 days prior to the commencement of the agricultural season. It is generally a 2-3 days programme which includes technical / product related training as well as sales training. This training is conducted by external consultants who are recognized experts in this field.

## Consumer Profile

We enjoy a huge base of loyal customers. We have about about 4,700 members who have been dealing in the company's products. There are about 504 members who have been dealing in our range of products for more than 10 years. About 2,394 members are with our company for less than 1 year. More than 40% of our members have been working with our company for more than 3 years. Around 50% of the members have been dealing in our products for more than 1 year. The long tenure of business relations proves that there is a high level of customer satisfaction and loyalty among our customers.

## Profile of the customer

| Number of years since dealing in Aries range of products | Number of members |
|--|-------------------|
| Less than 1 year   | 2,394             |
| 1 to 3   | 672               |

|                    |       |
|--------------------|-------|
| 3 to 5             | 531   |
| 5 to 7             | 263   |
| 7 to 10            | 418   |
| More than 10 years | 504   |
| Total              | 4,782 |

### CUSTOMER CENTRIC

We are highly customer centric. We have huge database of farmers which gives us instant access to their requirements. The sale of micronutrient largely depends upon the soil type which differs from farmland to farmland. Our sales personnel visit each and every field to check the soil type, give live demonstration and prescribe the required micronutrient. Our database is a huge barrier to the new entrants in the industry because such a database built-up requires not huge capital but years of experience. Our presence in the micronutrients segment for the last 30 years has enabled us to establish ourselves right from grass root levels.

### COMPETITION

The Company primarily faces competition from the organised and unorganized sector. We are better placed due to our quality products & direct reach to the consumer. In the proposed expansion, we will be utilizing new concept of marketing our products on the mobile vans which directly sell to the consumer not only our product but also other items which is required by the consumers as complementary product.

The company's competition can be analyzed on the five forces of the competing model:

| Forces   | Assessment of competition   |
|--|---|
| Suppliers  | Abundant availability of raw material.<br>DCP and ETDA are free import items under OGL.<br>Heavy competition in the domestic markets.<br>The company is strategically investing in one of the supplier of raw material i.e., MAPCO. |
| Buyers   | Our Product has brand loyalty.<br>Farmers are hesitant to change as our products have been well accepted.   |
| Threats from Existing Player                     | Only three players have national presence.<br>We are one of the leading players in chelates.  |
| Threats from New Entrants                        | Highly customized and customer centric.<br>Larger players do not prefer to enter it.  |
| Threat from New Product Developments/Substitutes | Farmers prefer tested products.<br>Quality performance deliverance takes longer time due to high gestation period in farmland.<br>6-8 months required in trial phase for every single farmer.                                       |

The Indian market for Micro Nutrients is largely fragmented comprising of organised and unorganised sectors. Every district may have their own clutch of unorganized manufacturers; the established brands are few in number. Especially with an all India focus, there are only 4 National Brands of the Companies given below;

- i) Aries Agro Limited
- ii) Karnataka Agro Chemicals (Multiplex)
- iii) Ranade Micro Nutrients
- iv) Rallis India Ltd.

There are other players who work in selected states or regions as well.

## OUR COMPETITIVE STRENGTHS

We believe that the following are our principal competitive strengths which have contributed to our current position in this field:

**Experience of the Promoters:** We have past experience and are well versed in the areas of micro nutrient and speciality nutritional products for plants and animals. The founder promoter of our Company Dr. T. B. Mirchandani is a Veterinary Graduate from Mumbai University having over 40 years of experience in the area of Animal Feed Additives and Health products. His son Dr. Jimmy Mirchandani is Bachelor of Veterinary Science from Konkan Krishi Vidyapeeth. After completion of studies, he involved himself with the development of new products and was instrumental in propelling our Research into the Chelation area.

**Our Team and Management:** The Promoters of our Company are backed by an experienced and competent management team. We have qualified and experienced manpower. The specialized skills and diverse expertise of the employees gives the flexibility to adapt to the requirements of the industry. The promoters of our Company monitor the activities of the Company and have been able to motivate our key managerial personnel to create a team of dedicated techno commercial marketing staff, dealers and distributors.

**Locational Advantage:** We have our manufacturing units adjacent to our consumers. The manufacturing units are situated in Mumbai, Hyderabad, Bangalore and Kolkata catering the varied needs of the consumers. We are also operating from 25 branches scattered around the central demand area.

**In-House Research & Development:** We have in-house facility for conducting research. The R&D Team equipped with the required infrastructure develops the product and same is forwarded for testing after receiving complimentary results and after analyzing the demand, we start commercial operation.

**Quality Assurance:** We are an NS-EN ISO 9001:2000/ISO 9001:2000 Company for Quality Management System.

**Wide Range of Products:** We manufacture varied type of the product for our end consumer. Our products are utilized by the cultivators and livestock owners. There demand differs from one region to another accordingly company manufactures as many as 37 products.

### Brands

Agromin (chelated micronutrients) and Chelamin (chelated zinc) are our flagship brands. We use trademarks in order to brand our products as well as to protect them.

### Packaging

We have synchronized our production planning with the end user demand. We sell our product in different SKUs (Stock keeping units) from pouches to bottles to drums. Thus we cater to the needs of the all our customers from small, marginal to big farmers.

**Distribution Strengths:** We have very wide distribution network with 25 branches spread across all over India. We operate along a distribution channel comprising of about 4,700 distributors and a direct retail touch point of more than 65,000 dealers. Our reach extends to 375 fertilizer consuming districts of the country. Our retail outlets are spread over 20 states in India.

**High growth potential for the Indian micronutrient market:** Indian farmlands have one of the lowest yield rates in the world. Hence, there is scope for further improvements in yields by using micronutrients.

## EXPORT POSSIBILITIES AND EXPORT OBLIGATIONS

Our Company does not have any export obligation. Our Company will explore the possibilities of exporting the products after the expansion.

## OUR BUSINESS STRATEGY

We operate in a competitive market and aims to be a premier manufacture of micronutrients. Our strategy is to seize emerging opportunities and continue to grow in scale. We believe that there is a tremendous growth opportunity in the field of micronutrients and the domain expertise that we have obtained in the past will enable us to compete effectively in this sector and deliver value proposition to the customers and stakeholders.

Our fundamental corporate objective is to deliver value to our customers, be profitable and establish leadership in our core markets.

We aim to achieve this by implementing the following strategies:

#### **Brand Promotion**

We are manufacturer of the Micronutrients. We intend to build our brand continuously as manufacturer of Micronutrients. We believe that our branding exercise will enhance the recall value in the minds of our customers and will help in increasing demand for our products. We believe that listing on the stock exchanges will create a platform to enhance our Brand.

#### **Increasing Global Reach**

The UAE Government is allowing incentives for setting up the new units. To fulfill our objective, we propose to acquire stake in Golden Harvest, a group company incorporated in UAE to make it a subsidiary company. We would use Indigenous technology to set up this facility at Sharjah and position ourselves as one of the most cost effective suppliers of high quality chelates in the world.

#### **Diversification and Expansion of our Product Range**

We are constantly trying out new initiatives to broad-base our product portfolio. We are proposing to take a stake in MAPCO through Golden Harvest (a group company incorporated in UAE). MAPCO is starting manufacturing of Mono Ammonium Phosphate along with soluble Nitrogen, Potassium and Phosphate in UAE which are our raw materials. We would also gain access to the Middle East markets presently being serviced by MAPCO's distribution channels. MAPCO can also sell Aries's Chelates to its customers in the Middle East region.

#### **Creation of Mobile Shops**

We want to create mobile shops through mobile vans for our products, so that we can reach the places where there is demand. We are planning to buy around 100 such mobile vans through the proceeds of this IPO. These vans will initially stock and sell Aries's brands and non competing plant nutrition and plant protection products of other companies. We can also stock and sell other FMCG brands (common daily use household items) in future. Our initiative is to create a new option of a rural supermarket on wheels.

#### **Investment in Research & Development**

We have an in-house R&D team which conducts research based on feedback we receive from the fields, analyzes the fertility of the Soil provides solution to increase the fertility of the soil. Based on market feedback, we developed and launched individual Metal Chelates like Zinc Chelates, Iron Chelates etc. We are also setting up laboratory at each of our manufacturing unit. We have a continuing R & D programme actively based on market feedback & field trials, which enables us to develop new products targeted to specific crop requirements & needs resulting in result oriented products.

## CAPACITY & CAPACITY UTILIZATION

The capacity of existing plants and their capacity utilisation for various years is given below (All figures are in Metric Tonne):

### Year 2004-05:

| Location                        | Mumbai       | Hyderabad    | Kolkata    | Bangalore  | Total        |
|---------------------------------|--------------|--------------|------------|------------|--------------|
| Installed Capacity              | 4,500        | 4,500        | 1,500      | 1,500      | 12,000       |
| <b>Production</b>               |              |              |            |            |              |
| Micro Nutrient Fertiliser       | 3,639        | 2,840        | 128        | 650        | 7,257        |
| Insecticides & Pesticides       | 76           | -            | -          | -          | 76           |
| Animal Feed & Feed Concentrates | -            | 368          | 127        | -          | 495          |
| <b>Total</b>                    | <b>3,715</b> | <b>3,208</b> | <b>255</b> | <b>650</b> | <b>7,828</b> |
| Capacity utilisation            | 82.56%       | 71.29%       | 17%        | 43.33%     | 65.23%       |

### Year 2005-06:

| Location                        | Mumbai       | Hyderabad    | Kolkata    | Bangalore  | Total         |
|---------------------------------|--------------|--------------|------------|------------|---------------|
| Installed Capacity              | 4,500        | 4,500        | 1,500      | 1,500      | 12,000        |
| <b>Production</b>               |              |              |            |            |               |
| Micro Nutrient Fertiliser       | 4,308        | 3,649        | 159        | 901        | 9,017         |
| Insecticides & Pesticides       | 73           | -            | -          | -          | 73            |
| Animal Feed & Feed Concentrates | -            | 698          | 799        | -          | 1,497         |
| <b>Total</b>                    | <b>4,381</b> | <b>4,347</b> | <b>958</b> | <b>901</b> | <b>10,587</b> |
| Capacity utilisation            | 97.36%       | 96.60%       | 63.87%     | 60.07%     | 88.23%        |

### Year 2006-07:

| Location                        | Mumbai        | Hyderabad     | Kolkata       | Bangalore     | Total         |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Installed Capacity              | 10,800        | 5,400         | 1,650         | 3,750         | 21,600        |
| <b>Production</b>               |               |               |               |               |               |
| Micro Nutrient Fertiliser       | 10,256        | 4,770         | 975           | 2124          | 18,125        |
| Insecticides & Pesticides       | 156           | -             | -             | -             | 156           |
| Animal Feed & Feed Concentrates | -             | 128           | 125           | -             | 253           |
| <b>Total</b>                    | <b>10,412</b> | <b>4,898</b>  | <b>1100</b>   | <b>2124</b>   | <b>18,534</b> |
| <b>Capacity utilisation*</b>    | <b>96.40%</b> | <b>90.70%</b> | <b>66.67%</b> | <b>56.64%</b> | <b>85.80%</b> |

\* The installed capacity is based on one shift basis. The plants run in two shifts based on the seasonal requirements.

## PROPERTY

Our Registered & Corporate Office is situated at Aries House, Plot No.24, Deonar, Govandi (East), Mumbai - 400 043, Maharashtra. The registered office is located on the plot taken on lease from BMC for a period of 60 years. The lease agreement is valid till 30<sup>th</sup> July, 2038.

### Properties Owned by the Company

| Sl. No | Description of property   | Vendor  | Agreement Date | Amt. (Rs. In lakhs) |
|--------|---|---|----------------|---------------------|
| 1      | Plot No. 244 to 246 & 250 to 252 IDA, Phase II, Pashamylaram, Andhrapradesh<br>Land admeasuring 8,910.44 sq. yds  | Andhra Pradesh Industrial Infrastructure Corporation Ltd. | 14-Nov-1996    | 15.15               |
| 2      | Residential Flat located at No. 129, 1 <sup>st</sup> Floor, Wing B Patadia Complex, Bhyander (West) Dist – Thane (Maharashtra)<br>Area admeasuring 415 sq.ft. | Suresh Tukaram Umale                                      | 07-Dec-1996    | 3.50                |

### Properties taken on Lease/Rent by the Company

Our manufacturing units are situated at Mumbai, Bangalore, Hyderabad and Kolkata. Our Branches are situated at 25 places spread all over India. Further there are Depots/Godowns at various places. The following table gives the details of these properties:

| Sl. No | Mfg. Unit/<br>Branch/<br>Godown /<br>Depot | Description of property   | Vendor   | Agreement Date   | Amount  |
|--------|--|---|--|--|---|
| 1      | Mfg. Unit                                  | Survey No.97 of Borla Village & Survey No.116 & 93 of Deonar Village, Khata No.61, Plot No.24, S.S. No. 1, Deonar, Maharashtra<br><br>Area admeasuring 3,025 sq.mt.<br><br>Lease AAR 2261028<br><br>Taken on lease for period of 60 years, valid till 30-Jul-2038   | Municipal Corporation of Greater Mumbai  | Lease Agreement Dated 31-Jul-1978  | Premium of Rs. 45,220.56 and Annual Rent of Rs. 15,246.00   |
| 2      | Mfg. Unit                                  | Plot No. 414/663 and 414 in Khatian No. 297 of Mouza Chandnager, commonly known as Rani Park, Police Station Barasat, J. L. 44, R.S. 167 within Madhyamgram Municipality, Calcutta<br><br>Area admeasuring 5,300 sq.ft.<br><br>Taken on Lease upto 31-Mar-2007. Further renewed for a period of 3 years upto 31.3.2010. | Himani Saha<br>Netai Chand Saha<br>Radhashyam Saha<br>Raghu Nath Saha<br>Shankar Nath Saha<br>Probir Kumar Saha<br>Shibani Saha<br>Shyamali Saha | Lease Agreement Dated 06-Jun-2001  | Security Deposit of Rs. 1 lakh and Rent of Rs. 26,500.00 p.m. from 01-Apr-2004 to 31-Mar-2007; and Rs. 31,800.00 p.m. from 01-Apr-2007 to 31-Mar-2010 (after renewal)                                   |
| 3      | Mfg. Unit                                  | Plot No. 98, Balanagar Co-operative Industrial Estate, Expansion Programme Balanagar, Hyderabad<br><br>Area admeasuring 3,080 sq.m.<br><br>Renewed lease w.e.f. 15-May-2002 to 14-May-2005.   | M/s Sri Veerabhadra Industries<br>Co-owner:<br>Mr. M Veerappa<br>Mr. Ved Prakash<br>Mr. Vijayeshwar<br>Mr. Viswanath<br>Mr. M Gyaneshwar         | M/s Sri Veerabhadra Industries has entered into Lease Agreement with Aries Marketing Ltd. which has in turn allowed the same to be | Security Deposit of Rs. 69,000.00 and a rent of Rs. 23,000.00 p.m., from 15.05.2002 to 14.05.2003. Rs. 25,300.00 and Rs. 27,830.00 p.m. from 15.05.2003 to 14.05.2004 and from 15.05.2004 to 14.05.2005 |

| Sl. No | Mfg. Unit/<br>Branch/<br>Godown /<br>Depot | Description of property   | Vendor   | Agreement Date               | Amount  |
|--------|--|---|--|------------------------------|---|
|        |  |   |  | used by Aries Agro Ltd.,     | respectively  |
| 4      | Mfg. Unit                                  | Gala No. 2 in Plot No. 113, at Balanagar Co-operative Industrial Estate, Expansion Programme Balanagar, Hyderabad<br><br>Area admeasuring 2,000 sq. ft.<br><br>Lease w.e.f 01-Oct-2006 to 30-Sep-2009.  | M/s Neelu Industries represented by Mr. Shiv Kumar | Renewed on 01-Oct-2006       | Rent of Rs. 8,050.00 p.m. plus Interest Free Security Deposit of Rs. 12,000.00  |
| 5      | Mfg. Unit/<br>Branch                       | 8-B, Attible Industrial Area Hosur Main Road Bangalore - 562 107<br><br>Area admeasuring 7,,500 sq.ft., 5,200 sq.ft. & 1,000 sq.ft. totalling 13,700 sq.ft.<br><br>Taken on lease for a period of 10 years from 15-Jan-2004. To be further renewed for a period of 5 years at the option of lessee. Valid till 14.1.2019. | M/s Rabchem Pvt Ltd.                               | Lease Deed dated 01-Dec-2003 | Rs.51,000.00 p.m. (to be enhanced by 15% after completion of every 3 years) plus Interest-free Security Deposit of Rs. 4.08 lakhs |
| 6      | Branch                                     | Subudhi Complex, Shop No.2 Opp. Kanyaka Parameshwar Temple, Main Road Gunupur 765022, Orrisa<br><br>Area admeasuring 132 sq.ft.<br><br>Agreement valid for 11 months subject to extension of another 22 months, Expired on 1.7.2006.  | Subudhi Surya Narayana                             | 02-Jul-2005                  | Rent of Rs. 1,000.00 per month plus Security Deposit of Rs.1,000.00   |
| 7      | Branch                                     | Vee Pee Complex, 1st Floor Opp. Sports College Kapurthala Road Jalandhar City - 144001, Punjab<br><br>Area admeasuring 1,224 sq.ft.<br><br>Agreement valid for 6 yrs w.e.f 01-Sep-2006 till 30-Aug-2012.  | S. Gian Singh Viridi                               | 01-Sep-2006                  | Rent of Rs. 6,200.00 per month, 10% increase after 3 years  |
| 8      | Branch                                     | Loharu House, Janaki Path Ganesh Guri Charali Dispur, Guwahati (Assam)<br><br>Area admeasuring 300 sq.ft.<br><br>Agreement valid for 3 yrs w.e.f 15-Jul-2003, Expired on 14.7.2006.   | Vipul Kumar Jain                                   | 15-Jul-2003                  | Rent of Rs. 3,200/- per month, 15% increase after 3 years   |
| 9      | Branch                                     | New Rishi Vihar Colony Near Swastic Gas Godown Hissar, Haryana<br><br>Area admeasuring 1,500 sq.ft.<br><br>Agreement valid for 3 yrs w.e.f 01-Jul-2006 till 30-Jun-2009.  | M/s Khurana Agro Industries                        | 01-Jul-2006                  | Rent of Rs. 4,000.00 per month  |
| 10     | Branch                                     | Galla Mandi Road Rudrapur – 263153 Dist. Udham Singh Nagar Uttaranchal  | M/s Durga Fertilisers                              | 01-Jun-2004                  | Rent of Rs. 1,200.00 per month  |



| Sl. No | Mfg. Unit/<br>Branch/<br>Godown /<br>Depot | Description of property  | Vendor   | Agreement Date                                   | Amount  |
|--------|--|--|--|--|---|
|        |  | Area admeasuring 1,200 sq.ft.<br><br>Agreement valid for 3 yrs w.e.f 01-Jun-2004. Expired on 31.5.2007.  |  |  |   |
| 12     | Branch                                     | a. Plot # 278, Godown # 3<br>Kondi, Near Madki Godown<br>North Solapur Taluka<br>Dist. Solapur – 413 002, Maharashtra<br><br>Area admeasuring 800 sq.ft.<br><br>Agreement valid for 5 yrs w.e.f. 01-Jul-2006 till 30-Jun-2011.<br><br>b. Plot # 278, Godown # 3<br>Kondi, Near Madki Godown<br>North Solapur Taluka<br>Dist. Solapur – 413 002, Maharashtra<br><br>Area admeasuring 1,000 sq.ft.<br><br>Agreement valid for 5 yrs w.e.f. 1.7.2007 to 30.6.2012 | Ajit Kumar<br>Somshekhar Madki<br><br><br><br><br><br><br><br><br><br>Ajit Kumar<br>Somshekhar Madki | 01-Nov-2006<br><br><br><br><br><br><br>29.5.2007 | Rent of Rs. 2,400.00 per month<br><br><br><br><br><br><br><br><br><br>Rent of Rs. 3,500.00 per month  |
| 13     | Branch                                     | Ward No. 20, Plot No. 721<br>Old H. B. Road<br>Gaj Sagar, Ground Floor<br>Ranchi - 834 001, Jharkhand<br><br>Area admeasuring 120 sq. ft.<br><br>Agreement valid for 11 mths w.e.f 10-April-2007 up to 9.3.2008.   | Mrs. Sushma Devi &<br>Others<br>w/o Mr. Ravindra<br>Prasad Yadav                                     | 11-Oct-2004                                      | Rent of Rs. 1,150.00 per month  |
| 14     | Branch                                     | Near Mahabir Gaushala<br>K. K. Road<br>Raipur – 492001, Chhattisgarh<br><br>Area admeasuring 500 sq. ft.<br><br>Agreement valid for 3 Yrs w.e.f. 01-Apr-2002. Expired on 31.3.2005. (A letter dated 24-Jan-2007 has been issued by the lessor informing continuation of Lease Agreement)   | M/s Mundhra<br>Distributors  | 01-Apr-2002                                      | Rent of Rs. 100.00 per month  |
| 15     | Branch                                     | 105 – A, Ashiana Plaza<br>Budh Marg<br>Patna – 800 001, Bihar<br>Area admeasuring 300 sq. ft.<br><br>Agreement valid for 11 Months w.e.f. 24-Apr-1993. Expired on 23.4.1994.   | Manoj Kumar Sinha  | 03-May-1993                                      | Rent of Rs. 5000.00 per month is being paid towards office & godown as per our letter dated 24.1.2007. No agreement for Godown has been executed. |
| 16     | Branch                                     | 158 / 75, Anant Modern Enclave<br>Ganga Prasad Road, Moulviganj<br>Lucknow – 226 018, Uttar Pradesh<br><br>Area admeasuring 280 sq. ft.<br><br>Agreement valid For 5 yrs w.e.f. 03-Nov-2005 till 02-Nov-2010   | Mr. Mohit Kumar<br>Jaiswal   | 09-Nov-2005                                      | Rent of Rs. 2000.00 per month and Maintenance Charges of Rs. 50.00; 10% increase after every 2 years  |
| 17     | Branch                                     | Flat # 1 A, 293, Jodhpur Park<br>Kolkata – 700 068 (West Bengal)<br><br>Area admeasuring 1,080 Sq.Ft.  | Mr. Rupak<br>Chakraborty   | 10-May-2007                                      | Rent of Rs. 11,550.00 per month   |

| Sl. No | Mfg. Unit/<br>Branch/<br>Godown /<br>Depot | Description of property   | Vendor                                  | Agreement Date                                   | Amount  |
|--------|--|---|---|--|---|
|        |  | Agreement valid For 3 Yrs w.e.f. 15-Apr-2004. The agreement dated 24-March-2004 has been renewed for a further period of 36 months w.e.f. 15.04.2007 till 14.04.2010.   |   |  |   |
| 18     | Branch                                     | M-14, Behind Jagdish Diesel Tractor & Automobiles Market<br>Suratgarh Road<br>Sriganganagar – 335 001<br>Rajasthan<br><br>Area admeasuring 2,000 sq. ft.<br><br>Agreement valid for 3 Yrs w.e.f. 02-April-2007 till 01-April-2010.  | M/s Arora Brothers                      | 29-May-2007                                      | Rent of Rs. 4,000.00 per month  |
| 19     | Branch                                     | A-12, 2 <sup>nd</sup> Floor, Mal Road,<br>Sector No.1,<br>Vidhyadhar Nagar,<br>Jaipur – 302 023<br>Rajasthan<br><br>Area admeasuring 750 sq. ft.<br><br>Agreement valid for 3 yrs w.e.f 2-May-2007 till 01-May-2010.  | Mrs Rani Sharma                         | 02-May-2007                                      | Rent of Rs. 7,000.00 per month.<br><br>Monthly rent will be enhanced by 10% after expiry every two years.               |
| 20     | Godown                                     | F-95, Road No. 7<br>Vishwakarma Industrial Area<br>Jaipur, Rajasthan<br><br>Area admeasuring 1,000 sq.ft.<br><br>Agreement valid for the period of 3 years w.e.f. 01-Aug-2007 till 31-July-2010.  | M/s Samriddhi Services                  | Agreement dated 01-Aug-2004 renewed on 17.8.2007 | Rent per month of Rs. 4,410.00 for 1st year, 4630/- for 2 <sup>nd</sup> year and Rs.4860/- for 3 <sup>rd</sup> year.    |
| 21     | Branch                                     | 13, Transport Nagar, Opp. Jain Transport<br>Basni, 2nd Phase<br>Jodhpur – 342 001, Rajasthan<br><br>Area admeasuring 1,000 sq. ft.<br><br>Agreement valid for 3 yrs w.e.f 15-Jul-2004 till 14-Jul- 2007.  | M/s Bhagwati Agro Services              | 15-Jul-2004                                      | Rent of Rs. 4,000.00 per month  |
| 22     | Branch                                     | a. Baphana Warehousing Complex<br>C Block, Gate no..103, Jaulke<br>Dindori Village, Post Janori<br>Ambe Hill<br>Bombay – Agra National Highway<br>Dist. Nashik – 422 106<br>Maharashtra<br><br>Area admeasuring 1,100 sq. ft.<br><br>Agreement valid for 3 yrs w.e.f 01-Jun-2004, expired on 01-Jun-2007. Renewed from 1.6.2007 to 31.5.2010. | M/s Baphana Warehousing Private Limited | 01-Jun-2004. Renewed on 9.7.2007.                | Security Deposit of Rs. 17,600.00 (plus Rs. 5,000.00 as Security Deposit for telephone); Rent of Rs. 5,500.00 per month |
|        |  | b. Gala No.626, A-Wing, IInd Floor,<br>Market Yard Shopping Complex<br>Opp. Of Panchwati Police Station<br>Dindori Road, Panchwati<br>Nashik – 422 003<br>Maharashtra   | Mr. Omkar N. Mahale                     | 09-July-2007                                     | Rent of Rs. 3,500.00 per month.<br>Refundable Interest Free Security Deposit of Rs. 21,000/- has been made.             |

| Sl. No | Mfg. Unit/<br>Branch/<br>Godown /<br>Depot | Description of property  | Vendor                     | Agreement Date  | Amount   |
|--------|--|--|----------------------------|---|--|
|        |  | Area admeasuring 250 sq. ft.<br><br>Agreement valid for 5 yrs w.e.f 15-Jul-2007 till 14-July-2012.   |                            |   |  |
| 23     | Branch                                     | Near Malwa Travels<br>35/5, Chitawat Palda Main Road<br>Indore – 452 001, M. P.<br><br>Area admeasuring 2,208 sq. ft.<br><br>Agreement valid for 3 yrs w.e.f 01-Jul-2006 till 30-June-2009.        | Mr. Manoj Verma            | 01-Jul-2006   | Rent of Rs. 6,624.00 per month   |
| 24     | Branch                                     | III – F – 88, Nehru Nagar<br>Rakesh Road<br>Ghaziabad – 201 001<br>Uttar Pradesh<br><br>Area admeasuring 1,400 sq.ft.<br><br>Agreement valid for 3 yrs w.e.f. 15-Jul-2007 till 14-July-2010.       | Mr. Satish Kumar<br>Goel   | Lease agreement dated 15-Jul-2003 renewed on 17.8.2007. | Rent of Rs. 10,000.00 per month for the 1st year. All other terms & conditions as per earlier agreement  |
| 25     | Branch                                     | Shed No. A6<br>Private Industrial Estate<br>SIDCO, Kurichi<br>Coimbatore – 641 021, T. N.<br><br>Area admeasuring 4,175 sq.ft.<br><br>Agreement valid for 17month from 01-Nov-2006 to 31-Mar-2008. | Mr. K Ananda Raj           | Agreement date 01-Apr-1998 continued on 15-Dec-2006     | Security Deposit of Rs. 30,000.00.<br>Rent of Rs. 8,500.00 p.m. enhanced to Rs. 15,372.00 per month from 01-Apr-2005 to 31-Mar-2007 and thereafter 16,910.00 per month |
| 26     | Branch                                     | Plot No. E 8, BJB Nagar<br>Bhubaneswar – 751 014, Orissa<br><br>Area admeasuring 1,500 sq.ft.<br><br>Agreement valid for 2 yrs w.e.f 01-Dec-2006 till 30-Nov-2008                                  | Mrs Subarna Rekha Parida   | 05-Nov-1998 as extended on 20.11.2006                   | Rent of Rs. 3,000.00 p.m. as increased to Rs. 4,060.00 per month   |
| 27     | Branch/<br>Godown                          | Godown No. G7/A<br>City Press Compound<br>Ward No. XVI, Sangankal Road<br>Bellary – 583 101<br>Karnataka<br><br>Agreement valid for 2 yrs w.e.f 01-Apr-2007 till 31st-March-2009                   | M/s City Press Enterprise  | 01-Apr-2007   | Interest Free Refundable Security Deposit of Rs. 15,000.00 plus Rent of Rs. 2,250.00 per month   |
| 28     | Branch                                     | A-4, Akshar Apartment<br>Nehru Park, Vastrapur<br>Ahmedabad – 380 015, Gujarat<br><br>Area admeasuring 990 sq. ft.<br><br>Agreement valid for 3 yrs w.e.f 01-Feb-2005 till 31-Jan-2008             | Mr. Kanchanlal A Modi      | 01-Feb-2005   | Rent of Rs. 4,500.00 per month and Maintenance Charges of Rs. 400 per month  |
| 29     | Branch/<br>Godown                          | 1256, Dalal Street<br>Nipani<br>Dist. Belgaum – 591 237<br>Karnataka<br><br>Area admeasuring 1,200 sq. ft.<br><br>Agreement dated 1-Jan-02 renewed for 5 yrs w.e.f 01-Jan-2007 till 31-Dec-2011    | Shri Anil & Sunil B Neshti | Lease Agreement dated 01-Jan-2002 renewed on 29.5.2007  | Rent of Rs. 2,750.00 per month   |

| Sl. No | Mfg. Unit/<br>Branch/<br>Godown /<br>Depot | Description of property  | Vendor  | Agreement Date                                      | Amount                           |
|--------|--|--|---|---|----------------------------------|
| 30     | Branch                                     | 30-31, Geeta Mandir Complex<br>Subhash Road<br>Nagpur 440 018, Maharashtra<br><br>Area admeasuring 1,500 sq. ft.                           | M/s Madhu Milind<br>Agro Agencies                     | -   | -                                |
| 31     | Branch                                     | 519/3rt, First Floor<br>Sanjeeva Reddy Nagar<br>Opp. T. B. Hospital Lane<br>Hyderabad 500 037 (A. P.)<br><br>Area admeasuring 1200 sq. ft. | Mrs. K. Vijaya<br>(w/o Late Mr. K.<br>Palaksha Reddy) | The memo for<br>revised rent<br>dated<br>13.10.2006 | Rent of Rs.18,285/-<br>per month |

For the above mentioned properties, the lessors are not in any way related to the promoters / directors of the company.

In case where validity of the Lease Agreements has expired, we are in occupation and possession of those premises at the same monthly rents in accordance with the last renewed Lease Agreements. In the meantime, we are in the process of renewing the agreements which have expired.

**Purchase of Property:** The following properties are proposed to be purchased/taken on lease basis out of the proceeds of the issue.

| Sr. No | Description of property   | Vendor                                   | Agreement Date  | Amt.<br>(Rs. in lakhs)   |
|--------|---|--|---|--|
| 1      | Industrial Shed/ Premises situated at:<br>Revenue Survey No.112, Paiki, Plot Nos. 5 & 5A, Paiki, Tal. Sanand<br>Dist. Ahmedabad, Gujarat<br>Area admeasuring 10,000 sq.ft.  | Mr. Ramesh Bhai<br>Kanji Bhai<br>Thakkar | Lease Agreement dated 24.4.2007.<br><br>Lease for a period of 5 years from the date of occupation of the premises.            | Rent @ Rs. 3.50 per sq. feet aggregating to Rs. 35,000.00 per month to be enhanced @10% after every 2 years from the date of occupation of the premises plus Interest Free Deposit equivalent to 3 months rent amounting to Rs. 1,05,000/- to be refunded to the lessee at the time of termination of the lease agreement.<br><br>Rentals become payable from the date of handing over the vacant premises measuring 10,000 sq. ft.  |
| 2      | Industrial shed/premises to be constructed/built on land at:<br>Plot No.836, Banthra Lucknow-Kanpur Highway<br>Sikandanpur<br>Tehsil & Distt. Lucknow<br>Uttar Pradesh<br><br>Area admeasuring 11,500 sq.ft comprising 10,000 sq. feet of industrial shed and 1,500 sq. feet of open space. | Mrs. Veena<br>Jaiswal                    | Lease Agreement dated 27th April, 2007<br><br>Lease for a period of 5 years from the date of occupation of the premises/shed. | Rent @ Rs. 5.00 per sq.ft. per month equivalent to Rs. 50,000/- per month for area of 10,000 sq.ft and @ Rs.2.50 per sq.ft. for area of 1,500 sq. ft. i.e., Rs.3750/- per month. The lease rent to be enhanced @10% after every 2 years from the date of occupation of the premises. An interest free advance amount of Rs. 11.50 lakhs to be paid by lessee to the lessor which will be adjusted @ Rs.50,000/- per month against monthly rent during 23 months from the date of possession of the premises. |

We are also exploring the land to be purchased for the proposed additional unit in Maharashtra out of the proceeds of the issue.

## INSURANCE

### Insurance

We have taken insurance policies with various Insurance companies covering certain risks in relation to our business and our people. We have taken Group Health Insurance Policy and Employees Group Gratuity cum Life Assurance (Cash Accumulation) Scheme covering 369 members. We have also taken vehicle insurance for our vehicles. However, our Insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage.

The following table depicts the details about the Non life Insurance Policy taken by us:

| Name of the Insurance Company            | Description of property  | Risk Coverage   | Total Sum Insured (Rs. Lakhs)                                     | Policy No.       | Date of Commencement | Date of expiry |
|--|--|---|---|------------------|----------------------|----------------|
| ICICI Lombard General Insurance Co. Ltd. | Stocks located at Vastrapur - Ahmedabad, BJB Nagar- Bhubneshwar, SIDCO-Kurichi-Coimbatore, Vidhyadhar Nagar- Jaipur, Transport Nagar- Jodhpur, Dindor Village- Nashik, Nipani-Belgaum, Subhash Nagar- Nagpur, K.K.Road- Raipur, Sri Ganganagar- Rajasthan, Kondi- Solapur, Rudrapur - Haridwar, Nehru Nagar- Gaziabad, Gunupur- Orissa, Bellary - Karnataka, Ranchi, Patna, Guwahati, Sanjeeva Reddy Nagar - Hyderabad, Near Rishi Vihar Colony, Haryana, Indore, Vee Pee Complex, Jalandhar, Jodhpur Park Calcutta, Lucknow hypothecated to IOB & HDFC Bank | Standard Fire and Special Perils Policy (Material Damage) | Rs.500 lakhs enhanced to Rs.700 lakhs vide letter dated 13.9.07   | 1001/004 3079/01 | 04-Jan-07            | 03-Jan-08      |
|  | Buildings and Plant & Machinery at Mumbai, Stocks Located at Govandi-Mumbai, Attibele- Bangalore, Balanagar- Hyderabad, Madhyamgram (W. Bengal), hypothecated to IOB, Chembur and HDFC Bank  | Standard Fire and Special Perils Policy (Material Damage) | Rs.1775 lakhs enhanced to Rs.2275 lakhs vide letter dated 14.9.07 | 1001/004 3108/01 | 04-Jan-07            | 03-Jan-08      |

## KEY INDUSTRY REGULATIONS

The Fertiliser Industry is governed by "The Fertiliser (Control) Order 1985" as amended from time to time. The major clauses of the said order applicable to our Company are as below:

### 1. Fixation of prices of fertilisers -

1. The Central Government may, with a view to regulating equitable distribution of fertilisers and making fertilisers available at fair prices, by notification in the Official Gazette, fix the maximum prices or rates at which any fertiliser may be sold by a dealer, manufacturer, importer or a pool handling agency.
2. The Central Government may having regard to the local conditions of any area, the period of storage of fertilisers and other relevant circumstances, fix different prices or rates for fertilisers having different periods of storage or for different areas or for different classes of consumers.

3. No dealer, manufacturer, importer or pool handling agency shall sell or offer for sale any fertiliser at a price exceeding the maximum price or rate fixed under this clause.

Our products are not falling under price controls.

## **2. Allocation of fertilisers to various States**

The Central Government may, with a view to securing equitable distribution and availability of fertilisers to the farmers in time, by notification in the Official Gazette, direct any manufacturer/importer to sell the fertilisers produced by him in such quantities and in such State or States and within such period as may be specified in the said notification.

## **3. Registration or authorization of dealers**

No person shall sell, offer for sale or carry on the business of selling of fertilizer at any place as wholesale dealer or retail dealer except under and in accordance with clause 8 of the Act; Provided that a State Government may, if it considers it necessary or expedient, by notification in the Official Gazette, exempt from the provisions of this clause any person selling fertilizer to farmers in such areas and subject to such conditions as may be specified in that notification."

## **4. Application for intimation or registration**

1. Every person intending to sell or offer for sale or carrying on the business of selling of fertilizer as Industrial Dealer shall obtain a certificate of registration from the controller by making an application in Form A together with the fee prescribed under clause 36 and a Certificate of source in Form O.
2. Every person including a manufacturer, an importer, a pool handling agency, wholesaler and a retail dealer intending to sell or offer for sale or carrying on the business of selling of fertilizer shall make a Memorandum of Intimation to the Notified Authority, in Form A1 duly filled in, in duplicate, together with the fee prescribed under clause 36 and certificate of source in Form O.
3. On receipt of a Memorandum of Intimation, complete in all respects, the Notified Authority shall issue an acknowledgement of receipt in Form A2 and it shall be deemed to be an authorization letter granted and the concerned person as authorised dealer for the purposes of this Order.

## **5. Period of validity of certificate of registration and letter of authorization**

Every certificate of registration granted under clause 9 and every authorization letter issued under clause 8 shall, unless renewed, suspended or cancelled, be valid for a period of three years from the date of its issue.

## **6. Renewal of certificates of registration and authorization letters**

If an application for renewal of a certificate of registration or authorization letter is not made within one month from the date of expiry of their period of validity ,the same shall be deemed to have lapsed on the date on which its validity expired and any business carried on after that date shall be deemed to have been carried on in contravention of clause 7."

## **MANUFACTURE OF MIXTURES OF FERTILIZERS**

### **7. Restriction on preparation of mixtures of fertilizer**

No person shall carry on the business of preparing any mixture of fertilisers. or special mixture of fertilizers except under and in accordance with the terms and conditions of a certificate of manufacture granted to him under clauses 15 or 16.

### **8. Standards of mixtures of Fertilisers**

1. Subject to the other provisions of the order, no person shall manufacture any \*mixture of fertilisers whether of solid or liquid fertilisers unless such mixture conforms to the standards set out in the notification to be issued by the Central Government in the Official Gazette;

2. Subject to the other provisions of this order, no person shall manufacture any "mixture of fertilisers unless such mixture conforms to the standards set out in the notification to be issued by the State Government in the Official Gazette; Explanation- For the purposes of this sub-clause, mixture of fertilizers shall not include liquid fertilizers and 100% water soluble fertilizers, containing N,P,K.
3. No Certificate of manufacture shall be granted in respect of any fertiliser which does not conform to the standards set out in the notification referred in sub- clause (1) or (2);
4. Nothing in this clause shall apply to special mixtures of fertilisers

#### **9. Application for certificate of manufacture of mixtures of fertilisers**

Every person desiring to obtain a certificate of manufacture for preparation of any mixture of fertilisers or special mixture of fertilisers shall possess such mixture, \*and possess the minimum laboratory facility as specified in clause 21A of this Order.

#### **10. Period of validity of a certificate of manufacture for preparation of mixtures of fertilisers**

Every certificate of manufacture granted under clause 15 for preparation of a mixture of fertilisers shall, unless suspended or cancelled, be valid for a period of three years from the date of issue.

#### **The Insecticide Act, 1968**

The Insecticide Act, 1968 is applicable to us for our pesticide products namely, Plantomycin and Agronna, at present. The main provisions of the act applicable to the Company are as below:

1. Registration of insecticide: To import or manufacture any insecticide an application may be made to Registration Committee for the registration of insecticide
2. Grant of License : To manufacture or sell, stock or exhibit for sale or distribute any insecticide an application may be made to the licensing officer for grant of License
3. Prohibition of import and manufacture of certain insecticides like misbranded insecticides, any insecticide the sale, distribution or use of which is for time being prohibited under Section 27 of the Act, any insecticide except in accordance with the condition on which it was registered etc.
4. Prohibition of sale, stock or exhibit for sale, distribute certain insecticides suc as a) insecticide not registered under the Act. b) Prohibited for the time being under Section 27 c) any insecticide in contravention of any other provisions of the Act or rule made thereunder
5. Prohibition of sale or distribution unless packed and labelled in accordance with the provisions of the rules

#### **Environmental Regulations**

We have to comply with the provisions of the Environment Protection Act, 1986, Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Waste (Management and Handling) Rules, 1989. Entrepreneurs are required to obtain statutory clearances relating to pollution control and environment for setting up an industrial project. A Notification (SO 60(E) dated 27.1.94) issued under The Environment (Protection) Act, 1986 has listed 30 projects in respect of which environmental clearance needs to be obtained from the Ministry of Environment, Government of India. This list includes petrochemical complexes, petroleum refineries, cement, thermal power plants, bulk drugs, chemicals, fertilizers, dyes and paper.

In addition to the above, the following acts and legislations are applicable to our industry as they are to other industries as under:

1. Factories Act, 1948 ;
2. The Petroleum Act, 1934
3. The Air (Prevention & Control of Pollution) Act,1981 ;
4. The Water (Prevention & Control of Pollution) Act,1974 ;
5. The Manufacture, Storage & Import of Hazardous Chemicals Rules,1989 ;
6. Hazardous Waste (Management and Handling) Rules, 1989;
7. Hazardous Chemicals Rules, 1989;
8. The Explosives Act, 1884;
9. Contract Labour (Regulation and Abolitions) Act, 1970.
10. Industrial Disputes Act, 1947 and Industrial Disputes (Central) Rules, 1957;



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11. Workmen's Compensation Act, 1922.
  12. Trade Union Act, 1926;
  13. Central Excise Act, 1944
  14. Value Added Tax, 2005
  15. Income Tax Act, 1961
  16. Central Sales Tax, 1956
  17. Customs Duty
  18. Service Tax (Finance Act, 1994)
  19. Property Tax
  20. Employees' State Insurance Act, 1948;
  21. Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
  22. Industries (Development and Regulation) Act, 1951;
  23. Payment of Gratuity Act, 1972;
  24. Payment of Bonus Act, 1965;
  25. Payment of Wages Act, 1936;

## HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

Our Company was originally incorporated as “Aries Agro-Vet Industries Private Limited” on 27th November, 1969 under the Companies Act, 1956. It was converted into Public Limited Company as “Aries Agro-Vet Industries Limited” on 30th December, 1994. The name was subsequently changed to “Aries Agro Limited” on 27th October, 2006. Originally, the Registered office of our Company was located at 3-Agadhi Industrial Estate, Marol, Andheri (East), Mumbai 400 059 and was shifted to Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043 with effect from 23rd March, 1995

Our Company was founded by Dr. T.B. Mirchandani and Mrs. Bala Mirchandani, in the year 1969. The Company is headquartered in Mumbai. Agromin (Chelated Micronutrients) and Chelamin (Chelated Zinc) are the company's flagship brands.

In 1969, the Company started off with a small range of mineral feed additives for animals & birds. The products attracted good margins. Our products were immediately accepted by the consumers and slowly it became the brand leader in the field of mineral nutrition with a range of products including mineral premixes, milk boosters, protein concentrates, vitamin premixes, anti-coccidian and anti-bacterial feed additives.

In 1975, Aries diversified into nutrients feeds for plant, considering the fact that in India, the animal and agricultural farmer are one and the same individual. We had in-house expertise in the area of mineral nutrition and thereby decided to concentrate on the same. We conducted research on compounds that could deliver mineral nutrients to plants more efficiently. The research zeroed in on “Metal Chelates”. The product had to be manufactured in accordance with the locally available ingredients and expertise which posed a challenge for us. Thus further R&D had to be conducted in this arena which solved the problem and Aries branched out into Agrochemicals in 1975 with the introduction of Chelated Micronutrients. We also conducted in-house R&D to develop bactericides for agriculture. Plantomycin was one of the first bactericide to be licensed for agricultural use by the Govt. of India. This was then followed by the introduction of plant hormones.

In 2001, we expanded our product line to include secondary nutrients – sulphur, magnesium and calcium. In 2002, Aries continued expanding its plant nutrition product line to include value-added, water soluble complexes of nitrogen (N), phosphorous (P) and potassium (K).

Our Corporate Goal is to create value for “farmers” and “stakeholders”.

As of now, we have 4 manufacturing plants at Mumbai, Hyderabad, Bangalore and Kolkata with installed capacity of 10,800 tpa, 5,400 tpa, 3,750 tpa and 1,650 tpa respectively with total installed capacity being at 21,600 tpa.

Our financial performance in brief for last five years and for the 4 months period ended 31<sup>st</sup> July, 2007 is as detailed below:

| (Rs. In lakhs)                 |           |           |           |           |           |                      |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|----------------------|
| Particulars for the year ended | 31.3.2003 | 31.3.2004 | 31.3.2005 | 31.3.2006 | 31.3.2007 | 31.7.2007 (4 months) |
| Total Installed Capacity       | 12,000    | 12,000    | 12,000    | 12,000    | 21,600    | 21,600               |
| <b>Standalone</b>              |           |           |           |           |           |                      |
| Gross Sales                    | 1913.49   | 2728.61   | 3942.98   | 5936.42   | 7405.34   | 2171.22              |
| PAT                            | 44.15     | 9.75      | 70.55     | 667.41    | 869.42    | 336.27               |
| <b>Consolidated</b>            |           |           |           |           |           |                      |
| Gross Sales                    |           |           |           |           | 7405.34   | 2171.22              |
| PAT                            |           |           |           |           | 869.42    | 336.27               |

For detailed financials please refer to page no. 164 of the RHP.

For significant accounting policies, qualifications of Auditors and Notes to Accounts please refer to page no. 185, 190 and 186 respectively of this Red Herring Prospectus.

**Top 10 Customers in FY 2006-07:**

| SI No. | Name   | Amount (Rs. in lakhs) | %age of Total Sales |
|--------|--|-----------------------|---------------------|
| 1      | Bala Marketing Agencies                          | 557.7                 | 7.53                |
| 2      | Krishna Agro-Vet Marketing P LTd                 | 508.7                 | 6.87                |
| 3      | Rava Ago Vet Marketing P Ltd , Bellary & Kurnool | 500.9                 | 6.76                |
| 4      | Kinnera Agro Chem P Ltd                          | 500.5                 | 6.76                |
| 5      | Venkateshwara Agro Vet Services P Ltd            | 302.4                 | 4.08                |
| 6      | PMS Enterprises Patna                            | 284.0                 | 3.84                |
| 7      | Veena Enterprises , Lucknow                      | 241.1                 | 3.26                |
| 8      | Vijay Krishna A.V.P.L - Vizianagaram & Gunupur   | 136.0                 | 1.84                |
| 9      | Mrugasira Agencies                               | 106.9                 | 1.44                |
| 10     | Solar Agros                                      | 97.1                  | 1.31                |
|        | <b>Total</b>                                     | <b>3235.3</b>         | <b>43.69</b>        |

**Top 10 Suppliers in FY 2006-07:**

| Sl. No. | Name  | Amount (Rs. in lakhs) | % on Total Purchases |
|---------|---|-----------------------|----------------------|
| 1       | Golden Harvest Middle East FZC                | 672.5                 | 20.23                |
| 2       | ISPA Exim                                     | 162.3                 | 4.88                 |
| 3       | Chengdu Long Tai Biotechnology Co. Ltd        | 154.8                 | 4.66                 |
| 4       | Krishna Export & Packing                      | 153.4                 | 4.61                 |
| 5       | Yogi Dye Chem                                 | 140.2                 | 4.22                 |
| 6       | Shri Siddhi Polprint                          | 107.5                 | 3.23                 |
| 7       | Mehul Trading Co.                             | 105.5                 | 3.18                 |
| 8       | Xingxiang Singlong Industrial & Trade Co. Ltd | 98.0                  | 2.95                 |
| 9       | Mahavir Minerals & Metals                     | 94.7                  | 2.85                 |
| 10      | Quimica Industrial Del Borax Ltd              | 82.2                  | 2.47                 |
|         | <b>Total</b>                                  | <b>1771.1</b>         | <b>53.28</b>         |

## Important Events in the History of the Company

| Year | Events   |
|------|--|
| 1969 | <ul style="list-style-type: none"> <li>Incorporation of the Company as "Aries Agro-Vet Industries Private Limited"</li> <li>The company started off with a small range of mineral feed additives for animals &amp; birds</li> <li>Product Cattlemin launched.</li> </ul>   |
| 1970 | <ul style="list-style-type: none"> <li>Products Prot-O-Liv and Boon-O-Milk launched.</li> </ul>  |
| 1975 | <ul style="list-style-type: none"> <li>Diversified into nutrients feeds for plant.</li> <li>Branched out into Agrochemicals with the introduction of Chelated Micronutrients.</li> <li>Products Agromin, Chelates, and Chelamin launched.</li> </ul>   |
| 1976 | <ul style="list-style-type: none"> <li>Products Chelafer, Chelacop, Chelamag and Chelacal launched.</li> </ul>   |
| 1979 | <ul style="list-style-type: none"> <li>Products Plantomycin and Agronaa launched.</li> </ul>   |
| 1994 | <ul style="list-style-type: none"> <li>Converted into Public Limited Company as "Aries Agro-Vet Industries Limited.</li> <li>Revaluation of the factory building at Govandi, Mumbai as at 18<sup>th</sup> July, 1994 and the resultant increase in the value of Rs. 17.60 crores was transferred to revaluation reserves.</li> <li>Bonus Issue in the ratio of 25:1.</li> </ul>  |
| 1995 | Registered office shifted to Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043   |
| 1997 | Manufacturing facility set up in Ludhiana on leased premises for veterinary products, but was found unviable and closed subsequently.  |
| 2001 | <ul style="list-style-type: none"> <li>Expanded its product line to include secondary nutrients – sulphur, magnesium and calcium.</li> <li>Closed packing units at Coimbatore and Guntur due to uneconomical operations and veterinary product plants at Kanpur and Ludhiana.</li> <li>Product Boron launched.</li> </ul>  |
| 2002 | <ul style="list-style-type: none"> <li>Further expanded its plant nutrition product line to include value-added, water soluble complexes of nitrogen (N), phosphorous (P) and potassium (K).</li> <li>Products Nitrosulf, Microfert and Aries Total launched.</li> </ul>   |
| 2003 | <ul style="list-style-type: none"> <li>Products Primosulf, Fertimax 13-0-45, Fertimax 0-52-34, Fertimax 12-61-00 and Fertimax 0-0-50 launched.</li> </ul>  |
| 2004 | <ul style="list-style-type: none"> <li>Product Agromin Max launched.</li> </ul>  |
| 2006 | <ul style="list-style-type: none"> <li>Name was changed to "Aries Agro Limited".</li> <li>Bonus Issue in the ratio of 1:4..</li> </ul>   |
| 2007 | <ul style="list-style-type: none"> <li>Installed capacity of all plants put together increased from 12,000 tpa to 21,600 tpa.</li> <li>Two wholly owned subsidiaries, namely Aries Agro Care Pvt. Ltd. and Aries Agro Equipments Ltd. incorporated.</li> <li>Investment in a Company in Sharjah, UAE named Golden Harvest Middle East (FZC) which is setting up a project to manufacture chelated Micronutrients. An MOU has been entered whereby the Company would be holding 75% of the Equity of Golden Harvest. <i>(Golden Harvest is having a minority stake in a Company called MAPCO, which is setting up manufacturing facility at Hamriyah Free Zone, UAE for manufacture of soluble NPK fertilizers),</i></li> </ul> |

## Main Objects of the Company:

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

- 1 To carry on the business as manufacturers and producers and dealers in mineral feed supplements.
- 2 To carry on the business as manufacturers and producers and dealers in antibiotic/vitamin, feed supplements for livestock and poultry, animal health products, hygienic products, pharmaceuticals, veterinary medicines, readymade livestock and poultry feeds and allied lines
- 3 To carry on the business as manufacturers and producers of and dealers in fats, fertilisers, manures, dips, sprays, vermifuges, fungicides, medicines and remedies of all kinds for agricultural fruit growing or other purposes or as remedies for men or animals, and whether produced from vegetable or animal matter or by any chemical process

The Object Clauses of the Memorandum of Association enables the Company to undertake activities for which the funds are being raised in this issue and also the activities, which the Company has been carrying on till date.

## Changes in Memorandum of Association of Aries Agro Limited

Since incorporation, the following changes have taken place in the Company's Memorandum of Association:

| Date of Amendment         | Amendment  |
|---------------------------|--|
|                           | <b>Change in Capital clause</b>  |
| During Calendar Year 1976 | Increase from Rs. 5 lakhs to Rs. 10 lakhs  |
| 21.04.1984                | Increase from Rs. 10 lakhs to Rs. 20 lakhs   |
| 26.07.1994                | Increase from Rs. 20 lakhs to Rs. 10 Crores  |
| 12.12.1994                | Sub division of shares from Rs. 100 each to Rs. 10 each  |
| 16.06.2006                | Increase from Rs. 10 crores to Rs. 15 crores<br>Change in Articles – adoption of new set of Articles |
|                           | <b>Change in Name clause</b>   |
| 30.12.1994                | Change of name from Aries Agro-Vet Industries Private Limited to Aries Agro-Vet Industries Limited   |
| 27.10.2006                | Change of name from Aries Agro-Vet Industries Private Limited to Aries Agro Ltd.                     |

## SUBSIDIARIES OF THE COMPANY

There are two subsidiaries of the Company.

### 1. Aries Agro Care Private Ltd. (AACPL)

The Company has been incorporated on 5<sup>th</sup> January, 2007 with Registrar of Companies, Maharashtra, Mumbai.

|                                    |  |
|------------------------------------|--|
| Constitution                       | Private Limited Company  |
| Date of Incorporation              | 5 <sup>th</sup> January, 2007  |
| Registration No.                   | U01122MH2007PTC166761  |
| Board of Directors                 | Dr. T.B. Mirchandani<br>Dr. Jimmy Mirchandani<br>Dr. Rahul Mirchandani   |
| Nature of activities (Main Object) | 1. To carry on in India or elsewhere the business in all branches of agro protection, agro care and to manufacture, process, produce, formulate, mix, disinfect, clean, wash, dilute, concentrate, compound, segregate, pack, repack, add, remove, commercialize, control, compound, develop, heat, grade, freeze, fermentate, reduce, improve, buy, sell, resale, import, export, barter, transport, store, forward, distribute, dispose, handle, manipulate, market, procure, supply, treat, work and to act as agent, broker, representative, consultant, collaborator, adyatia, stockists, liasioner, job worker or otherwise to deal in all crop protection such as insecticides, rodenticides, fungicides, herbicides, weedicides, anti sprouting products, plant growth regulators, disinfectants and other allied goods, materials and substances and for this purpose to produce or deal in all types of nitrogenous, phosphatic, potash or otherwise such as single super phosphate, triple super phosphate, phosphate rock, sodium silica floride, lying rock phosphate, urea, sulphur, gypsum, silicon floride, vanadium pentoxide, olium, sulphuric acid, zinc sulphate, silicon dioxide, phosphoric acid, nitric acid, hydrochloric acid, soda ash, caustic soda, chlorine based chemicals, di ammonium phosphate, mono ammonium phosphate, calcium chloride and other organic salts, by products, derivatives, compounds, residues, waste, wheather strait, complex or mixed and whether granulated, chelated, soluble or otherwise and to do all incidental acts and things necessary for the attainment of above objects.<br>2. To buy, sell, import, export, manufacture, produce, treat all kinds of machinery, food products, seeds, patents and licenses. |
| Registered office                  | Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043.   |

## Shareholding Pattern –

As on 31<sup>st</sup> October, 2007

| Sl. No. | Name of the Shareholder | No. of shares of face value of Rs.10 | Percentage  |
|---------|-------------------------|--------------------------------------|-------------|
| 1       | Dr. T. B. Mirchandani * | 1                                    | 0.01%       |
| 2       | Dr. Jimmy Mirchandani * | 1                                    | 0.01%       |
| 3       | Dr. Rahul Mirchandani * | 1                                    | 0.01%       |
| 4       | Aries Agro Ltd.         | 9997                                 | 99.97%      |
|         | <b>Total</b>            | <b>10,000</b>                        | <b>100%</b> |

\* On behalf of Aries Agro Limited

AACPL proposes to trade in seeds for vegetables and field crops. AACPL proposes to purchase the seeds from M/s Dhaanya Seeds Private Ltd., Bangalore under a proposed technology agreement with Metahelix Life Sciences Private Ltd. AACPL is in the process of entering into an MOU with these companies for a marketing arrangement wherein these companies would produce, pack and supply AACPL the seeds to be marketed under a brand owned by us. Working capital is proposed to be sourced by AACPL partly from booking amounts collected from customers and partly by way of non-fund limits from the Banks.

Since, AACPL has been incorporated in the current year, it is yet to post its first year results.

## 2. Aries Agro Equipments Pvt. Ltd. (AAEPL)

The Company has been incorporated on 12<sup>th</sup> January, 2007 with Registrar of Companies, Maharashtra, Mumbai.

|   |   |
|---|---|
| <b>Constitution</b>                       | Private Limited Company   |
| <b>Date of Incorporation</b>              | 12 <sup>th</sup> January, 2007  |
| <b>Registration No.</b>                   | UO1403MH2007PTC166972   |
| <b>Board of Directors</b>                 | Dr. T.B. Mirchandani<br>Dr. Jimmy Mirchandani<br>Dr. Rahul Mirchandani  |
| <b>Nature of activities (Main Object)</b> | To carry on the business in India and abroad to manufacture, repair, maintain, prepare, produce, fabricate, assemble, alter, buy, sell, import, export, develop, design, lease, hire, let on hire, commercialise, consist and to act as trader, agent, broker, vendor, consultant, collaborator and consignor in all types of rural and farm equipments, machinery, implements, tillers/ power fillers, sprayers, dusters, mist blowers, threshers and other modern agriculture equipments, solar equipments, instruments, parts and accessories of all equipments, tools, tackles, materials, substances, goods or things of any description or specifications, characteristics, applications and to do all such incidental acts and things necessary for the attendant of forgoing objects. |
| <b>Registered office</b>                  | Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043.  |

## Shareholding Pattern –

As on 31<sup>st</sup> October, 2007

| Sl. No. | Name of the Shareholder | No. of shares of face value of Rs.10 | Percentage  |
|---------|-------------------------|--------------------------------------|-------------|
| 1       | Dr. T. B. Mirchandani * | 1                                    | 0.01%       |
| 2       | Dr. Jimmy Mirchandani * | 1                                    | 0.01%       |
| 3       | Dr. Rahul Mirchandani * | 1                                    | 0.01%       |
| 4       | Aries Agro Ltd.         | 9,997                                | 99.97%      |
|         | <b>Total</b>            | <b>10,000</b>                        | <b>100%</b> |

\* On behalf of Aries Agro Limited

AAEPL proposes to initiate trading of mini tractors sometime in the last quarter of financial year 2007-08 and has accordingly planned to launch the product on test-marketing basis around December, 2007 / January, 2008. Accordingly, we have started conducting market surveys through our sales personnel across our dealer network. The proposed activity envisages a trading operation wherein AAEPL would buy

out the complete mini-tractor from M/s P M Diesels Private Ltd., (PMDPL) a company in Rajkot, Gujarat and market the same under our own brand. AAEPL has entered into an MOU dated 10<sup>th</sup> April, 2007 with M/s P M Diesels Private Ltd. We expect the expenditure of around Rs. 25 to Rs.30 lakhs by AAEPL, which will be provided to it by us through our internal cash accruals in suitable form i.e. loan/equity. Working capital is proposed to be sourced by AAEPL partly from booking amounts collected from customers and partly by way of non-fund limits from the Banks. The major terms of the MOU are as under:

- (ii) PMDPL to manufacture the "Rolling Chassis" with certifications.
- (iii) AAEPL to supply "body shell" for the Rolling Chasis of the mini-tractors to PMDPL and, PMDPL shall assemble the products and sell the completed products to AAEPL.
- (iv) Initially AAEPL to market around 2,000 products during the period of 24 months from the date of first commercial supply of the products.
- (v) MOU is valid for 2 years with an option to extend the Agreement for a further period of 2 years each.

Since, AAEPL has been incorporated in the current year; it is yet to post its first year results.

## SHAREHOLDERS AGREEMENTS

A Memorandum of Association and Regulation for Golden Harvest Middle East (FZC) dated 1<sup>st</sup> February, 2007 regulating the relationship between Aries Agro, Dr. Jimmy Mirchandani, Dr. Rahul Mirchandani, Mr. Akshay Mirchandani and Mr. C.S. Shankaranarayan has been entered into whereby Aries would hold 75% of the equity capital of Golden Harvest and the balance would be held by other shareholders. Golden Harvest is a Company incorporated in UAE, currently engaged in Trading Activities. It is setting up a project to manufacture chelated micronutrients with a capacity 900 MT/Year in UAE. At present there are no other shareholding agreements other than this agreement between the Company and any other person or person amongst themselves. Main terms and conditions of the Memorandum of Association are as detailed below:

1. The principal objects are to carry on the activities of manufacturing Chemical Fertiliser and exporting all the necessities, material and acts related to its natural work.
2. As on 1<sup>st</sup> February, 2007, the capital structure of the Company is as under:

| Name of the Shareholder   | No. of Shares of face value of Dirhams 100 | %age           |
|---------------------------|--|----------------|
| Dr. Rahul Mirchandani     | 725  | 48.30%         |
| Dr. Jimmy Mirchandani     | 390  | 26.00%         |
| Mr. Akshay Mirchandani    | 375  | 25.00%         |
| Mr. C. S. Shankaranarayan | 10   | 0.70%          |
| <b>Total</b>              | <b>1,500</b>                               | <b>100.00%</b> |

3. On completion of the project the paid up capital of the Company will be divided among the parties in the following manner:

| Name of the Shareholder   | Equity share capital (in lakhs AED) | Equity Share Capital (in Rs. lakhs) | %age           |
|---------------------------|-------------------------------------|-------------------------------------|----------------|
| Dr. Jimmy Mirchandani     | 5.20                                | 63.85                               | 6.50%          |
| Dr. Rahul Mirchandani     | 9.70                                | 119.12                              | 12.12%         |
| Mr. Akshay Mirchandani    | 5.00                                | 61.40                               | 6.25%          |
| Mr. C. S. Shankaranarayan | 0.10                                | 1.23                                | 0.13%          |
| Aries Agro Ltd.           | 60.00                               | 736.80                              | 75.00%         |
| <b>Total</b>              | <b>80.00</b>                        | <b>982.40</b>                       | <b>100.00%</b> |

4. The capital may be increased or decreased provided the same is divided among the parties in accordance with the rates/ratio mentioned.
5. The cost of the project is estimated at 80 lakhs AED (equivalent to Rs. 982.40 lakhs) which would be funded by shareholders in the ratio of their shareholding.
6. Aries to appoint 2 Nominees on the Board.
7. Aries to bring funds of 60 lakhs AED (equivalent to Rs. 736.80 lakhs) during the period upto 30.9.2007



and existing other shareholders shall bring 20 lakhs AED (equivalent to Rs. 245.60 lakhs) including profits capitalisation, during the period upto 31.3.2008.

8. Profits as on 31.3.2007 will be capitalised by issuance of shares in the ratio of shares held by Dr. Jimmy Mirchandani, Dr. Rahul Mirchandani, Mr. Akshay Mirchandani and Mr. C.S. Shankaranarayan.
9. The period of the Company shall be 20 years, commencing from the date of registration and to be renewed for the same period unless it expires either by law or by a special resolution issued by the General assembly of the Company.

The Company has not entered into any other shareholders agreements other than the above-mentioned agreement.

As regards Point 7, we are yet to bring in the full stipulated amount as the same is to be funded from the IPO proceeds.

#### **OTHER AGREEMENTS**

We have not entered into any such agreements other than the agreements entered into normal course of business.

#### **STRATEGIC PARTNERS**

We, as on date, have no strategic partners.

#### **FINANCIAL PARTNERS**

We have no financial partners.

## MANAGEMENT AND ORGANISATION

### Board of Directors

As per the Articles of Association, the Company shall not have less than 3 directors and not more than 12 directors unless otherwise determined by the Company in a General Meeting. The Company currently has 6 (six) Directors out of which only three (3) are Executive Directors and three (3) are Independent Directors. The Company has a Chairman who is an Executive Director.

The following table sets forth details regarding the current Board of Directors:

| Name, Designation, Qualification, Father's Name, Address, Occupation, Date of Birth (DOB), Age, Term and DIN  | Date of Appointment in the Company     | Other Directorships/Partnerships/Proprietorships/Trustees   |
|---|--|---|
| <b>Dr. T.B. Mirchandani</b><br>Chairman and Managing Director<br>B.Sc.(Veterinary)<br>S/o Late Bhagchand Mirchandani<br>Mirabelle, Deonar Farm Road<br>Mumbai 400 088<br>Business<br>DOB – 19.4.1932<br>75 years<br>Term – 5 years<br>Reappointed from 1st October, 2005 upto 30th September, 2009<br>DIN: 00238971   | Since Incorporation<br>i.e. 27/11/1969 | Sreeni Agro Chemicals Pvt. Ltd.<br>Aries East-West Nutrients (P) Ltd.<br>Aries Marketing Ltd.<br>Aries Agro Care Pvt Ltd.<br>Aries Agro Equipments Pvt Ltd  |
| <b>Dr. Jimmy Mirchandani</b><br>Jt. Managing Director<br>B.Sc.(Veterinary)<br>S S/o Dr. T.B. Mirchandani<br>Mirabelle, Deonar Farm Road<br>Mumbai 400 088<br>Business<br>DOB – 10.1.1956<br>51 years<br>Term – 5 years<br>Reappointed 1st October, 2005 upto 30th September, 2009<br>DIN: 00239021                    | 15/01/1976                             | Sreeni Agro Chemicals Pvt. Ltd.<br>Aries East-West Nutrients (P) Ltd.<br>Blossoms International Ltd.<br>Aries Agro Care Pvt Ltd.<br>Aries Agro Equipments Pvt Ltd<br><br>Proprietorship Firm<br>Mirabelle International |
| <b>Dr. Rahul Mirchandani</b><br>Executive Director<br>B.Com, CFA, MBA<br>S/o Dr. T.B. Mirchandani<br>Mirabelle, Deonar Farm Road<br>Mumbai 400 088<br>Business<br>DOB – 12.8.1975<br>32 years<br>Term – 5 years<br>Reappointed 1st October, 2005 upto 30th September, 2009<br>DIN: 00239057                           | 2/2/1994                               | Sreeni Agro Chemicals Pvt. Ltd.<br>Aries Marketing Ltd.<br>Blossoms International Ltd.<br>Aries Agro Care Pvt Ltd.<br>Aries Agro Equipments Pvt Ltd   |
| <b>Dr. S. R. Ganesh</b><br>Independent Director<br>B.Tech (Mech.), MSc (Management), Ph.D.<br>S/o Late Samakulam Ramaswamy<br>Ramakrishnan<br>13/204, Garden Estate,<br>Gladys Alvares Rd Extension<br>Thane (W) – 400 601<br>Consultant<br>DOB – 15.6.1946<br>61 years<br>Term – Retire by rotation<br>DIN: 00084383 | 01/12/2005                             | AIA Engineering Ltd.<br>ATE Enterprises Private Limited<br>ATE Marketing Private Limited  |
| <b>Dr. D. S. Jadhav</b><br>Independent Director   | 3/3/1995                               | -   |

| Name, Designation, Qualification, Father's Name, Address, Occupation, Date of Birth (DOB), Age, Term and DIN  | Date of Appointment in the Company | Other Directorships/Partnerships/Proprietorships/Trustees |
|---|------------------------------------|---|
| BSc., B.Sc. (Vet) Hons, M.S., Ph.D.<br>S/o Late Savla Laxman Jadhav<br>D-51/496, MIG Colony, Gandhi Nagar, Bandra, Mumbai 51<br>Consultant<br>DOB – 1.10.1927<br>80 years<br>Term – Retire by rotation<br>DIN: 00494416   |                                    |   |
| <b>Prof. R.S.S. Mani</b><br>Independent Director<br>B.Sc., M.A. (Personnel Mgmt. & Industry Relations)<br>S/o Mr. Ramaratnam Guruswamy<br>B-5, Basera<br>Din Quarry Road<br>Deonar<br>Mumbai 400 088<br>Consultant<br>DOB – 31.5.1963<br>44 years<br>Term – Retire by rotation<br>DIN: 00527270 | 16/8/2004                          | -   |

#### Brief Profile of the Board of Directors

##### Dr T B Mirchandani – Chairman & Managing Director

Dr T B Mirchandani is a veterinary graduate and Doctorate in Veterinary Medicine from Mumbai University. He has over 40 years of experience in the area of animal feed additives & health products. He started his career as Veterinary Officer in 1954 with Aarey Milk Colony and left them in 1961 to join Boots Pharmaceuticals Ltd as Marketing Manager, Animal Health Division. He left Boots to start his own venture and became the founder promoter of the Company. Since, 1969, he is the Chairman & Managing Director of the Company. Dr T B Mirchandani is a renowned name in the Veterinary Industry in India. He is also the founder president of Indian Micro Fertilisers Manufacturers' Association of India. Dr. T.B. Mirchandani drew a gross remuneration of Rs. 25,67,585/- in the financial year 2006-07.

##### Dr Jimmy Mirchandani – Joint Managing Director

Dr Jimmy Mirchandani is a Bachelor of Veterinary Science & Animal Husbandry from Konkan Krishi Vidyapeeth-Agri University, and Doctorate in Veterinary Medicine from Mumbai University. He has been conferred "Bachelor of Laws" by Mumbai University. Dr Jimmy Mirchandani is with Aries for almost 26 years; more particularly involved with the development of new products. He looks after the day to day operations of the Company. He was instrumental in propelling Aries Research into the chelation area. He was also the president of Indian Micro Fertilisers Manufacturers' Association of India (2001-2005). Dr. Jimmy Mirchandani drew a gross remuneration of Rs. 24,59,646/- in the financial year 2006-07.

##### Dr. Rahul Mirchandani – Executive Director

Dr. Rahul Mirchandani is a B.Com from R A Poddar College of Commerce & Economics, Bombay and a Chartered Financial Analyst from the Institute of Chartered Financial Analysts (ICFAI), India. He completed his MBA from the University of Canberra, Australia in 1998. He has been granted One Year Diploma in Marketing & Business Administration from India International Trade Center in 1993. He has been granted Diploma in Business Finance, from ICFAI, India in May, 1996 and also Advanced Diploma in Finance, from ICFAI in February, 1997. He holds an Honours Diploma in Sales and Marketing from the National Institute of Sales, Bombay. He has completed a course of Instructions in Financial Management from Management Studies Promotion Institute (MSPI), New Delhi in July, 2004. He has been awarded Fellow Membership from Management Studies Promotion Institute in July, 1994. He has received Principal's Special Award from R.A.Poddar College of Commerce and Economics, Mumbai in February, 1995 in recognition of his consistent and meritorious contribution to the activities of the College. He is also the visiting faculty in IIM, Ahmedabad and Narsee Monjee Institute of Management Studies (NMIMS), Mumbai. He has received Doctorate in Philosophy (Management Studies) from NMIMS University, Mumbai. He looks after the marketing activities of the Company. He is also the member of the Audit committee. Dr. Rahul Mirchandani drew a gross remuneration of Rs. 15,12,012/- in the financial year 2006-07.

**Dr S R Ganesh – Independent Director**

Dr S R Ganesh is a B. Tech (Mechanical Engineering) from IIT, Mumbai, S.M (Management) from Sloan School of Management, MIT, USA, and PhD in Business Studies from London School of Business, University of London, UK. He has over two decades of academic experience having been a Professor, inter alia, at IIM Ahmedabad from September 1979 to August 1983; Visiting Professor at University of California Los Angeles (UCLA) in Spring 1989; University of Virginia, USA from August 1989-August, 1990; ITC Professor of Strategic Management at Administrative Staff College of India, Hyderabad from September, 1990 to May, 1992; S.P. Jain Institute of Management Studies & Research, Mumbai from 1986-1989 besides others; Dr. S.R. Ganesh also has over a decade of industry experience having served in various capacities with several Multi National and Indian Companies such as SBI Capital Markets, Tata Consultancy Services, Hindustan Lever Ltd., Blow Plast Ltd., Essar Group etc. .

**Dr D S Jadhav – Independent Director**

Dr D S Jadhav is a retired Associate Dean of the Bombay Veterinary College. He has been awarded the degree of Doctorate of Philosophy and Master of Science from the University of Minnesota and Bachelor of Veterinary Science from the University of Bombay. He worked in USA at the Agri Experiment Station, Crookston for 1 year in 1962-63. He later worked as a Professor & Head of the Department of Animal Nutrition from 1966-1982, then as Associate Dean of Bombay Veterinary College in 1983-85.. Post retirement, he has worked as Director, Tata Marginal Farm Management Institute, Navsari, Gujarat from 1986-1989 where he trained rural youths and managed poultry farm and Dairy farm. He later worked as Professor at Institute of Poultry Management of India, Pune from 1989-1990, where he was associated in teaching and management of 45000 layers and 27000 broiler farm. He has also worked as Manager, Rani Hatcheries, Panvel between 1990-1993. He has also advised feed formulation to MAIDC and other co-operative organisations and also worked on selection committees in various Agricultural Universities.

**Prof. R.S.S. Mani – Independent Director**

Prof. R S S Mani is a HRD Management Educator & Management Strategy Consultant in the areas of education and career guidance with over 15 years of consulting experience with blue-chip companies such as Tata Liebert Limited, Camlin, Gaitonde Group during the period 1996-2000, Wockhardt Ltd. and Larsen & Toubro during the period 2001-06; and conducted training programmes with Reliance Industries, Reliance Energy, Asian Paints, Philips, Tata Motors etc. He has been awarded B.Sc degree from University of Bombay and Master of Arts in Personnel Management and Industrial Relations from Tata Institute of Social Sciences. He has also been an active member of the National HRD network, regularly organizing seminars, conferences and HR conventions. He was also the faculty member at Tata Institute of Social Sciences from 1989 to 1994 for conducting training programmes for organizations throughout India.

**BORROWING POWERS**

The Company at its Annual General Meeting held on 16th June, 2006 passed a resolution authorizing the Board of Directors pursuant to the provisions of section 293(1)(d) of the Companies Act, for borrowing from time to time any sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from Company's banker in ordinary course of business) may exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose provided that the total amount of moneys so borrowed by the Board shall not at any time exceed the limit of Rs. 500 Crores.

**COMPENSATION OF NON-EXECUTIVE DIRECTORS**

Non-Executive Directors are paid remuneration as detailed hereunder.

Sitting fees are as under:

|                                |                        |
|--------------------------------|------------------------|
| Board Meeting                  | Rs. 10,000 per meeting |
| Audit Committee Meeting        | Rs. 5,000 per meeting  |
| Investor Grievances Meeting    | Rs. 2,500 per meeting  |
| Remuneration Committee Meeting | Rs. 5,000 per meeting  |

## **TERMS OF APPOINTMENT & COMPENSATION OF EXECUTIVE DIRECTORS**

### **Dr. T.B.Mirchandani**

The Chairman & Managing Director was reappointed by members of the Company pursuant to the resolution passed at their 34<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2004 for a period of 5 (five) years with effect of 1<sup>st</sup> October, 2004 which was approved by the Board of Directors at their meeting held on 31<sup>st</sup> August, 2004.

Dr T B Mirchandani is paid the following remuneration w.e.f 1<sup>st</sup> October, 2007:

#### **Salary:**

Not exceeding Rs. 1,64,775/- per month including dearness and all other allowances with an authority to remuneration committee to grant an increment not exceeding 30% of the last salary drawn.

#### **Commission:**

Equivalent to 1% (One percent) of the net profits of the company or Rs. 5.00 lakhs whichever is less and as approved by the remuneration committee.

#### **Perquisites:**

- A. Rent-free furnished accommodation or house rent allowance not exceeding Rs. 54,925/- per month along with benefits of gas, fuel, water, electricity and telephone, fax as also upkeep and maintenance of the residential accommodation the value of such accommodation and its upkeep and maintenance being evaluated in accordance with the provisions of the Income Tax Rules. Personal long distance calls will be billed to Dr. T.B. Mirchandani.
- B. Conveyance: Company car with chauffeur or alternatively company to maintain Dr. T.B. Mirchandani's personal car and provide him with a chauffeur; monetary value for private use to be evaluated in accordance with the Income Tax Rules.
- C. Medical Benefits: Reimbursement of medical expenses for himself and his family actually incurred during the continuance of his employment as per Rules of the Company upto a limit of one months salary in a year or three months salary over a period of three years.
- D. Leave: 30 working days leave (travelling time included) once in every year of service, with encashment of unavailed leave at the end of the tenure.
- E. Leave Travel Assistance: Leave travel concession for self and family, once every year or as per rules of the company.
- F. Personal Accident Insurance for himself and his family, premium of which shall not exceed Rs. 4,000/- per annum.
- G. Club fees subject to maximum of two clubs. No admission or life membership fees will be paid
- H. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these singly or put together are not taxable under the Income Tax Act, 1961; gratuity payable at a rate not exceeding half a month salary for each completed year of service and encashment of unavailed leave at the end of tenure shall not be included in the compensation of the ceiling on remuneration in terms of Schedule XIII of the Companies Act, 1956.

Dr. T.B. Mirchandani will not be entitled to sitting fees for meetings of the Board / Committee of the Board attended by them.

Wherein in any financial year during the aforesaid tenure of Dr. T.B. Mirchandani as the Managing Director of the Company, the Company has no profits or the profits are inadequate, the Company shall pay him the aforementioned remuneration and perquisites except the commission.

### **Dr. Jimmy Mirchandani**

Dr Jimmy Mirchandani, Jt. Managing Director of the Company was reappointed by members of the Company pursuant to the resolution passed at their 34<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2004 for a period of 5 (five) years with effect of 1<sup>st</sup> October, 2004 which was approved by Board of Directors at their meeting held on 31<sup>st</sup> August, 2004.

Dr Jimmy Mirchandani is paid the following remuneration w.e.f 1<sup>st</sup> October, 2007:

#### **Salary:**

Not exceeding Rs. 1,53,790/- per month including dearness and all other allowances with an authority to remuneration committee to grant an increment not exceeding 30% of the last salary drawn.

**Commission:**

Equivalent to 1% (One percent) of the net profits of the company or Rs. 5.00 lakhs whichever is less and as approved by the remuneration committee.

**Perquisites:**

- A. Rent-free furnished accommodation or house rent allowance not exceeding Rs. 54,925/- per month along with benefits of gas, fuel, water, electricity and telephone, fax as also upkeep and maintenance of the residential accommodation the value of such accommodation and its upkeep and maintenance being evaluated in accordance with the provisions of the Income Tax Rules. Personal long distance calls will be billed to Dr. Jimmy Mirchandani.
- B. Conveyance: Company car with chauffeur or alternatively company to maintain Dr. Jimmy Mirchandani's personal car and provide him with a chauffeur; monetary value for private use to be evaluated in accordance with the Income Tax Rules.
- C. Medical Benefits: Reimbursement of medical expenses for himself and his family actually incurred during the continuance of his employment as per Rules of the Company upto a limit of one months salary in a year or three months salary over a period of three years.
- D. Leave: 30 working days leave (travelling time included) once in every year of service, with encashment of un availed leave at the end of the tenure.
- E. Leave Travel Assistance: Leave travel concession for self and family, once every year or as per rules of the company.
- F. Personal Accident Insurance for himself and his family, premium of which shall not exceed Rs. 4,000/- per annum.
- G. Club fees subject to maximum of two clubs. No admission or life membership fees will be paid
- H. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these singly or put together are not taxable under the Income Tax Act, 1961; gratuity payable at a rate not exceeding half a month salary for each completed year of service and encashment of un availed leave at the end of tenure shall not be included in the compensation of the ceiling on remuneration in terms of Schedule XIII of the Companies Act, 1956.

Dr. Jimmy Mirchandani will not be entitled to sitting fees for meetings of the Board / Committee of the Board attended by them.

Wherein in any financial year during the aforesaid tenure of Dr. Jimmy Mirchandani as the Joint Managing Director of the Company, the Company has no profits or the profits are inadequate, the Company shall pay him the aforementioned remuneration and perquisites except the commission.

**Dr. Rahul Mirchandani:**

Dr. Rahul Mirchandani, Executive Director of the Company, was reappointed by members of the Company pursuant to the resolution passed at their 34<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2004 for a period of 5 (five) years with effect of 1<sup>st</sup> October, 2004 which was approved by Board of Directors in their meeting held on 31<sup>st</sup> August, 2004.

Dr. Rahul Mirchandani is paid the following remuneration w.e.f 1<sup>st</sup> October, 2007:

**Salary:**

Not exceeding Rs. 87,880/- per month including dearness and all other allowances with an authority to remuneration committee to grant an increment not exceeding 30% of the last salary drawn.

**Commission:**

Equivalent to 1% (One percent) of the net profits of the company or Rs. 2.00 lakhs whichever is less and as approved by the remuneration committee.

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**Perquisites:**

- A. Rent-free furnished accommodation or house rent allowance not exceeding Rs. 54,925/- per month along with benefits of gas, fuel, water, electricity and telephone, fax as also upkeep and maintenance of the residential accommodation the value of such accommodation and its upkeep and maintenance being evaluated in accordance with the provisions of the Income Tax Rules. Personal long distance calls will be billed to Dr. Rahul Mirchandani.
- B. Conveyance: Company car with chauffeur or alternatively company to maintain Dr. Rahul Mirchandani's personal car and provide him with a chauffeur; monetary value for private use to be evaluated in accordance with the Income Tax Rules.
- C. Medical Benefits: Reimbursement of medical expenses for himself and his family actually incurred during the continuance of his employment as per Rules of the Company upto a limit of one months salary in a year or three months salary over a period of three years.
- D. Leave: 30 working days leave (travelling time included) once in every year of service, with encashment of un availed leave at the end of the tenure.
- E. Leave Travel Assistance: Leave travel concession for self and family, once every year or as per rules of the company.
- F. Personal Accident Insurance for himself and his family, premium of which shall not exceed Rs. 4,000/- per annum.
- G. Club fees subject to maximum of two clubs. No admission or life membership fees will be paid
- H. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these singly or put together are not taxable under the Income Tax Act, 1961; gratuity payable at a rate not exceeding half a month salary for each completed year of service and encashment of un availed leave at the end of tenure shall not be included in the compensation of the ceiling on remuneration in terms of Schedule XIII of the Companies Act, 1956.

Dr. Rahul Mirchandani will not be entitled to sitting fees for meetings of the Board / Committee of the Board attended by him.

Wherein in any financial year during the aforesaid tenure of Dr. Rahul Mirchandani as the Joint Managing Director of the Company, the Company has no profits or the profits are inadequate, the Company shall pay him the aforementioned remuneration and perquisites except the commission.



## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE & SUB-COMMITTEES

The directions issued by the SEBI vide SEBI/CFD/DIL/CG/1/2004/12/10 dated October 29, 2004 under Clause 49 of the Listing Agreement in respect of Corporate Governance are applicable to the Company immediately upon seeking in-principle approval from the Stock Exchange(s) for listing of the Equity Shares on the various stock exchanges.

We have complied with SEBI Guidelines in respect of Corporate Governance specifically with respect to broad basing of Board, Constituting the Committees such as shareholding / Investor Grievance Committee, etc.

#### Composition of the Board of Directors

To comply with the guidelines in relation to Corporate Governance, the Issuer Company has already appointed three (3) independent directors, viz. Dr D S Jadhav, Dr. S.R. Ganesh and Prof. R.S. S. Mani on its Board. As the Chairman of the company is an Executive Chairman, one-half of the Board of Directors comprises Independent Directors.

As on date the Company has the following Directors on its Board:

| Name                  | Designation                    | Status                               |
|-----------------------|--------------------------------|--------------------------------------|
| Dr T B Mirchandani    | Chairman and Managing Director | Executive & Non-Independent Director |
| Dr Jimmy Mirchandani  | Joint Managing Director        | Executive & Non-Independent Director |
| Dr. Rahul Mirchandani | Executive Director             | Executive & Non-Independent Director |
| Dr D S Jadhav         | Director                       | Non-Executive & Independent Director |
| Dr S R Ganesh         | Director                       | Non-Executive & Independent Director |
| Prof R S S Mani       | Director                       | Non-Executive & Independent Director |

We have already formed the following Committees:

#### (i) Audit Committee

The Audit Committee has been constituted by the Board of Directors of the Company in their meeting held on 26th June, 2001. The said Committee was reconstituted on December 22, 2006. As on date, the Audit Committee comprises of the following members:

|                       |   |                                   |
|-----------------------|---|-----------------------------------|
| Prof R S S Mani       | : | Chairman (Independent Director)   |
| Dr. D S Jadhav        | : | Member (Independent Director)     |
| Dr. Rahul Mirchandani | : | Member (Non-Independent Director) |

The Committee has met on May 8, 2006, December 22, 2006 and March 28, 2007 during the F.Y. 2006-07. It has met on 26<sup>th</sup> July, 2007 and 16<sup>th</sup> November, 2007 during the current year.

#### Powers of Audit Committee

The Audit Committee is entrusted with the following powers:

- To investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 and 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.

#### Role of Audit Committee

The role of the audit committee shall include the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- Recommending 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, 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 non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Monitor the utilisation of the issue proceeds.

#### **Review of information by Audit Committee**

- The Audit Committee to review the following information:
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

Company Secretary is the Secretary of the Committee.

#### **(ii) Remuneration Committee**

The Remuneration Committee was constituted by the Board of Directors at its meeting held on August 16, 2004. The said Committee was reconstituted on December 22, 2006. The re-constituted Remuneration Committee comprises of the following members:

|                 |   |                                 |
|-----------------|---|---------------------------------|
| Dr D S Jadhav   | : | Chairman (Independent Director) |
| Dr S R Ganesh   | : | Member (Independent Director)   |
| Prof R S S Mani | : | Member (Independent Director)   |

The Remuneration Committee shall carry out its functions as contained in Schedule XIII of the Companies Act, 1956 and shall enjoy necessary powers and authority commensurate with its functions.

#### **Terms of Reference:**

To review, assess and recommend the appointment of executive and non-executive directors from time to time, to periodically review the remuneration package of the executive directors and

recommend suitable revision to the Board, to recommend compensation to the non-executive directors in accordance with the Companies Act, to consider and recommend Employee Stock Option Schemes (if any) from time to time and to administer and superintend the same.

### (iii) Shareholders / Investors Grievances Committee

The Shareholders/ Investors Grievance Committee was constituted by the Board in its meeting held on December 22, 2006. This committee has been constituted to specifically look into redressing the shareholders and investors' complaints like to oversee share transfers and monitors investors' grievances such as complaints on transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. and redressal thereof. It has the following terms of reference:

- To accept the share application along with the share application money and reject the application as may be deem fit and proper;
- To do all work relating to transfer, transmission, consolidation, split and issue of duplicate shares of the company;
- To do all the necessary things as may be required from time to time under the Companies Act, 1956 and other related enactment; and
- To look into the shareholder complaints, if any, and to redress the same expeditiously.

The committee consists of the following members:

Prof R S S Mani : Chairman  
Dr Jimmy Mirchandani : Member  
Dr. Rahul Mirchandani : Member

Erstwhile Share transfer committee was dissolved on constitution of Shareholders/ Investors Grievances Committee.

There are no unresolved complaints pending as of this date.

### Shareholding of the Directors

Our Articles of Association do not require its Directors to hold any Equity Shares. The following table details the shareholding of Directors:

| Name of the Directors | Number of Equity Shares (Pre-Issue) | As % of pre-issue shares of the Company |
|-----------------------|-------------------------------------|---|
| Dr. T.B. Mirchandani  | 3543875                             | 41.68%                                  |
| Dr. Jimmy Mirchandani | 1626843                             | 19.13%                                  |
| Dr. Rahul Mirchandani | 563458                              | 6.63%                                   |
| Dr. D. S. Jadhav      | 1000                                | 0.01%                                   |
| Dr. S. R. Ganesh      | NIL                                 | NIL%                                    |
| Prof. R. S. S. Mani   | NIL                                 | NIL%                                    |

For details regarding Equity Shares held by the Promoters and their families and entities controlled by them, please refer "Capital Structure of the Company" at page no. 19 of this Red Herring Prospectus.

### Interest of the Directors

All the Directors may be deemed to be interested to the extent of the sitting fees payable to them for attending meetings of the Board or committee, as well as to the extent of other remuneration and reimbursement of expenses payable to them. Further, all Directors may also be deemed to be interested to the extent of Equity Shares and dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or their relatives or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees out of the present Issue. The Promoters are also promoters/directors of the Subsidiaries/group Companies.

All Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by Aries with any Company in which they hold Directorships or any partnership firm in which they are partners as may be declared in their respective declarations.

Except as stated in “Related Party Transactions” on page no 183 of this Red Herring Prospectus, and to the extent of shareholding in the Company, the Promoters do not have any other interest in our business. No stock options have been issued, vested or exercised by the Directors, since we have not instituted any such plan until date

The Executive Directors of our Company are interested to the extent of remuneration paid to them for services rendered as officers or employees of the Company. For more details, please refer “Related Party Disclosures” as mentioned in page no. 183 of the Auditors’ Report given in this Red Herring Prospectus.

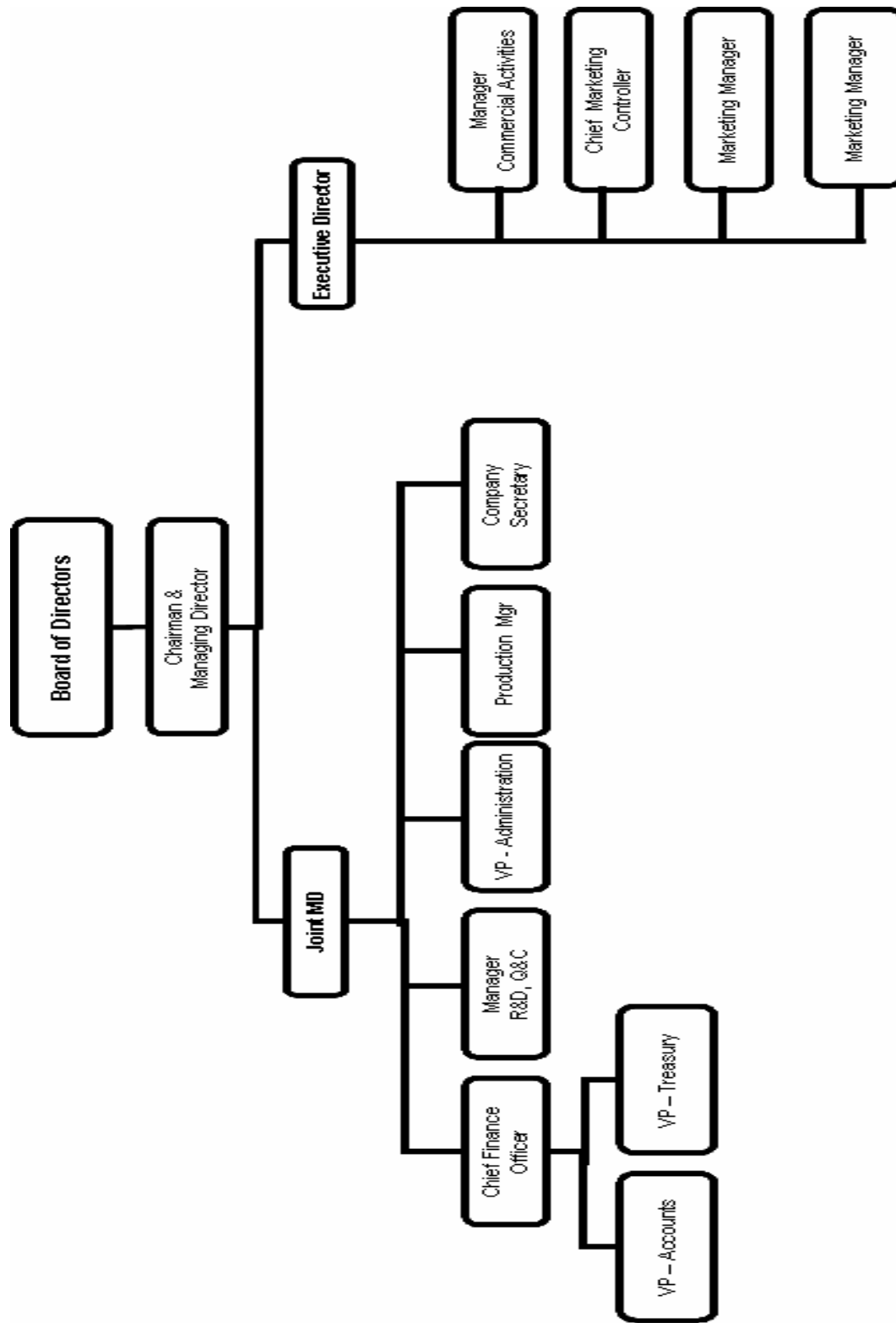
Except as may be stated otherwise in this Red Herring Prospectus, the Company has not entered into any contract, agreement or arrangement during the preceding 2 years from the date of this Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

#### **Changes in Directors in the last three years**

The changes in our Board of Directors during the last three years are as follows:

| <b>Name</b>     | <b>Date of Appointment</b> | <b>Date of Cessation*</b> | <b>Reason</b>                    |
|-----------------|----------------------------|---------------------------|----------------------------------|
| Dr. S.R. Ganesh | 01.12.2005                 | N.A.                      | Appointed as Additional Director |

## ORGANISATION STRUCTURE



## KEY MANAGERIAL PERSONNEL

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of production, finance, marketing and administration. The following key personnel other than the Chairman & Managing Director, Jt. Managing Director and Executive Director assist the Management:

Details of the key managerial personnel are as follows:

| Sl. No. | Name                  | Designation                | Qualification  | Experience (Years) | Date of Appointment* | Details of Previous Employment        |
|---------|-----------------------|----------------------------|--|--------------------|----------------------|---------------------------------------|
| 1.      | Mr. S. Ramamurthy     | Chief Financial Officer    | B.Com. CA  | 30                 | 16/10/1995           | Micro Plantae Ltd., Mumbai            |
| 2.      | Mr. B.R. Pandey       | VP-Administration          | B.Sc., Diploma in Personnel Mgt & Industrial Relations | 26                 | 18/01/1982           | With a Labour Advocate at Mumbai      |
| 3.      | Mr. G. Kannan         | VP- Accounts               | B.Sc.  | 30                 | 11/02/1982           | Visa Agencies, Tamilnadu              |
| 4.      | Mr. N.E. Moorthy      | VP-Treasury                | B.Com.   | 26                 | 22/09/1983           | With a CA Firm, Mumbai                |
| 5.      | Ms. Lalitha Sanzgiri  | Manager – Quality Control  | M.Sc. in Biochemistry                                  | 21                 | 27/12/1993           | BARC, Mumbai                          |
| 6.      | Mr. Biplab Chatterjee | Manager- Production        | B.Sc.  | 17                 | 1/04/2002            | Jaysynth Dyechem                      |
| 7.      | Mr. Jitendra Hinduja  | Manager – Commercial       | B.Com. DFM   | 13                 | 10/2/2004            | RMC Ready Mix India Pvt. Ltd.         |
| 8.      | Mr. Y.S. Rao          | Marketing Manager          | B.Com, PGDM (Mktg. & Sales)                            | 35                 | 21/09/1973           | -                                     |
| 9.      | Mr. P.K. Jaiswal      | Chief Marketing Controller | B.Sc.  | 26                 | 26/01/1982           | -                                     |
| 10.     | Mr. P.M. Subramanian  | Marketing Manager          | B.Sc   | 29                 | 01/01/1981           | Agro Service Centre, Tamil Nadu       |
| 11.     | Mr. Anup Kumar Saha   | Marketing Manager          | B.Com  | 31                 | 02/04/1983           | Herbs India Pvt. Ltd., Saharanpur, UP |
| 12.     | Mr. Prasad A Oak      | Company Secretary          | B.Com., LL.B., ACS                                     | 8                  | 14/12/2006           | Atherstone Capital (Asia) Ltd.        |

### Brief details of Key Managerial Personnel

- Mr. S. Ramamurthy, aged 53 years, is Chief Financial Officer of the Company. He is a graduate in Commerce and a qualified Chartered Accountant. Mr. Ramamurthy has about 30 years of experience, out of which the last 12 years have been with Aries Agro. Prior to joining Aries Agro, he was Vice President (Finance & Accounts) with Micro Plantae Limited, Mumbai. Mr. Ramamurthy is responsible and the overall in-charge for the entire finance and accounts functions in the Company, and is the Compliance Officer for the proposed public issue. His annual compensation during the financial year 2006-07 was Rs. 8.17 lakhs.
- Mr. B.R. Pandey, aged 45 years, is Vice President (Administration) of the Company. He is a graduate in Science and a Diploma in Personnel Management & Industrial Relations. Mr. Pandey has about 26 years of experience, out of which the last over 25 years have been with Aries Agro. Prior to joining Aries Agro, he was associated with a Labour Advocate in Mumbai. Mr. Pandey is responsible for the entire administrative and HR functions besides being responsible for Government Licenses and approvals for the Company's production facilities, branches and businesses. His annual compensation during the financial year 2006-07 was Rs. 4.79 lakhs.
- Mr. G. Kannan, aged 53 years, is Vice President (Accounts) of the Company. He is a graduate in Science with a rich experience in accounting. Mr. Kannan has about 31 years of experience, out of which the last over 25 years have been with Aries Agro. Prior to joining Aries Agro, he was employed with Visa Agencies, Tamilnadu. Mr. Kannan is responsible for the accounts functions in the Company and his annual compensation during the financial year 2006-07 was Rs. 4.73 lakhs.

4. Mr. N.E. Moorthy, aged 46 years, is Vice President (Treasury) in the Company. He is a graduate in Commerce and has about 26 years of experience, out of which the last 24 years have been with Aries Agro. Prior to joining Aries Agro, he was employed with a Mumbai-based Chartered Accountant firm. Mr. Moorthy is responsible for the investments and treasury functions in the Company. His annual compensation during the financial year 2006-07 was Rs. 4.75 lakhs.
5. Ms. Lalitha Sanzgiri, aged 51 years, is Manager (Quality Control) in the Company. She is a post-graduate in Science and has about 21 years of experience, out of which nearly 14 years have been with Aries Agro. Prior to joining Aries Agro, she was employed with Bhabha Atomic Research Centre (BARC), Mumbai. She is responsible for all quality control aspects related to the Companies wide portfolio of products. Her annual compensation during the financial year 2006-07 was Rs. 3.41 lakhs.
6. Mr. Biplab Chatterjee, aged 39 years, is Manager (Production) in the Company. He is a graduate in Science and has about 17 years of experience, out of which the last 5 years have been with Aries Agro. Prior to joining Aries Agro, he was employed with Jaysynth Dyechem. Mr. Chatterjee is responsible for the entire production activities in the Company. His annual compensation during the financial year 2006-07 was Rs. 3.47 lakhs.
7. Mr. Jitendra Hinduja, aged 33 years, is Manager (Commercial) in the Company. He is a graduate in Commerce and Diploma in Financial Management. Mr. Hinduja has about 13 years of experience, out of which the last over 3 years has been with Aries Agro. Prior to joining Aries Agro, he was employed with RMC Ready Mix (India) Private Limited. Mr. Hinduja is responsible for the entire commercial functions in the Company. His annual compensation during the financial year 2006-07 was Rs. 2.86 lakhs.
8. Mr. Y.S. Rao, aged 62 years, is Marketing Manager in the Company. He is a graduate in Commerce and a Post Graduate Diploma in Management with specialization Marketing & Sales. Mr. Rao has about 35 years of experience, out of which the last 34 years has been with Aries Agro. Mr. Rao looks after the marketing and sales functions in the Company. His annual compensation during the financial year 2006-07 was Rs. 7.91 lakhs.
9. Mr. P.K. Jaiswal, aged 48 years, is Chief Marketing Controller in the Company. He is a graduate in Science with about 26 years of experience, out of which the last 25 years have been with Aries Agro. Mr. Jaiswal is in-charge of the entire marketing activities in the Company. His annual compensation during the financial year 2006-07 was Rs. 11.37 lakhs.
10. Mr. P.M. Subramaniam, aged 51 years, is Marketing Manager in the Company. He is a graduate in Science and has about 29 years of experience, out of which the last 26 years have been with Aries Agro. Prior to joining Aries Agro, he was employed with Agro Service Centre, Taminadu. His annual compensation during the financial year 2006-07 was Rs. 2.73 lakhs.
11. Mr. Anup Kumar Saha, aged 52 years, is Marketing Manager in the Company. He is a graduate in Commerce and has over 31 years of experience, out of which the last 24 years have been with Aries Agro. Prior to joining Aries Agro, he was employed as Sales Representative with Herbs India Private Limited, Saharanpur, Uttar Pradesh. Mr. Saha is responsible for the marketing activities in the Esatern region of the country. His annual compensation during the financial year 2006-07 was Rs. 3.93 lakhs.
12. Mr. Prasad A Oak, aged 29 years, is Company Secretary in the Company. He is a graduate in Commerce, LLB and a qualified Company Secretary. Mr. Oak has about 8 years of experience and joined Aries Agro on 14<sup>th</sup> December, 2006. Prior to joining Aries Agro, he was employed with Atherstone Capital (Asia) Limited. Mr. Oak is responsible for the entire secretarial and corporate law functions in the Company. His annual compensation during the financial year 2006-07 was Rs. 1.19 lakhs.

**All the abovementioned Key Managerial Persons are permanent employees of the Company.**

#### **Shareholding of Key Managerial Personnel**

Shareholding of Key Managerial Personnel is as under.



| Sl. No. | Name of Key Employee  | No. of shares held |
|---------|-----------------------|--------------------|
| 1       | Mr. S. Ramamurthy     | Nil                |
| 2       | Mr. P.K. Jaiswal      | 5625               |
| 3       | Mr. Y. S. Rao         | 1875               |
| 4       | Mr. B.R. Pandey       | 1500               |
| 5       | Mrs. Lalita Sanzgiri  | 125                |
| 6       | Mr. G. Kannan         | 750                |
| 7       | Mr. P.M. Subramaniam  | 625                |
| 8       | Mr. Iyer N.E. Moorthy | NIL                |
| 9       | Mr. Biplob Chatterjee | NIL                |
| 10      | Mr Jitendra Hinduja   | NIL                |
| 11      | Mr. Anup Kumar Saha   | NIL                |
| 12      | Mr. Prasad A Oak      | NIL                |

#### **Bonus or Profit Sharing Plan for Key Managerial Personnel**

No. There is no Profit Sharing Plan for the Key Managerial Personnel.

#### **Changes in our Key Managerial Employees during the last three years**

Mr. Prasad A Oak, Company Secretary has been appointed as Company Secretary on 14<sup>th</sup> December, 2006. Other than this, there is no change in our Key Managerial Employees during the last three years.

#### **Family relation with Key Managerial Personnel (KMP)**

There exists no family relation between the promoters/directors and the Key Managerial Personnel.

#### **Employee Stock Option/Stock Purchase Scheme**




As on date, we do not have any Employee Stock Option Scheme or Employee Stock Purchase Scheme.

#### **Payment of benefit to officers of the Company**

Neither any amount nor benefit was paid or given to our officers in the two preceding years nor is it intended to be paid or given to any Promoter except for the salary paid for the services rendered to the Company.

## PROMOTERS

Dr. T. B. Mirchandani, Dr. Jimmy Mirchandani and Dr. Rahul Mirchandani are the promoters of the Company.

| Name of the Promoter    | Dr. T. B. Mirchandani   | Dr. Jimmy Mirchandani  | Dr. Rahul Mirchandani   |
|-------------------------|---|--|---|
| Photo of the Promoters  |  |  |  |
| Driving Licence No.     | N.A.  | 466963   | 22200   |
| Passport Details        | E1416004  | Z-1588630  | B0176130  |
| PAN No.                 | AAAPH1701M  | AABPM5632R   | AFIPM4549K  |
| Voter Id No             | N. A.   | N. A.  | N. A.   |
| Name of Bank and Branch | HDFC Bank Limited, Chembur Branch   | HDFC Bank Limited, Chembur Branch  | HDFC Bank Limited, Chembur Branch   |
| Bank Account No.        | 01310000132592  | 0131000068104  | 0131000063857   |

### Brief Profile of Promoters

#### Dr T B Mirchandani – Chairman & Managing Director

Dr T B Mirchandani is a veterinary graduate and Doctorate in Veterinary Medicine from Mumbai University. He has over 40 years of experience in the area of animal feed additives & health products. He started his career as Veterinary Officer in 1954 with Aarey Milk Colony and left them in 1961 to join Boots Pharmaceuticals Ltd as Marketing Manager, Animal Health Division. He left Boots to start his own venture and became the founder promoter of the Company. Since, 1969, he is the Chairman & Managing Director of the Company. Dr T B Mirchandani is a renowned name in the Veterinary Industry in India. He is also the founder president of Indian Micro Fertilisers Manufacturers' Association of India. Dr. T.B. Mirchandani drew a gross remuneration of Rs. 25,67,585/- in the financial year 2006-07.

#### Dr Jimmy Mirchandani – Joint Managing Director

Dr Jimmy Mirchandani is a Bachelor of Veterinary Science & Animal Husbandry from Konkan Krishi Vidyapeeth-Agri University, and Doctorate in Veterinary Medicine from Mumbai University. He has been conferred "Bachelor of Laws" by Mumbai University. Dr Jimmy Mirchandani is with Aries for almost 26 years; more particularly involved with the development of new products. He looks after the day to day operations of the Company. He was instrumental in propelling Aries Research into the chelation area. He was also the president of Indian Micro Fertilisers Manufacturers' Association of India (2001-2005). Dr. Jimmy Mirchandani drew a gross remuneration of Rs. 24,59,646/- in the financial year 2006-07.

#### Dr. Rahul Mirchandani – Executive Director

Dr. Rahul Mirchandani is a B.Com from R A Poddar College of Commerce & Economics, Bombay and a Chartered Financial Analyst from the Institute of Chartered Financial Analysts (ICFAI), India. He completed his MBA from the University of Canberra, Australia in 1998. He has been granted One Year Diploma in Marketing & Business Administration from India International Trade Center in 1993. He has been granted Diploma in Business Finance, from ICFAI, India in May, 1996 and also Advanced Diploma in Finance, from ICFAI in February, 1997. He holds an Honours Diploma in Sales and Marketing from the National Institute of Sales, Bombay. He has completed a course of Instructions in Financial Management from Management Studies Promotion Institute (MSPI), New Delhi in July, 2004. He has been awarded Fellow Membership from Management Studies Promotion Institute in July, 1994. He has received Principal's Special Award from R.A.Poddar College of Commerce and Economics, Mumbai in February, 1995 in recognition of his consistent and meritorious contribution to the activities of the College. He is also the visiting faculty in IIM, Ahmedabad and Narsee Monjee Institute of Management Studies (NMIMS), Mumbai. He has received Doctorate in Philosophy (Management Studies) from NMIMS University, Mumbai. He looks after the marketing activities of

the Company. He is also the member of the Audit committee. Dr. Rahul Mirchandani drew a gross remuneration of Rs. 15,12,012/- in the financial year 2006-07.

#### **Declaration by the Promoters**

We confirm that the Permanent Account Number, Bank Account number, and Passport number, of the above Promoters, as applicable, have been submitted to the BSE and NSE at the time of filing of the Draft Red Herring Prospectus document with them.

Further, the Promoters have not been declared as wilful defaulters by RBI or any other government authority and there are no violations of securities laws committed by the Promoters in the past nor any such proceedings are pending against the Promoters. Neither the Promoters, nor its directors, any of the company's associates of group companies, and companies with which the Directors of the Issuer Company are associated as directors or promoters have been prohibited from accessing the capital market under any order or directions passed by SEBI.

#### **Common Pursuits**

The main business of the Mirabelle International is to trade in Fertilizer, cattle and poultry feeds, Pesticides and Leather Goods. The main object of Sreeni Agro Chemicals Pvt. Ltd. is to manufacture, produce, formulate, mix, refine, process, reprocess, repack and buy, sell, export, import and/or otherwise deal in all types of organic, inorganic, chemical, pesticides / insecticides and all other agricultural/ aromatic chemicals to be used as pesticides / insecticides. Blossam International Ltd. whose object is to deal in floricultural and horticultural products is yet to commence its commercial production. One of the main object of Aries Marketing Ltd. is to manufacture, sell, distribute or otherwise deal in nutrients, feed, biological supplements, feed additives for animals, birds and plants, to acquire, sell, import/ export or otherwise distribute in Company's own name or as agent of any other company or companies/ firms, fertilizers, chemicals, plant nutrients, pesticides, agrochemicals and/or other agro products. It is engaged in sale of our Products. Main object of Aries East-West Nutrients (P) Ltd. is to manufacture, import, export, sell distribute or otherwise deal in nutrients, feed, biological supplements, feed additives for animals, birds and plants, fertilizers, chemicals, plant nutrients, pesticides, agrochemicals and or other agro products. However, since 1998, its operations are closed.

However, these companies are not having any manufacturing facilities.

Other than the above, there are no companies/firms/ventures, which are/have been in similar business as Aries.

#### **Interest of the Promoters**

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the company. The Promoters are not interested in any property, acquired by us within two years from the date of the Red Herring Prospectus or proposed to be acquired. The Promoters are not interested in any loan or advance given by us, neither are they beneficiary of any such loans or advances.

#### **Payment or benefit to Promoters of the Company**

Dr. T. B. Mirchandani, Chairman & Managing Director, Dr. Jimmy Mirchandani, Managing Director and Dr. Rahul Mirchandani, Executive Director are the promoters of the Company and drew managerial remuneration as mentioned earlier at page no. 150 in this Red Herring Prospectus.

Apart from the above, there have been no payments or benefits our Promoters within the two preceding years or intended to be given to any promoter and consideration for payment of giving of the benefit.

#### **Related Party Transactions**

For details of related party transactions please refer to page no. 183 of the Red Herring Prospectus under the head Auditors Report.

#### **Relationship between the Promoters, Directors and Key Managerial Personnel:**

|   |  |
|---|--|
| Dr. T. B. Mirchandani<br>Chairman & Managing Director | He is the father of Dr. Jimmy Mirchandani, Jt. Managing Director and Dr. Rahul Mirchandani, Executive Director |
| Dr. Jimmy Mirchandani<br>Jt. Managing Director        | He is the son of Dr. T. B. Mirchandani, CMD and brother of Dr. Rahul Mirchandani, Executive Director           |

|   |   |
|---|---|
| Dr. Rahul Mirchandani<br>Executive Director | He is the son of Dr. T. B. Mirchandani, CMD and brother of Dr. Jimmy Mirchandani, Joint Managing Director |
|---|---|

Except the relationship stated as above, there is no relation of promoters / directors, either directly or indirectly, with other directors or key management personnel.

**Currency of Presentation**

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

**Dividend Policy**

Dividends, other than interim dividends, will be declared at the Annual General Meetings of the shareholders of the Company based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividend to be paid to the shareholders. Generally, the factors that may be considered by the Board of Directors before making any recommendations for the dividend include, but not limited to, the future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions. The Board of Directors may also from time to time pay interim dividends to our shareholders. However, the dividend payments in the past are not necessarily indicative of the dividend amounts, if any, or the dividend policy, in the future.

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**SECTION V FINANCIAL INFORMATION**

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**AUDITORS' REPORT**

The Board of Directors  
**ARIES AGRO LIMITED**  
Aries House, Plot No. 24  
Deonar, Govandi (East)  
Mumbai – 400 043

We have examined the financial information of **Aries Agro Limited**, contained in the statements annexed to this Report for the immediately preceding five financial years ended 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006, 31st March 2007 and for the period ended 31st July 2007, which is proposed to be included in the Offer Document being issued by the Company in connection with its Public Issue of Equity Shares (hereinafter referred to as "the Issue") which is in accordance to the requirements of:

- (a) Paragraph B(1) of Para II of Schedule II to the Companies Act, 1956 ("the Act");
- (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI guidelines") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- (c) The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document in connection with its proposed Public Issue of Equity Shares.

Financial information as per audited financial statements:

1. We have examined the attached restated summary of Assets & Liabilities of the Company as on 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006, 31st March 2007 and for the period ended 31st July 2007 (Annexure –I) and the attached restated summary statements of Profit and Loss Account for the years/period ended on those dates (Annexure –II) together, referred to as 'summary statements' as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in Annexure III to this report. Based on our examination of these summary statements, we state that:
  - i. The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and re-grouping as in our opinion are appropriate in the year/period to which they are related;
  - ii. The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at July 31, 2007 as stated vide Annexure XXIII-A to this report. The summary statements have to be read in conjunction with the notes give in the Annexure XXIII-B;
  - iii. There are no qualifications in the auditor's report that require any adjustments to the summary statements except as mentioned Annexure - XXVI to this report.
  - iv. The extra ordinary items that need to be disclosed separately in the summary statements have been appropriately disclosed. There were no exceptional and non-recurring items, which are material.
2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at 31st July 2007 are enclosed as Annexure XXIII-A to this report.

Other Financial Information:

3. We have examined the following financial information relating to the Company for the years ended 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006, 31st March 2007 and for the period ended 31st July 2007, proposed to be included in the Offer Document as approved by the Board of Directors and annexed to this report:

| Sl. No. | Particulars   | Annexure No.                      |
|---------|---|-----------------------------------|
| 1       | Statement of Assets & Liabilities                           | Annexure - I                      |
| 2       | Statement of Profit & Loss                                  | Annexure - II                     |
| 3       | Notes to Summary Statement                                  | Annexure - III                    |
| 4       | Details of Investments                                      | Annexure - IV                     |
| 5       | Details of Sundry Debtors                                   | Annexure - V                      |
| 6       | Details of Loans & Advances                                 | Annexure - VI                     |
| 7       | Details of Secured Loans                                    | Annexure - VII                    |
| 8       | Details of Unsecured Loans                                  | Annexure - VIII                   |
| 9       | Details of Current Liabilities & Provisions                 | Annexure - IX                     |
| 10      | Details of Reserves & Surplus                               | Annexure - X                      |
| 11      | Details of Other Income                                     | Annexure - XI                     |
| 12      | Details of Contingent Liabilities                           | Annexure - XII                    |
| 13      | Details of Earning Per Share                                | Annexure - XIII                   |
| 14      | Capitalization Statement                                    | Annexure - XIV                    |
| 15      | Details of Directors Remuneration etc.                      | Annexure - XV                     |
| 16      | Statement of Auditors Remuneration                          | Annexure - XVI                    |
| 17      | Statement of Accounting Ratio                               | Annexure - XVII                   |
| 18      | Statement of Tax Shelter                                    | Annexure - XVIII                  |
| 19      | Details of Expenses   | Annexure - XIX                    |
| 20      | Details of Earning in Foreign Currency                      | Annexure - XX                     |
| 21      | Details of Expenditure in Foreign Currency                  | Annexure - XXI                    |
| 22      | Disclosure regarding Related Party Transactions             | Annexure - XXII-A, XXII-B, XXII-C |
| 23      | Significant Accounting Policies                             | Annexure - XXIII-A                |
| 24      | Significant Notes to Accounts                               | Annexure - XXIII-B                |
| 25      | Cash Flow Statement   | Annexure - XXIV                   |
| 26      | Details of opening Stock, Production, Sales & Closing Stock | Annexure - XXV                    |
| 27      | Auditors Qualifications                                     | Annexure - XXVI                   |

4. In our view, the 'financial information as per the audited financial statements' and other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
5. This report should not be in any way constructed as a re-issuance or redrafting of any of the previous audit report issued by us or other auditors nor should this report be constructed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed issue of the Company as and is not to be used, referred to or distributed for any purpose without our prior written consent.

**For M/s KIRTI D SHAH & ASSOCIATES**  
**Chartered Accountants**

**Kirti D Shah**  
**Proprietor**  
**Membership No. 32371**

Date: 5th November 2007  
Place: Mumbai

# ANNEXURE – I

## STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in lakhs)

| PARTICULARS  | As on           |                 |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | 31-Mar-03       | 31-Mar-04       | 31-Mar-05       | 31-Mar-06       | 31-Mar-07       | 31-Jul-07       |
| <b>1. FIXED ASSETS</b>   |                 |                 |                 |                 |                 |                 |
| Gross Block  | 2,057.98        | 2,085.69        | 2,178.33        | 2,368.90        | 2,611.63        | 2,644.35        |
| Less: Depreciation   | 273.33          | 316.80          | 363.14          | 412.56          | 473.59          | 500.94          |
| <b>Net Block</b>   | <b>1,784.65</b> | <b>1,768.89</b> | <b>1,815.19</b> | <b>1,956.34</b> | <b>2,138.03</b> | <b>2,143.41</b> |
| Less: Revaluation Reserve  | 1,017.60        | 989.56          | 961.51          | 933.47          | 905.42          | 896.05          |
| <b>Net Block after adjustment for Revaluation Reserve</b>        | <b>767.05</b>   | <b>779.33</b>   | <b>853.68</b>   | <b>1,022.87</b> | <b>1,232.61</b> | <b>1,247.36</b> |
| Capital Work in Progress   | -               | -               | 10.00           | -               | 60.72           | 110.00          |
| <b>TOTAL FIXED ASSETS</b>  | <b>767.05</b>   | <b>779.33</b>   | <b>863.68</b>   | <b>1,022.87</b> | <b>1,293.33</b> | <b>1,357.36</b> |
| <b>2. INVESTMENTS</b>  | <b>0.42</b>     | <b>0.43</b>     | <b>0.43</b>     | <b>0.41</b>     | <b>2.42</b>     | <b>19.90</b>    |
| <b>3. CURRENT ASSETS, LOANS AND ADVANCES</b>                     |                 |                 |                 |                 |                 |                 |
| a) Inventories   | 359.01          | 442.00          | 832.54          | 919.81          | 1,697.35        | 2,259.46        |
| b) Sundry Debtors  | 847.54          | 1,242.44        | 1,221.70        | 1,899.79        | 2,670.99        | 3,233.67        |
| c) Loans & Advances  | 200.22          | 221.01          | 278.58          | 426.04          | 781.35          | 795.36          |
| d) Cash & Bank Balances  | 64.97           | 25.23           | 40.40           | 173.36          | 75.03           | 40.87           |
| <b>TOTAL CURRENT ASSETS, LOANS AND ADVANCES</b>                  | <b>1,471.74</b> | <b>1,930.68</b> | <b>2,373.22</b> | <b>3,419.00</b> | <b>5,224.71</b> | <b>6,329.36</b> |
| <b>4. TOTAL ASSETS (1+2+3)</b>                                   | <b>2,239.21</b> | <b>2,710.45</b> | <b>3,237.32</b> | <b>4,442.27</b> | <b>6,520.46</b> | <b>7,706.63</b> |
| <b>5. LIABILITIES &amp; PROVISIONS</b>                           |                 |                 |                 |                 |                 |                 |
| a) Secured Loans   | 336.45          | 403.76          | 673.09          | 769.51          | 1,547.79        | 1,943.40        |
| b) Unsecured Loans   | 197.39          | 392.59          | 394.26          | 537.30          | 599.37          | 595.27          |
| c) Current Liabilities and Provisions                            | 810.16          | 1,022.05        | 1,156.13        | 1,470.95        | 1,831.61        | 2,329.69        |
| d) Deferred Tax Liability  | 6.64            | 5.85            | 20.82           | 24.31           | 75.97           | 65.04           |
| <b>TOTAL LIABILITIES</b>   | <b>1,350.64</b> | <b>1,824.25</b> | <b>2,244.29</b> | <b>2,802.07</b> | <b>4,054.74</b> | <b>4,933.40</b> |
| <b>6. NET WORTH (4-5)</b>  | <b>888.56</b>   | <b>886.19</b>   | <b>993.04</b>   | <b>1,640.20</b> | <b>2,465.71</b> | <b>2,773.22</b> |
| <b>NET WORTH REPRESENTED BY</b>                                  |                 |                 |                 |                 |                 |                 |
| A. Equity Share Capital*   | 680.28          | 680.28          | 680.28          | 680.28          | 850.35          | 850.35          |
| B. Reserves and Surplus  | 1,225.89        | 1,195.47        | 1,274.27        | 1,893.39        | 2,539.98        | 2,866.18        |
| C. Less: Revaluation Reserve                                     | 1,017.60        | 989.56          | 961.51          | 933.47          | 905.42          | 896.05          |
| D. Net Reserves and Surplus                                      | 208.29          | 205.91          | 312.76          | 959.92          | 1,634.56        | 1,970.13        |
| E. Misc. Expenditure (to the extent not written off or adjusted) | -               | -               | -               | -               | 19.19           | 47.25           |
| <b>NET WORTH (A + D - E)</b>                                     | <b>888.56</b>   | <b>886.19</b>   | <b>993.04</b>   | <b>1,640.20</b> | <b>2,465.71</b> | <b>2,773.22</b> |

\* The increase in share capital is due to the issue of bonus shares in the ratio of 1: 4 on 8th May 2006.



## ANNEXURE - II

### STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in lakhs)

| PARTICULARS  | For the Year/Period Ended |                 |                 |                 |                 |                 |
|--|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | 31-Mar-03                 | 31-Mar-04       | 31-Mar-05       | 31-Mar-06       | 31-Mar-07       | 31-Jul-07       |
| <b>INCOME:</b>   |                           |                 |                 |                 |                 |                 |
| Sales of Product Manufactured by the Company   | 1820.99                   | 2395.45         | 3410.68         | 5116.26         | 4330.12         | 1446.80         |
| Sales of Product Traded in by the Company  | 92.50                     | 333.16          | 532.30          | 820.16          | 3075.22         | 724.42          |
| <b>Gross Earnings from Sale</b>  | <b>1913.49</b>            | <b>2728.61</b>  | <b>3942.98</b>  | <b>5936.42</b>  | <b>7405.34</b>  | <b>2171.22</b>  |
| Other Income   | 7.10                      | 4.64            | 6.07            | 3.67            | 11.71           | 5.95            |
| Increase/ Decrease in Stock  | 30.74                     | 16.54           | 171.32          | 0.39            | 323.66          | 803.73          |
| <b>Total</b>   | <b>1,951.33</b>           | <b>2,749.79</b> | <b>4,120.37</b> | <b>5,940.48</b> | <b>7,740.71</b> | <b>2,980.90</b> |
| <b>EXPENDITURE:</b>  |                           |                 |                 |                 |                 |                 |
| Consumption of Raw Materials   | 643.39                    | 1,037.68        | 1,816.05        | 2,338.24        | 2,870.33        | 1,427.48        |
| Excise Duty  | 9.12                      | 56.45           | 77.37           | 96.96           | 139.52          | 31.01           |
| Other Manufacturing Expenses   | 147.09                    | 198.14          | 258.27          | 257.42          | 326.56          | 117.80          |
| Staff Cost   | 264.28                    | 293.99          | 344.61          | 415.63          | 456.37          | 163.53          |
| Administration Expenses  | 125.64                    | 121.54          | 149.24          | 185.05          | 229.62          | 63.33           |
| Selling & Distribution Expenses  | 632.23                    | 885.88          | 1,175.44        | 1,425.51        | 2024.68         | 590.24          |
| Interest and Finance Charges   | 41.32                     | 101.73          | 137.63          | 169.59          | 247.48          | 99.81           |
| Depreciation   | 11.43                     | 15.42           | 21.20           | 27.94           | 48.47           | 19.88           |
| <b>Total</b>   | <b>1,874.50</b>           | <b>2,710.83</b> | <b>3,979.81</b> | <b>4,916.34</b> | <b>6,343.03</b> | <b>2,513.07</b> |
| <b>Net Profit / Loss Before Tax, Extra-ordinary Items &amp; Prior Period Adjustments</b> | <b>76.83</b>              | <b>38.96</b>    | <b>140.53</b>   | <b>1,024.14</b> | <b>1,397.68</b> | <b>467.83</b>   |
| <b>Provision for Taxation</b>  |                           |                 |                 |                 |                 |                 |
| - For Current Year / (MAT)   | 30.00                     | 30.00           | 55.00           | 335.00          | 450.00          | 130.00          |
| - Fringe Benefit Tax   | -                         | -               | -               | 17.50           | 25.60           | 12.00           |
| - Wealth Tax   | -                         | -               | -               | 0.75            | 1.00            | 0.50            |
| - Deferred Tax Liability / (Asset)   | 2.69                      | (0.79)          | 14.98           | 3.48            | 51.66           | (10.93)         |
| <b>Net Profit / Loss after tax and before Extra-ordinary Items</b>                       | <b>44.15</b>              | <b>9.75</b>     | <b>70.55</b>    | <b>667.41</b>   | <b>869.42</b>   | <b>336.27</b>   |
| <b>Adjustments:</b>  |                           |                 |                 |                 |                 |                 |
| <b>Less: Prior period items</b>  | -                         | -               | -               | (20.25)         | (16.00)         |                 |
| <b>Less: Short Provision for Tax</b>   | (114.42)                  | (12.12)         | -               | -               | (8.71)          | (0.70)          |
| <b>Add: Excess Provision for Tax</b>   | -                         | -               | 36.30           | -               |                 |                 |
| <b>Net Profit after Extra-ordinary Items</b>   | <b>(70.27)</b>            | <b>(2.37)</b>   | <b>106.85</b>   | <b>647.16</b>   | <b>844.71</b>   | <b>335.57</b>   |
| <b>Balance of Profit brought forward</b>   | <b>157.53</b>             | <b>87.26</b>    | <b>84.89</b>    | <b>191.74</b>   | <b>838.89</b>   | <b>1,604.99</b> |
| <b>Less: Utilised For Issue of Bonus Shares</b>  | -                         | -               | -               | -               | (78.61)         | -               |
| <b>Balance carried forward, as restated</b>  | <b>87.26</b>              | <b>84.89</b>    | <b>191.74</b>   | <b>838.90</b>   | <b>1,604.99</b> | <b>1,940.56</b> |

# **ANNEXURE - III**

## **NOTES TO SUMMARY STATEMENTS**

### **Notes on adjustments:**

**Gratuity:** During the period ended 31st March 2006, the Company has changed its accounting policy to accrue gratuity liability on an actuarial basis in accordance with Accounting Standard

Figures as per audited accounts of earlier years have been regrouped wherever necessary.

### **Notes on non-adjustments:**

a) Impact of regroupings / adjustments / prior period items:

| Particulars   | For the Year/Period Ended |             |              |               |               |               |
|---|---------------------------|-------------|--------------|---------------|---------------|---------------|
|   | 31-Mar-03                 | 31-Mar-04   | 31-Mar-05    | 31-Mar-06     | 31-Mar-07     | 31-Jul-07     |
| Profit After Tax as per Audited Statement of Accounts | 54.15                     | 19.75       | 80.55        | 667.41        | 869.42        | 322.67        |
| Adjustments on account of:                            |                           |             |              |               |               |               |
| 1) Provision for Retirement Benefits                  | 10.00                     | 10.00       | 10.00        | -             | -             | -             |
| 2) Deferred Tax on Provision for Gratuity             | -                         | -           | -            | -             | -             | 13.60         |
| <b>Net adjusted profit after tax</b>                  | <b>44.15</b>              | <b>9.75</b> | <b>70.55</b> | <b>667.41</b> | <b>869.42</b> | <b>336.27</b> |

# **ANNEXURE - IV**

## **DETAILS OF INVESTMENTS, AS RESTATED**

| PARTICULARS   | As on       |             |             |             |             |              |
|---|-------------|-------------|-------------|-------------|-------------|--------------|
|   | 31-Mar-03   | 31-Mar-04   | 31-Mar-05   | 31-Mar-06   | 31-Mar-07   | 31-Jul-07    |
| <b>Unquoted - Non Trade</b>   |             |             |             |             |             |              |
| National Saving Certificate   | 0.42        | 0.43        | 0.43        | 0.41        | 0.42        | 0.42         |
| <b>Unquoted - Trade</b>   |             |             |             |             |             |              |
| <b>I. Investment in Subsidiaries</b>                                    |             |             |             |             |             |              |
| (a) Aries Agro Care Pvt Ltd<br>10000 Eq. Shares of Rs. 10/- each        | -           | -           | -           | -           | 1.00        | 1.00         |
| (b) Aries Agro Equipments Pvt Ltd<br>10000 Eq. Shares of Rs. 10/- each  | -           | -           | -           | -           | 1.00        | 1.00         |
| <b>II. Others</b>   |             |             |             |             |             |              |
| (a) Golden Harvest Middle East FZC<br>1500 Eq. Shares of AED 100/- each | -           | -           | -           | -           | -           | 17.48        |
| <b>Total</b>  | <b>0.42</b> | <b>0.43</b> | <b>0.43</b> | <b>0.41</b> | <b>2.42</b> | <b>19.90</b> |

# **ANNEXURE – V**

## **DETAILS OF SUNDRY DEBTORS (AGE-WISE ANALYSIS), AS RESTATED**

(Rs. in lakhs)

| PARTICULARS                       | As on         |                |                |                |                |                |
|-----------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|
|                                   | 31-Mar-03     | 31-Mar-04      | 31-Mar-05      | 31-Mar-06      | 31-Mar-07      | 31-Jul-07      |
| <b>Unsecured, considered good</b> |               |                |                |                |                |                |
| - Less than six months            | 333.72        | 368.90         | 651.99         | 1551.33        | 1444.80        | 2727.39        |
| - More than six months            | 513.81        | 873.54         | 569.71         | 348.46         | 1226.18        | 506.28         |
| <b>Total</b>                      | <b>847.54</b> | <b>1242.44</b> | <b>1221.70</b> | <b>1899.79</b> | <b>2670.99</b> | <b>3233.67</b> |

The above includes Dues from Related Parties

## **DUES FROM RELATED PARTIES**

(Rs. in lakhs)

| PARTICULARS   | As on         |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 31-Mar-03     | 31-Mar-04     | 31-Mar-05     | 31-Mar-06     | 31-Mar-07     | 31-Jul-07     |
| <b>Unsecured, considered good</b>                         |               |               |               |               |               |               |
| - Less than six months                                    | -             | 19.90         | 24.50         | 277.46        | 5.39          | -             |
| - More than six months                                    | 362.23        | 363.46        | 412.19        | 53.62         | 103.52        | 114.04        |
| <b>Total</b>  | <b>362.23</b> | <b>383.36</b> | <b>436.69</b> | <b>331.08</b> | <b>108.91</b> | <b>114.04</b> |
| <b>Maximum balance outstanding during the year/period</b> | <b>362.23</b> | <b>383.36</b> | <b>436.69</b> | <b>436.69</b> | <b>341.56</b> | <b>114.04</b> |

# **ANNEXURE – VI**

## **DETAILS OF LOANS AND ADVANCES, AS RESTATED**

(Rs. in lakhs)

| PARTICULARS  | As on         |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 31-Mar-03     | 31-Mar-04     | 31-Mar-05     | 31-Mar-06     | 31-Mar-07     | 31-Jul-07     |
| <b>Unsecured, Considered Good</b>  |               |               |               |               |               |               |
| <b>Advances Recoverable in cash or in kind or for Value to be received</b> |               |               |               |               |               |               |
| - To Subsidiary Companies  | -             | -             | -             | -             | 15.21         | 8.38          |
| - To related Parties   | 148.25        | 156.68        | 151.00        | 101.00        | 105.09        | 106.20        |
| - Margins For Letter of Credit   | 4.15          | 15.11         | 57.32         | 38.44         | 19.50         | 28.51         |
| - Margin for Bank Guarantees   | 0.20          | 0.20          | 0.70          | 1.48          | 2.18          | 2.18          |
| - Advances to Goods Suppliers  | 2.81          | 4.29          | 10.32         | 97.82         | 38.93         | 56.70         |
| - Advances to Capital Goods Suppliers                                      | -             | -             | -             | 136.77        | 238.79        | 236.00        |
| - Advances to Staff Against Expenses                                       | 16.46         | 5.88          | 8.49          | 5.57          | 62.22         | 4.36          |
| - Term Deposit with HDFC For Sales Tax                                     | -             | -             | -             | -             | 2.00          | 2.00          |
| Staff Loans  | 4.63          | 7.24          | 7.57          | 7.24          | 14.88         | 16.08         |
| Sundry Deposits  | 20.96         | 28.35         | 26.15         | 21.76         | 20.73         | 34.50         |
| Share Application Money paid   | -             | -             | -             | -             | 113.34        | 178.01        |
| Tax Refunds  | 0.35          | 0.35          | 12.91         | 0.29          | 0.28          | 0.28          |
| Interest Accrued But not Due   | -             | -             | -             | 0.89          | 0.08          | 0.02          |
| Interest Accrued & Due   | -             | -             | -             | -             | 0.24          | 0.02          |
| Advance income tax/Tax Deducted at Source                                  | 1.09          | 1.34          | 0.52          | 10.00         | 120.28        | 120.28        |
| Pre-paid Expenses  | 1.33          | 1.56          | 3.60          | 4.78          | 27.60         | 1.83          |
| <b>Total</b>   | <b>200.22</b> | <b>221.01</b> | <b>278.58</b> | <b>426.04</b> | <b>781.35</b> | <b>795.36</b> |

# ANNEXURE – VII

## DETAILS OF SECURED LOANS, AS RESTATED

(Rs. in lakhs)

| PARTICULARS                                | As on         |               |               |               |                |                |
|--|---------------|---------------|---------------|---------------|----------------|----------------|
|  | 31-Mar-03     | 31-Mar-04     | 31-Mar-05     | 31-Mar-06     | 31-Mar-07      | 31-Jul-07      |
| <b>Vehicle Loans</b>                       |               |               |               |               |                |                |
| - From Banks                               | 24.96         | 31.60         | 73.73         | 92.84         | 179.11         | 164.60         |
| - From Others                              | 5.75          | 2.00          | -             | -             | -              | -              |
| <b>Hyderabad Project Loan</b>              |               |               |               |               |                |                |
| From Banks                                 | -             | -             | -             | -             | -              | 152.18         |
| <b>Term Loans</b>                          |               |               |               |               |                |                |
| - From Banks                               | -             | -             | -             | 63.74         | -              | -              |
| <b>Working Capital Loans (Cash Credit)</b> |               |               |               |               |                |                |
| - From Banks                               | 305.74        | 370.16        | 599.36        | 612.93        | 1368.68        | 1626.62        |
| <b>Total</b>                               | <b>336.45</b> | <b>403.76</b> | <b>673.09</b> | <b>769.51</b> | <b>1547.79</b> | <b>1943.40</b> |

## DETAILS OF SECURED LOANS OUTSTANDING AS ON 31-JUL-2007

| Particulars                  | Name of the Sanctioned Bank | Nature of Loan                  | Amount Sanctioned (Rs. in Lakhs.) | Amount Outstanding (Rs. in Lakhs) | Rate of Interest p.a. (Monthly Compound) | Repayment Terms (No of monthly Installments) | Securities Offered  |
|------------------------------|-----------------------------|---------------------------------|-----------------------------------|-----------------------------------|--|--|---|
| <b>(i) Fund Based</b>        |                             |                                 |                                   |                                   |  |  |   |
| <b>Vehicle Loans</b>         | HDFC Bank Ltd               | Hire Purchase                   | 280.14                            | 151.85                            | 3.50% to 5.50%                           | 36 months                                    | Charge on Companies Assets i.e. Motor Vehicles  |
|                              | ICICI Bank Ltd              | Hire Purchase                   | 22.35                             | 10.66                             | 3.50% to 5.50%                           | 36 months                                    | Charge on Companies Assets i.e. Motor Vehicles  |
|                              | Indian Overseas Bank        | Hire Purchase                   | 8.26                              | 2.10                              | 10.5%                                    | 36 months                                    | Charge on Companies Assets i.e. Motor Vehicles  |
|                              |                             |                                 | <b>310.75</b>                     | <b>164.60</b>                     |  |  |   |
| <b>Term Loans</b>            | Indian Overseas Bank        | Term Loan                       | 67.00                             | -                                 | 11.50%                                   | 60 months                                    | Charge on Companies Assets i.e. Building, Plant & Machineries, furniture and fixtures etc   |
|                              |                             | Hyderabad Factory Project (New) | 195.00                            | 152.18                            | 11.50%                                   | 21 months                                    |   |
|                              |                             |                                 | <b>262.00</b>                     | <b>152.18</b>                     |  |  |   |
| <b>Working Capital Loans</b> | HDFC Bank Ltd.              | Cash Credit                     | 1,200.00                          | 1,146.33                          | 10%                                      |  | Charge on Inventory, Book Debts, Plant & Machinery, & guaranteed by directors and collateral security of equitable mortgage of property at Deonar, Mumbai |
|                              | Indian Overseas Bank        |                                 | 500.00                            | 480.29                            | 11.75%                                   |  |   |
|                              |                             |                                 | <b>1,700.00</b>                   | <b>1,626.62</b>                   |  |  |   |
| <b>Total</b>                 |                             |                                 | <b>2,272.75</b>                   | <b>1,943.40</b>                   |  |  |   |

| (ii) Non-Fund Based                           |                |                   |               |               |                   |  |  |
|---|----------------|-------------------|---------------|---------------|-------------------|--|--|
| <b>Working Capital Loans (Non-Fund Based)</b> | HDFC Bank Ltd. | Letters of Credit | 400.00        | 145.44        | 0.30% per quarter |  | 20% Cash Margin & charge on all Current Assets and also collateral security of equitable mortgage of property at Deonar Mumbai |
| <b>Total</b>                                  |                |                   | <b>400.00</b> | <b>145.44</b> |                   |  |  |

#### **ANNEXURE - VIII**

#### **DETAILS OF UNSECURED LOANS, AS RESTATED**

(Rs. in lakhs)

| PARTICULARS   | As on         |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 31-Mar-03     | 31-Mar-04     | 31-Mar-05     | 31-Mar-06     | 31-Mar-07     | 31-Jul-07     |
| 1. From Banks (obtained from HDFC Bank Ltd. and secured by the charge on Promoters personal property and personal guarantee)* | -             | -             | -             | 348.93        | 374.68        | 361.42        |
| <i>Rate of Interest on above (%)</i>  |               |               |               | 9.50          | 9.50-11.30    | 11.00-12.30   |
| 2. From Promoters\$   | 79.26         | 240.32        | 267.08        | 23.19         | -             | -             |
| <i>Rate of Interest on above (%)</i>  | 0 - 11        | 0 - 11        | 0 - 11        | -             | -             | -             |
| 3.(i) From Promoter Group & Group Companies of Promoters\$  | 21.00         | 20.94         | 3.81          | 3.81          | 3.81          | 3.81          |
| 3.(ii) Interest Accrued & Due On Above  | -             | -             | -             | -             | 0.05          | 0.05          |
| <i>Rate of Interest on above (%)</i>  | 0 - 15        | 0 - 15        | 15            | 15            | 15            | 15            |
| 4. From Companies-Inter Corporate Deposits\$  | 4.66          | -             | -             | -             | -             | -             |
| <i>Rate of Interest on above (%)</i>  | 24.00         |               |               |               |               |               |
| 5. Security Deposits\$  | 92.48         | 131.33        | 123.37        | 161.37        | 220.82        | 229.99        |
| <i>Rate of Interest on above (%)</i>  | 12 - 21       | 12 - 21       | 12 - 21       | 8 - 12        | 8 - 12        | 8 - 12        |
| <b>Total</b>  | <b>197.39</b> | <b>392.59</b> | <b>394.26</b> | <b>537.30</b> | <b>599.37</b> | <b>595.27</b> |

\$These Unsecured loans are Short term in nature and payable on Demand

**\* DETAILS OF UNSECURED LOANS ON 31-JUL-2007 (TERM LOANS)**

(Rs. in lakhs)

| Particulars  | Name of the Bank | Nature of Loan | Amount Sanctioned (Rs. in Lakhs.) | Amount Outstanding (Rs. in Lakhs) | Rate of Interest p.a. | Repayment Terms | Securities Offered  |
|--------------|------------------|----------------|-----------------------------------|-----------------------------------|-----------------------|-----------------|---|
| Term Loans   | HDFC Bank Ltd    | Mortgage       | 350.00                            | 322.31                            | 12.00%                | 120 Months      | Charge on personal Property & Personal Guarantee of the Directors |
|              |                  |                | 50.00                             | 39.11                             | 12.30%                | 36 months       |   |
| <b>Total</b> |                  |                | <b>400.00</b>                     | <b>361.42</b>                     |                       |                 |   |

**ANNEXURE – IX**

**STATEMENT OF CURRENT LIABILITIES & PROVISIONS**

(Rs. in lakhs)

| PARTICULARS                     | As on         |                 |                 |                 |                |                |
|---------------------------------|---------------|-----------------|-----------------|-----------------|----------------|----------------|
|                                 | 31-Mar-03     | 31-Mar-04       | 31-Mar-05       | 31-Mar-06       | 31-Mar-07      | 31-Jul-07      |
| <b>A) Current Liabilities</b>   |               |                 |                 |                 |                |                |
| Sundry Creditors                |               |                 |                 |                 |                |                |
| - For Goods                     | 356.89        | 414.02          | 505.11          | 557.07          | 668.89         | 1070.52        |
| - For Expenses                  | 301.47        | 374.66          | 410.92          | 417.64          | 498.64         | 504.31         |
| Book Overdrafts                 | -             | 7.07            | -               | -               | 1.15           | 1.14           |
| Due To Directors                | 12.95         | 16.57           | 12.70           | 20.98           | 18.01          | 19.82          |
| Advances/credits from Customers | 88.85         | 86.61           | 132.20          | 82.01           | 127.27         | 73.54          |
| Interest Accrued but not Due    | -             | -               | -               | -               | 1.04           | 1.26           |
| <b>Sub - Total</b>              | <b>760.16</b> | <b>898.94</b>   | <b>1,060.94</b> | <b>1,077.70</b> | <b>1315.01</b> | <b>1670.59</b> |
| <b>B) Provisions</b>            |               |                 |                 |                 |                |                |
| - For Gratuity                  | 20.00         | 30.00           | 40.00           | 40.00           | 40.00          | 40.00          |
| - For Taxation                  | 30.00         | 93.12           | 55.18           | 353.25          | 476.60         | 619.10         |
| <b>Sub - Total</b>              | <b>50.00</b>  | <b>123.12</b>   | <b>95.18</b>    | <b>393.25</b>   | <b>516.60</b>  | <b>659.10</b>  |
| <b>Total (A + B)</b>            | <b>810.16</b> | <b>1,022.05</b> | <b>1,156.13</b> | <b>1,470.95</b> | <b>1831.61</b> | <b>2329.69</b> |

**ANNEXURE – X**

**DETAILS OF RESERVES & SURPLUS**

(Rs. in lakhs)

| PARTICULARS                               | As on        |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 31-Mar-03    | 31-Mar-04    | 31-Mar-05    | 31-Mar-06    | 31-Mar-07    | 31-Jul-07    |
| <b>A) GENERAL RESERVES</b>                |              |              |              |              |              |              |
| As per last account                       | 29.56        | 29.56        | 29.56        | 29.56        | 29.56        | 29.56        |
| <b>SUB - TOTAL</b>                        | <b>29.56</b> | <b>29.56</b> | <b>29.56</b> | <b>29.56</b> | <b>29.56</b> | <b>29.56</b> |
| <b>B) SECURITIES PREMIUM</b>              |              |              |              |              |              |              |
| As per last account                       | 91.46        | 91.46        | 91.46        | 91.46        | 91.46        | -            |
| Less : Utilised for issue of Bonus Shares | -            | -            | -            | -            | 91.46        | -            |
| <b>SUB - TOTAL</b>                        | <b>91.46</b> | <b>91.46</b> | <b>91.46</b> | <b>91.46</b> | <b>-</b>     | <b>-</b>     |

| PARTICULARS                            | As on           |                 |                 |                 |                |                |
|--|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
|  | 31-Mar-03       | 31-Mar-04       | 31-Mar-05       | 31-Mar-06       | 31-Mar-07      | 31-Jul-07      |
| <b>C) REVALUATION RESERVE</b>          |                 |                 |                 |                 |                |                |
| As per last account                    | 1,045.65        | 1,017.60        | 989.56          | 961.51          | 933.47         | 905.42         |
| Less : Depreciation On Revalued Assets | 28.04           | 28.04           | 28.04           | 28.04           | 28.04          | 9.37           |
| <b>SUB - TOTAL</b>                     | <b>1,017.60</b> | <b>989.56</b>   | <b>961.51</b>   | <b>933.47</b>   | <b>905.42</b>  | <b>896.05</b>  |
|  |                 |                 |                 |                 |                |                |
| <b>D) PROFIT &amp; LOSS A/c</b>        | <b>87.26</b>    | <b>84.89</b>    | <b>191.74</b>   | <b>838.90</b>   | <b>1604.99</b> | <b>1940.56</b> |
|  |                 |                 |                 |                 |                |                |
| <b>TOTAL (A + B + C + D)</b>           | <b>1,225.88</b> | <b>1,195.47</b> | <b>1,274.27</b> | <b>1,893.39</b> | <b>2539.98</b> | <b>2866.18</b> |



# **ANNEXURE – XI**

## **DETAILS OF OTHER INCOME, AS RESTATED**

(Rs. in lakhs)

| PARTICULARS                         | Nature of Income | As at 31st March |             |             |             |              |             |
|-------------------------------------|------------------|------------------|-------------|-------------|-------------|--------------|-------------|
|                                     |                  | 31-Mar-03        | 31-Mar-04   | 31-Mar-05   | 31-Mar-06   | 31-Mar-07    | 31-Jul-07   |
| Interest Income on Fixed Deposits   | Recurring        | 0.34             | 0.47        | 0.51        | 3.51        | 2.60         | 0.00        |
| Misc. Income                        | Non-Recurring    | 6.42             | 1.18        | 1.38        | 0.09        | 0.92         | 0.09        |
| Profit / Loss on Exchange Variation | Recurring        | -                | 2.99        | 4.18        | -           | 8.18         | 5.86        |
| Interest On NSC                     | Recurring        | -                | -           | -           | 0.02        | 0.01         | -           |
| Profit on Sale of Fixed Assets      | Non-Recurring    | 0.34             | -           | -           | -           | -            | -           |
| Rounded Off                         | Recurring        | 0.34             | -           | -           | 0.04        | -            | -           |
| <b>TOTAL</b>                        |                  | <b>7.10</b>      | <b>4.64</b> | <b>6.07</b> | <b>3.67</b> | <b>11.71</b> | <b>5.95</b> |

# **ANNEXURE – XII**

## **DETAILS OF CONTINGENT LIABILITIES, AS RESTATED**

(Rs. in lakhs)

| PARTICULARS  | As on         |               |                 |               |                 |                 |
|--|---------------|---------------|-----------------|---------------|-----------------|-----------------|
|  | 31-Mar-03     | 31-Mar-04     | 31-Mar-05       | 31-Mar-06     | 31-Mar-07       | 31-Jul-07       |
| Letter of Credit Opened  | 10.00         | 57.00         | 155.58          | 175.96        | 101.38          | 145.44          |
| Taxes & Dues Disputed  | 676.00        | -             | -               | 31.35         | 10.74           | 7.72            |
| Claims Against Company not Acknowledged As Debts                 | 100.00        | 720.00        | 970.30          | -             | 42.33           | 48.03           |
| Corporate guarantee given by the company for the related parties | -             | 40.00         | 40.00           | 40.00         | 40.00           | -               |
| Capital Account  | -             | -             | -               | -             | 44.78           | 162.48          |
| Disputed amount in appeal not provided for                       | -             | -             | -               | -             | 802.00          | 802.00          |
| <b>Total</b>   | <b>786.00</b> | <b>817.00</b> | <b>1,165.88</b> | <b>247.31</b> | <b>1,041.23</b> | <b>1,165.67</b> |

# ANNEXURE - XIII

## EARNING PER SHARE

| (Rs. in lakhs)  |                  |                 |
|---|------------------|-----------------|
| PARTICULARS   | AS AT 31.03.2007 | AS AT 31.7.2007 |
| Net Worth (Rs. in Lakhs)  | 2,465.71         | 2,773.22        |
| Face Value Per Share (Rs.)  | 10.00            | 10.00           |
| <b>A. Weighted Average number Of Equity Shares</b>                        |                  |                 |
| No. of equity shares outstanding at the beginning of the year/period      | 68,02,790        | 85,03,490       |
| No. of equity shares outstanding at the end of the year/period            | 85,03,490        | 85,03,490       |
| Weighted Average Number Of equity shares*                                 | 85,03,490        | 85,03,490       |
| B. Net Profit After Tax available For Equity Share holders (Rs. in Lakhs) | 869.42           | 336.27          |
| C. Basic and Diluted Earning Per Share (Annualised) (Rs.)                 | 10.22            | 11.86           |
| Return on Net Worth (%) (Annualised)                                      | 35.26            | 36.38           |

\* As per Para 24 of AS 20 weighted average no. of equity shares have been computed as if the bonus shares were issued at the beginning of the year

# ANNEXURE – XIV

## CAPITALIZATION STATEMENT

(Rs. in lakhs)

| Particulars   | Pre Issue As at<br>31.07.2007 | Post<br>Issue* |
|---|-------------------------------|----------------|
| <b>Borrowings</b>   |                               |                |
| Short Term Debt   | 2109.67                       |                |
| Long Term Debt  | 429.00                        |                |
| <b>Total Borrowings</b>                                       | <b>2538.67</b>                |                |
| <b>Shareholders Funds</b>                                     |                               |                |
| Equity Share Capital  | 850.35                        |                |
| Reserves & Surplus  | 2866.18                       |                |
| Less : Revaluation Reserve                                    | (896.05)                      |                |
| Less: Miscellaneous Expenditure to the extent not written off | (47.25)                       |                |
| <b>Total Shareholders' Funds</b>                              | <b>2773.22</b>                |                |
| <b>Long-Term Debt / Equity</b>                                | <b>0.15</b>                   |                |

\* Shareholders' funds Post Issue can be calculated only on the conclusion of the Book Building Process.

# ANNEXURE – XV

## STATEMENT OF DIRECTORS REMUNERATION

(Rs. in lakhs)

| Name of Director<br>Designation                             | Break-up<br>of<br>Remuneration | For the Year/Period Ended |              |              |              |              |              |
|---|--------------------------------|---------------------------|--------------|--------------|--------------|--------------|--------------|
|   |                                | 31-Mar-03                 | 31-Mar-04    | 31-Mar-05    | 31-Mar-06    | 31-Mar-07    | 31-Jul-07    |
| <b>Dr. T.B. Mirchandani</b><br>Chairman & Managing Director | Salary & Allowances            | 7.32                      | 8.33         | 10.65        | 14.82        | 19.31        | 7.32         |
|   | Contribution to PF             | 0.75                      | 0.75         | 0.91         | 1.24         | 1.61         | 0.61         |
|   | Commission                     | -                         | -            | -            | 5.00         | 5.00         | 1.67         |
|   | <b>Sub-Total</b>               | <b>8.07</b>               | <b>9.08</b>  | <b>11.56</b> | <b>21.06</b> | <b>25.92</b> | <b>9.59</b>  |
| <b>Dr. Jimmy Mirchandani</b><br>Jt. Managing Director       | Salary & Allowances            | 7.34                      | 8.35         | 10.32        | 14.14        | 18.13        | 6.72         |
|   | Contribution to PF             | 0.75                      | 0.75         | 0.88         | 1.16         | 1.51         | 0.57         |
|   | Commission                     | -                         | -            | -            | 5.00         | 5.00         | 1.67         |
|   | <b>Sub-Total</b>               | <b>8.09</b>               | <b>9.10</b>  | <b>11.20</b> | <b>20.29</b> | <b>24.64</b> | <b>8.95</b>  |
| <b>Dr. Rahul Mirchandani</b><br>Executive Director          | Salary & Allowances            | 3.43                      | 3.89         | 6.12         | 10.20        | 12.37        | 4.56         |
|   | Contribution to PF             | 0.36                      | 0.36         | 0.47         | 0.67         | 0.86         | 0.32         |
|   | Commission                     | -                         | -            | -            | 2.00         | 2.00         | 0.67         |
|   | <b>Sub-Total</b>               | <b>3.79</b>               | <b>4.25</b>  | <b>6.59</b>  | <b>12.87</b> | <b>15.23</b> | <b>5.55</b>  |
| <b>Total</b>  |                                | <b>19.95</b>              | <b>22.43</b> | <b>29.35</b> | <b>54.22</b> | <b>65.80</b> | <b>24.10</b> |

## ANNEXURE – XVI

### STATEMENT OF AUDITORS REMUNERATION

(Rs. in lakhs)

| PARTICULARS          | For the Year/Period Ended |             |             |             |              |             |
|----------------------|---------------------------|-------------|-------------|-------------|--------------|-------------|
|                      | 31-Mar-03                 | 31-Mar-04   | 31-Mar-05   | 31-Mar-06   | 31-Mar-07    | 31-Jul-07   |
| Statutory Audit fees | 0.81                      | 1.10        | 1.10        | 1.68        | 2.24         | 0.94        |
| Tax Audit Fess       | 0.27                      | 0.28        | 0.28        | 1.12        | 0.56         | -           |
| Taxation Matters     | 0.64                      | 0.64        | 0.43        | 0.85        | 0.61         | -           |
| Other Matters        | -                         | -           | -           | -           | * 7.86       | -           |
| Certification        | -                         | -           | -           | -           | 0.03         | -           |
| <b>Total</b>         | <b>1.72</b>               | <b>2.02</b> | <b>1.80</b> | <b>3.66</b> | <b>11.31</b> | <b>0.94</b> |

\* Includes Rs. 5.61 Lakhs debited to IPO Expenses

## ANNEXURE – XVII

### STATEMENT OF ACCOUNTING RATIOS

| PARTICULARS   | For the Year/Period Ended |           |           |           |           |           |
|---|---------------------------|-----------|-----------|-----------|-----------|-----------|
|   | 31-Mar-03                 | 31-Mar-04 | 31-Mar-05 | 31-Mar-06 | 31-Mar-07 | 31-Jul-07 |
| Net Worth (Excluding Share Application Money pending allotment) | 888.56                    | 886.19    | 993.04    | 1640.20   | 2465.71   | 2773.22   |
| Restated Profit after Tax (Rs. in Lakhs)                        | 44.14                     | 9.75      | 70.55     | 667.41    | 869.42    | 336.27    |
| No. of equity shares outstanding at the Beginning of the year   | 6802790                   | 6802790   | 6802790   | 6802790   | 6802790   | 8503490   |
| No. of equity shares outstanding at the end of the year         | 6802790                   | 6802790   | 6802790   | 6802790   | 8503490   | 8503490   |
| Weighted Avg. No Of Equity Shares*                              | 6802790                   | 6802790   | 6802790   | 6802790   | 8503490   | 8503490   |
| Earnings per share (Rs.)  | 0.65                      | 0.14      | 1.04      | 9.81      | 10.22     | 3.95      |
| Return on Net Worth (%)   | 4.97                      | 1.10      | 7.10      | 40.69     | 35.26     | 12.13     |
| Net Assets Value per share of Rs. 10/- each                     | 13.06                     | 13.03     | 14.60     | 24.11     | 29.00     | 32.61     |

\*As per Para 24 of AS 20 weighted average no. of equity shares have been computed as if the bonus shares were issued at the beginning of the year

**As on 31.07.2007 the annualized EPS and Return on Net worth stood at:**

**Earning Per Share 11.86**

**Return On Net Worth 36.38**

#### Formula:

Earning Per Share (Rs.) = Net Profit after Tax / Weighted Avg No. of Equity Shares

Net Assets Value (Rs.) = Net Worth / No. of Equity Shares outstanding at the end of the year/period

Return on Net Worth (%) = Net Profit after Tax / Net Worth at the end of the year/period

Net Worth = Share Capital + Reserves & Surplus - Revaluation reserve - Misc. expenses to the extent not written off + Deferred Tax Liability

# **ANNEXURE – XVIII**

## **STATEMENT OF TAX SHELTER**

(Rs. in lakhs)

| PARTICULARS  | AS AT         |              |               |               |                |
|--|---------------|--------------|---------------|---------------|----------------|
|  | 31-Mar-03     | 31-Mar-04    | 31-Mar-05     | 31-Mar-06     | 31-Mar-07      |
| <b>(A)</b> Profit/(Loss) before tax and extraordinary items as per Restated Accounts | 76.83         | 38.96        | 140.53        | 1024.14       | 1397.68        |
| <b>(B)</b> Tax Rate (%)  | 36.75         | 35.875       | 36.59         | 33.66         | 33.66          |
| <b>(C) Tax thereon (A X B)</b>   | <b>28.24</b>  | <b>13.98</b> | <b>51.43</b>  | <b>344.73</b> | <b>470.46</b>  |
| <b>Adjustments:</b>  |               |              |               |               |                |
| <b>(D) Permanent Differences/ Dis-allowables</b>                                     |               |              |               |               |                |
| (Profit) /Loss on Sale Of Fixed Assets   | (0.34)        | -            | 3.35          | 4.92          | 13.88          |
| Donation Less deduction allowed in respect thereof                                   | -             | -            | 0.27          | -             | -              |
| <b>Total Permanent Difference</b>  | <b>(0.34)</b> | <b>-</b>     | <b>3.62</b>   | <b>4.92</b>   | <b>13.88</b>   |
| <b>(E) Timing Difference</b>   |               |              |               |               |                |
| Difference between book depreciation and Depreciation u/s 32 of IT Act, 1961         | (8.75)        | (8.09)       | (15.22)       | (11.98)       | (26.89)        |
| Allowance/(Disallowance) u/s 43 B (Net)  | 16.58         | 11.47        | 7.49          | 10.10         | (16.00)        |
| <b>Total Timing Difference</b>   | <b>7.83</b>   | <b>3.37</b>  | <b>(7.73)</b> | <b>(1.88)</b> | <b>(42.89)</b> |
| <b>(F) Total Difference (D + E)</b>  | <b>7.49</b>   | <b>3.37</b>  | <b>(4.11)</b> | <b>3.04</b>   | <b>(29.01)</b> |
| <b>(G) Tax Expenses/(Saving) thereon (F X B)</b>                                     | <b>2.75</b>   | <b>1.21</b>  | <b>(1.50)</b> | <b>1.02</b>   | <b>(9.76)</b>  |
| <b>Net Tax (C + G)</b>   | <b>30.99</b>  | <b>15.19</b> | <b>49.93</b>  | <b>345.75</b> | <b>460.70</b>  |
| Total Income as per Income Tax Act, 1961   | 84.32         | 42.32        | 136.71        | 1017.08       | 1382.14        |
| Tax as per Income Tax Act, 1961  | 30.99         | 15.17        | 50.03         | 342.35        | 465.23         |
| Tax Rate for MAT   | 7.88          | 7.68         | 7.84          | 7.65          | 11.22          |
| Tax as per Section 115JB of Income Tax Act, 1961                                     | 6.64          | 3.25         | 10.72         | 77.81         | 156.82         |
| <b>Tax Payable</b>   | <b>30.99</b>  | <b>15.17</b> | <b>50.03</b>  | <b>342.35</b> | <b>465.23</b>  |

**ANNEXURE – XIX**

**DETAILS OF MANUFACTURING EXPENSES, STAFF COSTS, SELLING EXPENSES AND ADMINISTRATIVE EXPENSES RESTATED**

(Rs. in lakhs)

| PARTICULARS                                | For the Year/Period Ended |                 |                 |                 |                |               |
|--|---------------------------|-----------------|-----------------|-----------------|----------------|---------------|
|  | 31-Mar-03                 | 31-Mar-04       | 31-Mar-05       | 31-Mar-06       | 31-Mar-07      | 31-Jul-07     |
| <b>Excise Duty</b>                         |                           |                 |                 |                 |                |               |
| Excise Duties and Education Cess           | 9.12                      | 56.45           | 77.37           | 96.96           | 139.52         | 31.01         |
| <b>Sub Total</b>                           | <b>9.12</b>               | <b>56.45</b>    | <b>77.37</b>    | <b>96.96</b>    | <b>139.52</b>  | <b>31.01</b>  |
| <b>Manufacturing Costs</b>                 |                           |                 |                 |                 |                |               |
| Freight and Warehousing costs              | 30.61                     | 49.37           | 60.43           | 49.92           | 47.50          | 18.80         |
| Power and Fuel                             | 10.68                     | 11.52           | 17.67           | 21.38           | 29.90          | 14.64         |
| Repairs - Factory Building                 | 1.99                      | 8.51            | 7.21            | 6.39            | 16.97          | 6.69          |
| Wages                                      | 69.73                     | 69.86           | 81.87           | 97.38           | 111.24         | 36.01         |
| Rent and Conducting charges                | 11.9                      | 12.02           | 29.54           | 31.32           | 20.01          | 10.79         |
| Consumable Stores and Spares               | 1.99                      | 2.35            | 35.37           | 28.42           | 58.07          | 14.37         |
| Processing Charges                         | 15.11                     | 41.18           | 22.46           | 18.23           | 36.39          | 14.78         |
| Factory Expenses                           | 5.07                      | 3.33            | 3.72            | 4.38            | 6.49           | 1.72          |
| <b>Sub Total</b>                           | <b>147.09</b>             | <b>198.14</b>   | <b>258.28</b>   | <b>257.42</b>   | <b>326.56</b>  | <b>117.80</b> |
| <b>Staff Cost</b>                          |                           |                 |                 |                 |                |               |
| Directors' Remuneration                    | 19.95                     | 22.43           | 29.35           | 54.23           | 65.80          | 24.10         |
| Salaries, Bonus etc.,                      | 205.57                    | 232.72          | 269.07          | 307.74          | 343.94         | 127.14        |
| Provision For Gratuity                     | 10.00                     | 10.00           | 10.00           | 10.10           | -              | -             |
| Staff Welfare expenses                     | 28.76                     | 28.84           | 36.19           | 43.56           | 46.64          | 12.29         |
| <b>Sub Total</b>                           | <b>264.28</b>             | <b>293.99</b>   | <b>344.61</b>   | <b>415.63</b>   | <b>456.37</b>  | <b>163.53</b> |
| <b>Administration Expenses</b>             |                           |                 |                 |                 |                |               |
| Conveyance expenses                        | 14.94                     | 17.24           | 16.65           | 10.08           | 10.51          | 3.85          |
| Electricity                                | 4.19                      | 3.58            | 3.26            | 4.03            | 4.56           | 1.89          |
| General Expenses                           | 24.07                     | 14.40           | 24.77           | 22.36           | 24.18          | 7.85          |
| Insurance expenses                         | 1.41                      | 3.06            | 3.37            | 6.12            | 13.64          | 0.87          |
| Legal & Professional Charges               | 2.92                      | 2.91            | 4.68            | 13.01           | 9.05           | 3.05          |
| Postage & Telephones                       | 24.03                     | 22.05           | 26.41           | 32.04           | 41.24          | 15.57         |
| Printing & Stationary                      | 36.03                     | 40.44           | 41.70           | 68.77           | 87.54          | 24.38         |
| Rent, Rates & Taxes                        | 14.16                     | 13.93           | 19.98           | 17.14           | 17.60          | 3.77          |
| Auditors Remuneration                      | 1.72                      | 2.02            | 1.80            | 3.66            | 5.05           | 0.94          |
| Repairs & Maintenance - Office             | 2.17                      | 1.92            | 3.27            | 2.92            | 2.37           | 0.88          |
| Loss on Sale of Asset                      | -                         | -               | 3.35            | 4.92            | 13.88          | 0.28          |
| <b>Sub Total</b>                           | <b>125.64</b>             | <b>121.54</b>   | <b>149.24</b>   | <b>185.05</b>   | <b>229.62</b>  | <b>63.33</b>  |
| <b>Selling &amp; Distribution Expenses</b> |                           |                 |                 |                 |                |               |
| Advertisement & Publicity                  | 112.09                    | 129.11          | 153.34          | 53.89           | 128.92         | 201.60        |
| Discount and Rebates                       | 244.66                    | 436.97          | 620.30          | 915.83          | 1230.01        | 140.54        |
| Traveling expenses                         | 112.10                    | 109.10          | 152.69          | 242.07          | 343.99         | 128.73        |
| Freight & Delivery expenses                | 163.38                    | 210.70          | 249.11          | 213.72          | 321.76         | 119.37        |
| <b>Sub Total</b>                           | <b>632.23</b>             | <b>885.88</b>   | <b>1,175.44</b> | <b>1,425.51</b> | <b>2024.68</b> | <b>590.24</b> |
| <b>Interest and Finance Charges</b>        |                           |                 |                 |                 |                |               |
| Interest & Financial charges               | 41.32                     | 101.73          | 137.63          | 169.59          | 247.48         | 99.81         |
| <b>Sub Total</b>                           | <b>41.32</b>              | <b>101.73</b>   | <b>137.63</b>   | <b>169.59</b>   | <b>247.48</b>  | <b>99.81</b>  |
| <b>TOTAL</b>                               | <b>1,063.47</b>           | <b>1,403.14</b> | <b>1,806.92</b> | <b>2,195.78</b> | <b>2958.14</b> | <b>916.90</b> |
| <b>Depreciation</b>                        | <b>11.43</b>              | <b>15.42</b>    | <b>21.2</b>     | <b>27.94</b>    | <b>48.47</b>   | <b>19.88</b>  |

# **ANNEXURE – XX**

## **STATEMENT OF EARNING IN FOREIGN CURRENCY**

(Rs. in lakhs)

| PARTICULARS             | For the Year/Period Ended |           |           |             |              |           |
|-------------------------|---------------------------|-----------|-----------|-------------|--------------|-----------|
|                         | 31-Mar-03                 | 31-Mar-04 | 31-Mar-05 | 31-Mar-06   | 31-Mar-07    | 31-Jul-07 |
| F.O.B. Value Of Exports | -                         | -         | -         | 8.36        | 15.44        | -         |
| <b>Total</b>            | <b>-</b>                  | <b>-</b>  | <b>-</b>  | <b>8.36</b> | <b>15.44</b> | <b>-</b>  |

# **ANNEXURE – XXI**

## **STATEMENT OF EXPENDITURE IN FOREIGN CURRENCY**

(Rs. in lakhs)

| PARTICULARS                            | For the Year/Period Ended |               |               |               |                |               |
|--|---------------------------|---------------|---------------|---------------|----------------|---------------|
|  | 31-Mar-03                 | 31-Mar-04     | 31-Mar-05     | 31-Mar-06     | 31-Mar-07      | 31-Jul-07     |
| CIF Value of Imports                   | 45.96                     | 111.54        | 388.94        | 561.34        | 1196.07        | 417.74        |
| Foreign Traveling Expenses             | -                         | 1.53          | 11.88         | 9.15          | 12.62          | 10.59         |
| Remittance towards Share               |                           |               |               |               |                |               |
| Application Money to Golden            | -                         | -             | -             | -             | 113.34         | 178.01        |
| Harvest Money to Golden Harvest Middle |                           |               |               |               |                |               |
| East FZC                               |                           |               |               |               |                |               |
| <b>Total</b>                           | <b>45.96</b>              | <b>113.07</b> | <b>400.81</b> | <b>570.49</b> | <b>1322.03</b> | <b>606.33</b> |

# **ANNEXURE – XXII – A**

## **DETAILS OF RELATED PARTIES - AS PER AS 18**

| Nature of relationship   | Name of related party               | Remarks  |
|--|-------------------------------------|--|
| <b>Subsidiary</b>  | Aries Agro Care Pvt. Ltd.           | Date of Incorporation 5th January 2007                             |
|  | Aries Agro Equipments Pvt. Ltd.     | Date of Incorporation 12th January 2007                            |
| <b>Enterprises over which the key Management Persons have substantial influence or Control</b> | Aries Marketing Ltd.                |  |
|  | Blossoms International Ltd.         |  |
|  | Sreeni Agro Chemicals Pvt. Ltd.     |  |
|  | Aries East West Nutrients Pvt. Ltd. |  |
|  | Golden Harvest Middle East FZC      |  |
|  | North South Nutrients Pvt. Ltd.     | Application for deletion of name filed with Registrar of Companies |
|  | Aries Home Aids Pvt. Ltd.           |  |
|  | Mirabelle Nutrients Pvt. Ltd.       |  |
|  | Rallaries Agri Inputs Pvt. Ltd.     |  |

|   |                                      |  |                     |
|---|--------------------------------------|--|---------------------|
|   | Mirabelle Leasing Pvt. Ltd.          | Already struck off from the Register of Registrar of Companies |                     |
|   | Mirabelle Advertising Pvt. Ltd.      |  |                     |
| <b>Enterprises in which the key Management Persons have total control</b> | Mirabelle International              | Proprietor - Dr. Jimmy Mirchandani                             |                     |
| <b>Key Management Personnel</b>   | Dr T B Mirchandani                   | Chairman & Managing Director                                   |                     |
|   | Dr. Jimmy Mirchandani                | Jt. Managing Director  |                     |
|   | Dr. Rahul Mirchandani                | Executive Director   |                     |
| <b>Relatives of Key Management Personnel:</b>                             | <b>Name of Key Management Person</b> | <b>Name of Relative</b>  | <b>Relationship</b> |
|   | Dr. T. B. Mirchandani                | Mr. Ashok Mirchandani  | Brother             |
|   |                                      | Dr. Jimmy Mirchandani  | Son                 |
|   |                                      | Dr. Rahul Mirchandani  | Son                 |
|   | Dr. Jimmy Mirchandani                | Mrs. Sarasa Mirchandani  | Spouse              |
|   |                                      | Dr. T. B. Mirchandani  | Father              |
|   |                                      | Dr. Rahul Mirchandani  | Brother             |
|   |                                      | Mr. Akshay Mirchandani   | Son                 |
|   |                                      | Master Amol Mirchandani  | Son                 |
|   | Dr. Rahul Mirchandani                | Mrs. Nitya Mirchandani   | Spouse              |
|   |                                      | Master Armaan Mirchandani                                      | Son                 |
|   |                                      | Dr. T. B. Mirchandani  | Father              |
|   |                                      | Dr. Jimmy Mirchandani  | Brother             |



# ANNEXURE - XXII-B

## DETAILS OF TRANSACTIONS WITH RELATED PARTIES

(Rs. in lakhs)

| SI No | Category   | Nature Of Services                           | Amount For The Year/Period Ended |           |           |           |
|-------|--|--|----------------------------------|-----------|-----------|-----------|
|       |  |  | 31-Mar-05                        | 31-Mar-06 | 31-Mar-07 | 31-Jul-07 |
| 1     | <b>Key Management Personnel</b>                                    | Remuneration, Allowances to Directors        | 29.35                            | 54.26     | 65.80     | 24.10     |
|       |  | Finance-Unsecured Loans Recd                 | 82.44                            | 8.00      | -         | -         |
|       |  | Finance-Unsecured Loans Repaid               | 55.68                            | 25.19     | 23.19     | -         |
|       |  | Interest Paid                                | 25.67                            | 26.19     | -         | -         |
| 2     | <b>Enterprises Belonging To Key Management Personnel</b>           | Finance-Loans/Payment Given                  | 29.51                            | 18.38     | 18.37     | 4.98      |
|       |  | Finance-Loans/Payment Received               | 4.99                             | -         | -         | -         |
|       |  | Conducting Charges                           | 10.44                            | 8.74      | 14.28     | 3.87      |
|       |  | Purchases                                    | 11.89                            | -         | -         | -         |
| 3     | <b>Enterprises Over Which Key Management Personnel Has Control</b> | Finance-Loans/Payment Given                  | 58.82                            | 15.26     | 20.50     | 5.13      |
|       |  | Finance-Loans/Payment Received               | 13.74                            | 180.50    | 242.50    | -         |
|       |  | Finance-Equity-Share Application Monies Paid | -                                | -         | 113.34    | 82.15     |
|       |  | Sale Of Goods                                | 138.36                           | 8.36      | 6.91      | -         |
|       |  | Purchases                                    | 27.28                            | 109.94    | 672.81    | 482.65    |
|       |  | Payments (Net Of Receipts) For Goods         | -                                | 36.93     | 739.64    | 216.14    |
|       |  | Shares received during the year              | -                                | -         | -         | 17.48     |
| 4     | <b>Subsidiaries</b>  | Finance – Loans/Payment given                | -                                | -         | -         | 1.43      |
|       |  | Finance – Loans/Payment received             | -                                | -         | -         | 8.26      |
| 5     | <b>Relatives of Key Management Persons</b>                         | Finance – Unsecured Loans Received           | 1.04                             | -         | -         | -         |
|       |  | Finance – Unsecured Loans Repaid             | 18.17                            | -         | -         | -         |

**ANNEXURE – XXII – C**
**BALANCES OUTSTANDING WITH RELATED PARTIES**

(Rs. in lakhs)

| Nature Of Outstanding    | Category   | Name Of The Party                             | Amount Outstanding As On (Rs.) |           |           |           |
|--------------------------|--|---|--------------------------------|-----------|-----------|-----------|
|                          |  |   | 31-Mar-05                      | 31-Mar-06 | 31-Mar-07 | 31-Jul-07 |
| Unsecured Loans          | Key Management Personnel Promoters -   | Dr. T B. Mirchandani                          | 8.69                           | 4.97      | -         | -         |
|                          |  | Dr. Jimmy Mirchandani                         | 258.39                         | 18.22     |           |           |
| Due To Directors         | Key Management Personnel Promoters -   | Dr. T B. Mirchandani                          | 5.97                           | 6.20      | 6.40      | 8.07      |
|                          |  | Dr. Jimmy Mirchandani                         | 4.13                           | 8.06      | 7.49      | 8.12      |
|                          |  | Dr. Rahul Mirchandani                         | 2.61                           | 6.71      | 4.12      | 3.63      |
| Creditors for Goods      | Enterprises Which Key Management Person Control Or Has Significant Influence   | Golden Harvest Middle East FZC                | 27.28                          | 115.69    | 41.78     | 308.29    |
| Sundry Debtors           | Enterprises Which Key Management Person Control Or Has Significant Influence   | Aries Marketing Limited                       | 436.70                         | 331.08    | 108.91    | 114.04    |
| Loans And Advances       | Enterprises Belonging To Key Management Personnel                              | Mirabelle International                       | 46.37                          | 56.00     | 60.09     | 61.21     |
|                          |  | Sreeni Agro Chemicals Pvt. Ltd.               | 59.72                          | -         | -         | -         |
|                          | Enterprises Which Key Management Person Control Or Has Significant Influence   | Aries East West Nutrients Pvt. Ltd.           | 44.92                          | 44.99     | 44.99     | 45.00     |
|                          |  | Subsidiaries Aries Agro Equipments Pvt./ Ltd. |                                |           | 15.21     | 6.95      |
|                          |  | Subsidiaries Aries Agro Care Pvt. Ltd.        | -                              | -         | -         | 1.43      |
| Share Application Monies | Enterprises which key management person controls or has significance influence | Golden Harvest Middle East FZC                | -                              | -         | 113.34    | 178.01    |

**ANNEXURE XXIII-A****SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Preparation**

The restated financial statements have been prepared under the historical cost convention and materially comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956. All income and expenditure having material bearing on the financial statements have been recognized on the accrual basis.

**B. 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 the disclosure of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods

**C. Fixed Assets and Depreciation**

- a) Fixed Assets are stated at cost of acquisition / construction / revaluation less accumulated depreciation
- b) Depreciation on Fixed Assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- c) Depreciation on building to the extent of revalued amount has been debited to Revaluation Reserve account.
- d) On assets acquired during the year and assets sold during the year, the depreciation has been provided pro rata for the period used.
- e) The company had acquired several vehicles which are yet to be transferred in the name of the company. The company has all the ownership rights and the depreciation there on has been charged at the rates prescribed in Schedule XIV to the Companies Act, 1956.

**D. Investments**

Investments are stated at cost.

**E. Inventories**

- i. Raw material, packing materials, Stores, Spares and Stock-in-transit valued at cost.
- ii. Finished goods are valued at cost or market value whichever is lower. The cost includes cost of production and expenses incurred in putting the inventories in their present location and condition.
- iii. Waste and scrap are not separately valued being insignificant in value

**F. Revenue Recognition**

- a) Revenue from sale of goods is recognized when the goods are handed over to the customer or his duly authorized agent
- b) Sales are accounted net of sales tax recovered, sales returns, trade discounts, rebates and allowances but include duties wherever applicable. (Though quantity discounts, incentive discounts are debited to Profit & Loss Account directly).

**G. Employee Benefits**

- a) Bonus is accounted on accrual basis
- b) Gratuity is covered under the group gratuity scheme of Life Insurance Corporation Of India.

**H. Foreign Currency Transactions**

- a) The transactions in Foreign Currency are accounted at the exchange rate i.e. custom rate prevailing on the date of transaction. Exchange fluctuation between the transaction date and settlement date in

respect of transactions are transferred to exchange rate difference account and written off to Profit & Loss Account.

- b) Current Assets and Current Liabilities involving transactions in foreign currency are converted at the exchange rates prevailing on the date of Balance Sheet. Any profit and loss arising out of such conversion is charged to profit and loss account.

## **I. Income Tax**

The current change for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred Tax Assets and Liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for Income Tax and profit as per financial statements.

Deferred Tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

## **ANNEXURE XXIII-B**

### **NOTES TO RESTATED ACCOUNTS**

#### **1. Prior Period Items**

In the Restated summary Statements, prior period items represent adjustments in respect of transaction items being material changes or credit which arise in a particular period as a result of errors or omission in the preparation of financial statements of one or more prior period and /or material adjustments necessitated by circumstances which though related to previous period are determined in the particular (current) period.

Though, in these restated accounts, we have not provided for the liabilities as under as they related to the period prior to the 1st April 2001, i.e. period prior to the period covered by the restated accounts.

a. Gratuity liability prior to 1st April 2001 - Estimated at Rs 49.24 Lakhs

b. Excise Dues paid in 2005-06 -Rs. 20.25 Lakhs (provided and debited in the accounts for the year ended 31st March 2006 as prior period expenses.

#### **2. Gratuity**

The Company has opted for Life Insurance Corporation of India's Group Gratuity Scheme for its employees. The scheme offered by the Life Insurance Corporation of India permits the Company for payment of arrears in five yearly installments commencing from 1st December 2005. The total contribution payable including arrears as per Life Insurance Corporation of India as on 31/03/07 is Rs. 1,26,23,569/-. The liability for current period is estimated as Rs. 4,00,000/- (Previous Year Rs. 10,96,619/-). The unprovided liability as on date is Rs. 49,24,200/- (Previous Year Rs. 49,24,200/-).

#### **3. Regrouping**

Figures in the Restated summary Statements have been appropriately regrouped to confirm with the reclassification made in the subsequent years.

#### **4. Contingent Liabilities not provided for**

The company has in the accounts disclosed contingent liabilities in respect of show cause notices received from the Tax Departments. In view of subsequent court judgments in favour of the Company, the Company has not considered the probable liabilities arising out of such show cause Notices as Contingent Liabilities. The details of contingent liabilities as on July 31, 2007 is as under:

| (Rs. in lakhs)  |                                 |
|---|---------------------------------|
| PARTICULARS   | UPTO 31 <sup>ST</sup> JULY 2007 |
| Letter of Credit Opened   | 145.44                          |
| Taxes & Dues Disputed   | 7.72                            |
| Claims Against Company not Acknowledged as Debts                          | 48.03                           |
| Estimated amount of Contracts remaining to be executed on Capital Account | 162.48                          |
| Disputed amount in appeal not provided for                                | 802.00                          |
| TOTAL   | 1,165.67                        |

For details of contingent liabilities for the previous five financials years (covered by these restated financials), please refer to Annexure – XII.

## 5. Applicability of Accounting Standards

For and upto the year ended 31st March 2006, accounting standards As 17, on segment reporting & As 18, on related party transactions were not applicable to the company as the company did not meet the criteria for applicability of such Accounting standards.

For details of related party transactions for the years/period covered by these restated financials, please refer to Annexure – XXII-A, XXII-B and XXII-C.

## 6. Deferred Taxes

The Company adopted Accounting Standard 22 (AS-22)- Accounting for Taxes on income issued by the Institute of Chartered Accountants of India for the first time in preparing the financial statements, AS-22 has not been applied for the year ended March 31, 2002. While preparing the financial statements for the year ended 31st March, 2003 the deferred tax impact for the year ended 31st March 2002 was adjusted against the reserves as on 1st April 2002. While preparing the restated statements, we have given the effect of such adjustment as on March 31, 2002.

The deferred tax asset in respect of provision for gratuity in restated accounts has been considered in the year ended 31st July 2007.

## 7. Dividends Paid

No dividend has been declared or paid by the Company for the last five financial years ending on 31<sup>st</sup> March 2003 to 31<sup>st</sup> March 2007 and for the period ended 31st July, 2007.

**ANNEXURE -XXIV**
**STATEMENT OF CASH FLOWS, AS RESTATED**
**(Rs. in lakhs)**

| PARTICULARS  | For the Year/Period Ended |                 |                 |                 |                 |                 |
|--|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | 31-Mar-03                 | 31-Mar-04       | 31-Mar-05       | 31-Mar-06       | 31-Mar-07       | 31-Jul-07       |
| <b>A) Cash Flow from Operating Activities</b>  |                           |                 |                 |                 |                 |                 |
| Net Profit Before Tax and Extraordinary Items  | 76.84                     | 38.96           | 140.55          | 1,024.14        | 1,397.68        | 467.83          |
| <b>Adjustments for:</b>  |                           |                 |                 |                 |                 |                 |
| Depreciation   | 11.43                     | 15.42           | 21.20           | 27.94           | 48.47           | 19.88           |
| Miscellaneous Expenses Written Off   | 0.17                      | -               | -               | -               | -               | -               |
| Income-tax & Fringe Benefit Tax paid   | (30.00)                   | (30.00)         | (55.00)         | (353.25)        | (476.60)        | (142.50)        |
| Prior Period Taxes   | (114.42)                  | (12.12)         | 36.30           |                 | (8.71)          | (0.70)          |
| Prior Period Expenses  | -                         | -               | -               | (20.25)         | (16.00)         | -               |
| Issue Expenses to the extent not W/Off   | -                         | -               | -               | -               | (19.19)         | (28.06)         |
| Interest Income being income from Investing Activities                               | (0.34)                    | (0.47)          | (0.51)          | (3.54)          | (2.61)          | -               |
| Interest Expense being Cash flow for Financing Activities                            | 41.32                     | 101.73          | 137.63          | 169.59          | 247.48          | 99.81           |
| (Profit)/Loss on sale of Fixed Assets being Cash Flow on a/c of Investing Activities | (0.34)                    | -               | 3.35            | 4.92            | 13.88           | 0.28            |
| <b>Cash flows from Operations before Working Capital Changes</b>                     | (15.34)                   | 113.52          | 283.53          | 849.55          | 1184.40         | 416.54          |
| (Increase) / Decrease in Inventories   | (60.90)                   | (82.99)         | (390.54)        | (87.26)         | (777.55)        | (562.11)        |
| (Increase)/Decrease in Trade Receivables   | (202.06)                  | (394.90)        | 20.74           | (678.09)        | (771.19)        | (562.68)        |
| (Increase)/Decrease in Loans & Advances  | (53.47)                   | (20.79)         | (57.57)         | (147.46)        | (355.31)        | (14.01)         |
| Increase / (Decrease) in Current Liabilities and Provisions                          | 41.16                     | 211.89          | 134.04          | 314.84          | 360.66          | 498.08          |
| <b>Cash Flow from Operating Activities</b>   | <b>(290.61)</b>           | <b>(173.28)</b> | <b>(9.80)</b>   | <b>251.58</b>   | <b>(358.99)</b> | <b>(224.18)</b> |
| <b>B) Cash flow from Investing Activities</b>  |                           |                 |                 |                 |                 |                 |
| Purchase of Fixed Assets, Capital Work In Progress & Advances on Capital A/c         | (37.27)                   | (27.70)         | (111.76)        | (194.36)        | (346.59)        | (85.03)         |
| Increase in Investments incl. Share Application Money                                | -                         | (0.01)          | -               | 0.02            | (2.01)          | (17.48)         |
| Proceeds on Sale of Fixed Assets   | 2.79                      | -               | 2.85            | 2.31            | 13.77           | 0.84            |
| Interest Received  | 0.34                      | 0.47            | 0.51            | 3.54            | 2.61            | -               |
| <b>Cash Flow from Investing Activities</b>   | <b>(34.15)</b>            | <b>(27.24)</b>  | <b>(108.40)</b> | <b>(188.49)</b> | <b>(332.22)</b> | <b>(101.67)</b> |
| <b>C) Cash flow from Financing Activities</b>  |                           |                 |                 |                 |                 |                 |
| Increase / (Decrease) in Borrowings  | 369.13                    | 262.51          | 271.00          | 239.46          | 840.35          | 391.51          |
| Interest Paid  | (41.32)                   | (101.73)        | (137.63)        | (169.59)        | (247.48)        | (99.81)         |
| <b>Cash Flow from Financing Activities</b>   | <b>327.81</b>             | <b>160.78</b>   | <b>133.37</b>   | <b>69.87</b>    | <b>592.88</b>   | <b>291.70</b>   |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>                | <b>3.05</b>               | <b>(39.74)</b>  | <b>15.17</b>    | <b>132.96</b>   | <b>(98.33)</b>  | <b>(34.16)</b>  |
| <b>Cash &amp; Cash Equivalents at the Beginning of the year</b>                      | <b>61.92</b>              | <b>64.97</b>    | <b>25.23</b>    | <b>40.40</b>    | <b>173.36</b>   | <b>75.03</b>    |
| <b>Cash &amp; Cash Equivalents at the End of the year</b>                            | <b>64.97</b>              | <b>25.23</b>    | <b>40.40</b>    | <b>173.36</b>   | <b>75.03</b>    | <b>40.88</b>    |

**Details of Opening Stock, Production, Sales & Closing Stock**

(Rs. in lakhs)

| Particulars                 | As at     |           |           |           |           |           |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                             | 31-Mar-03 | 31-Mar-04 | 31-Mar-05 | 31-Mar-06 | 31-Mar-07 | 31-Jul-07 |
| <b>Opening Stock</b>        |           |           |           |           |           |           |
| Finished goods              | 193.54    | 224.28    | 240.82    | 412.14    | 412.53    | 736.19    |
| <b>Cost of Production</b>   |           |           |           |           |           |           |
| Raw Material Consumed       | 500.78    | 657.05    | 1,558.42  | 1,475.45  | 1,696.75  | 772.66    |
| Packing Materials Consumed  | 142.61    | 188.39    | 257.63    | 327.26    | 473.55    | 155.96    |
| Manufacturing Expenses      | 156.21    | 254.59    | 335.64    | 354.38    | 466.08    | 148.82    |
| <b>Cost of Goods Traded</b> | -         | 192.24    | -         | 535.53    | 700.03    | 498.86    |
| <b>Sales</b>                | 1,913.49  | 2,728.61  | 3,942.98  | 5,936.43  | 7,405.34  | 2,171.22  |
| <b>Closing Stock</b>        |           |           |           |           |           |           |
| Finished goods              | 224.28    | 240.82    | 412.14    | 412.53    | 736.19    | 1,338.14  |

**STATEMENT OF QUALIFICATIONS IN AUDITORS REPORT ON THE AUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2003 TO 31ST MARCH 2007 AND FOR THE FOUR MONTHS PERIOD ENDED 31ST JULY 2007.**

**Accounts for the year ended 31st March 2003:**

Accounting Standard 15 - Retirement Benefits - The Company has not provided for gratuity of Rs. 1,33,86,367.

**Accounts for the year ended 31st March 2004:**

Accounting Standard 15 - Retirement Benefits - The Company has not provided for gratuity of Rs. 1,52,22,700.

**Accounts for the year ended 31st March 2005:**

Accounting Standard 15 - Retirement Benefits - The Company has not provided for gratuity of Rs. 1,34,92,465 as valued by actuary.

**Accounts for the year ended 31st March 2006:**

Non-provision for Gratuity as per Accounting Standard 15 (see Note 3 to notes to Accounts)

Note No. 3 to Notes to Accounts:

The Company has opted for Life Insurance Corporation of India's Group Gratuity Scheme for its employees. The Scheme offered by the Life Insurance Corporation of India permits the Company for payment of arrears in five yearly installments commencing from 1st December 2005. The contribution payable as per Life Insurance Corporation of India as on 31/03/06 is 1,22,54,916. The company has paid a premium of Rs. 10.1 Lakh during the financial year under review. This payment includes annual contribution of Rs. 6,61,865 and balance amount towards arrears payment. Arrears are not provided in the accounts.

**Accounts for the year ended 31st March 2007:**

Non-provision for Gratuity as per Accounting Standard 15 (see Note 3 to notes to Accounts)

Note No. 3 to Notes to Accounts:

The Company has opted for Life Insurance Corporation of India's Group Gratuity Scheme for its employees. The Scheme offered by the Life Insurance Corporation of India permits the Company for payment of arrears in five yearly installments commencing from 1st December 2005. The contribution payable as per Life Insurance Corporation of India as on 31/03/07 is 1,26,23,569/-. During the year, the Company has paid Rs. 30 lakhs (previous year Rs. 10,10,000/-) towards gratuity fund. The liability in current year is actuarially valued at Rs. 10,96,619/- (previous year Rs. 20,44,388/-) which has been paid and provided for. The Company has also paid and provided Rs. 16.00 lakhs towards earlier years gratuity liability. The balance arrear of Rs. 49.24 lakhs remains unprovided.

**Accounts for the period ended 31<sup>ST</sup> July, 2007:**

Non-provision for Gratuity as per Accounting Standard 15 (see Note 3 to notes to Accounts)

Note No. 3 to Notes to Accounts:

The Company has opted for Life Insurance Corporation of India's Group Gratuity Scheme for its employees. The Scheme offered by the Life Insurance Corporation of India permits the Company for payment of arrears in five yearly installments commencing from 1st December 2005. The contribution payable as per Life Insurance Corporation of India as on 31/03/07 is 1,26,23,569/-. The liability in current period is estimated at Rs. 4.00 lakhs, which has been provided for. The balance arrear of Rs. 49.24 lakhs remains unprovided.



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**TREATMENT OF ABOVE QUALIFICATIONS IN RESTATED ACCOUNTS:**

In the accounts for the year ended 31st March 2002 to 31st March 2005, as there was no provision for gratuity made in the accounts, the estimated liability of Rs. 10 lakhs per year (estimated by the management) has been provided in the accounts. Arrears in respect of prior period amounting to Rs. 16.00 lakhs were paid during the financial year 2006-07 which is reflected as prior period items. The corresponding credit in respect of deferred tax has been taken in financial year 2007-08 only. Balance arrears in respect of period prior to 31st March 2001 amounting to Rs. 49.24 lakhs (net of tax Rs. 32.66 lakhs) has not been provided for.

**For M/s KIRTI D SHAH & ASSOCIATES**  
**Chartered Accountants**

**Kirti D Shah**  
**Proprietor**  
**Membership No. 32371**

Date: 5th November, 2007  
Place: Mumbai

## AUDITORS' REPORT

The Board of Directors  
**ARIES AGRO LIMITED**  
 Aries House, Plot No. 24  
 Deonar, Govandi (East)  
 Mumbai – 400 043

We have examined the financial information of **Aries Agro Care Private Limited**, contained in the statements annexed to this Report for the immediately preceding financial period ended 31st March 2007 and for the period ended on 31<sup>st</sup> July, 2007 which is proposed to be included in the Offer Document being issued by the Holding Company in connection with its Public Issue of Equity Shares (hereinafter referred to as "the Issue") which is in accordance to the requirements of:

- (a) Paragraph B(1) of Para II of Schedule II to the Companies Act, 1956 ("the Act");
- (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI guidelines") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- © The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document in connection with its proposed Public Issue of Equity Shares.

Financial information as per audited financial statements:

1. We have examined the attached restated summary of Assets & Liabilities of the Company as at 31st March 2007 and up to 31<sup>st</sup> July, 2007 (Annexure –I) together with other statements referred to as 'summary statements' as prepared by the Company and approved by the Board of Directors. Based on our examination of these summary statements, we state that:
  - i. The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at July 31, 2007 as stated vide Annexure III-A to this report. The summary statements have to be read in conjunction with the notes give in the Annexure III-B
  - ii. There are no qualifications in the auditor's report that require any adjustments to the summary statements.
  - iii. The extra ordinary items that need to be disclosed separately in the summary statements have been appropriately disclosed. There were no exceptional and non-recurring items, which are material.
2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at 31st July 2007 are enclosed as Annexure III-A to this report.

Other Financial Information:

3. We have examined the following financial information relating to the Company for the period ended 31st March 2007 and for the period ended on 31<sup>st</sup> July, 2007 proposed to be included in the Offer Document to be issued by the Holding Company as approved by its Board of Directors and annexed to this report:

| Sl. No. | Particulars                                     | Annexure No.                |
|---------|---|-----------------------------|
| 1       | Statement of Assets & Liabilities               | Annexure – I                |
| 2       | Cash Flow Statement                             | Annexure – II               |
| 3       | Significant Accounting Policies                 | Annexure – III-A            |
| 4       | Notes to Accounts                               | Annexure – III-B            |
| 5       | Disclosure regarding Related Party Transactions | Annexure – IV-A, IV-B, IV-C |
| 6       | Statement of Accounting Ratio                   | Annexure – V                |

4. In our view, the 'financial information as per the audited financial statements' and other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

5. This report should not be in any way constructed as a re-issuance or redrafting of any of the previous audit report issued by us or other auditors nor should this report be constructed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed issue of the Holding Company as and is not to be used, referred to or distributed for any purpose without our prior written consent.

**For M/s KIRTI D SHAH & ASSOCIATES**  
**Chartered Accountants**

**Kirti D Shah**  
**Proprietor**  
**Membership No. 32371**

Date: 5<sup>th</sup> November, 2007  
Place: Mumbai

**ANNEXURE : I**
**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**
**(Rs. in lakhs)**

| PARTICULARS  | As at the Period Ended |             |
|--|------------------------|-------------|
|  | 31-Mar-07              | 31-Jul-07   |
| <b>1. FIXED ASSETS :</b>   |                        |             |
| Gross Block  | -                      | -           |
| Less : Depreciation  | -                      | -           |
| <b>Net Block</b>   | -                      | -           |
| Less : Revaluation Reserve                                       | -                      | -           |
| <b>Net Block after adjustment for Revaluation Reserve</b>        | -                      | -           |
| Capital Work in Progress   | -                      | -           |
| <b>TOTAL FIXED ASSETS</b>  | -                      | -           |
| <b>2. PRE-OPERATIVE EXPENSES - PENDING CAPITALISATION</b>        | <b>0.79</b>            | <b>5.46</b> |
| <b>3. CURRENT ASSETS, LOANS AND ADVANCES :</b>                   |                        |             |
| a) Inventories   | -                      | -           |
| b) Sundry Debtors  | -                      | -           |
| c) Loans & Advances  | -                      | -           |
| d) Cash & Bank Balances  | 0.88                   | 0.10        |
| <b>TOTAL CURRENT ASSETS, LOANS AND ADVANCES</b>                  | <b>0.88</b>            | <b>0.10</b> |
| <b>4. TOTAL ASSETS(1+2+3)</b>                                    | <b>1.67</b>            | <b>5.56</b> |
| <b>5. LIABILITIES &amp; PROVISIONS :</b>                         |                        |             |
| a) Secured Loans   | -                      | -           |
| b) Unsecured Loans   | 0.20                   | 1.83        |
| c) Current Liabilities and Provisions                            | 0.47                   | 2.73        |
| d) Deferred Tax Liability  | -                      | -           |
| <b>TOTAL LIABILITIES</b>   | <b>0.67</b>            | <b>4.56</b> |
| <b>6. NET WORTH (4-5)</b>  | <b>1.00</b>            | <b>1.00</b> |
| <b><u>NET WORTH REPRESENTED BY :</u></b>                         |                        |             |
| A. Equity Share Capital  | 1.00                   | 1.00        |
| B. Reserves and Surplus  | -                      | -           |
| C : Less : Revaluation Reserve                                   | -                      | -           |
| D: Net Reserves and Surplus                                      | -                      | -           |
| E. Misc. Expenditure (to the extent not written off or adjusted) | -                      | -           |
| <b>NET WORTH (A + D - E)</b>                                     | <b>1.00</b>            | <b>1.00</b> |

## **ANNEXURE : II**

### **STATEMENT OF CASH FLOWS, AS RESTATED**

| PARTICULARS   | (Rs. in lakhs)            |               |
|---|---------------------------|---------------|
|   | For the Year/Period Ended |               |
|   | 31-Mar-07                 | 31-Jul-07     |
| <b>A) Cash Flow from Operating Activities</b>                         |                           |               |
| Net Profit Before Tax and Extraordinary Items                         | -                         | -             |
| <u>Adjustments for Tax and Extraordinary Items</u>                    | -                         | -             |
| <b>Cash flows from Operations before Working Capital Changes</b>      | -                         | -             |
| Increase / (Decrease) in Current Liabilities and Provisions           | 0.47                      | 2.26          |
| <b>Cash Flow from Operating Activities</b>                            | <b>0.47</b>               | <b>2.26</b>   |
| <b>B) Cash flow from Investing Activities:</b>                        |                           |               |
| Pre-Operative Expenses pending Capitalisation                         | (0.79)                    | (4.66)        |
| <b>Cash Flow from Investing Activities</b>                            | <b>(0.79)</b>             | <b>(4.66)</b> |
| <b>C) Cash flow from Financing Activities:</b>                        |                           |               |
| Increase / (Decrease) in Capital incl. Premium                        | 1.00                      | -             |
| Increase / (Decrease) in Borrowings                                   | 0.20                      | 1.63          |
| <b>Cash Flow from Financing Activities</b>                            | <b>1.20</b>               | <b>1.63</b>   |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b> | <b>0.88</b>               | <b>(0.77)</b> |
| <b>Cash &amp; Cash Equivalents at the Beginning of the year</b>       | <b>-</b>                  | <b>0.88</b>   |
| <b>Cash &amp; Cash Equivalents at the End of the year</b>             | <b>0.88</b>               | <b>0.10</b>   |

## **ANNEXURE: III-A**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Basis of Preparation**

The financial statements have been prepared under the historical cost convention and materially comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956. All income and expenditure having material bearing on the financial statements have been recognized on the accrual basis.

#### **B. 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 the disclosure of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### **C. All the expenses incurred during the Construction period or pre operations period will be capitalized to various fixed assets to be created.**

#### **D. Fixed Assets and Depreciation**

- Fixed Assets are stated at cost of acquisition / construction / revaluation less accumulated depreciation
- Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner

prescribed in Schedule XIV of the Companies Act, 1956.

- c) On assets acquired during the year and assets sold during the year the depreciation has been provided pro rata for the period used.

**E. Investments**

Investments are stated at cost.

**F. Inventory**

- a) Raw material, packing materials, Stores, Spares and Stock-in-transit valued at cost.
- b) Finished goods are valued at cost or market value whichever is lower. The cost includes cost of production and expenses incurred in putting the inventories in their present location and condition.
- c) Waste and scrap are not separately valued being insignificant in value

**G. Revenue Recognition**

- a) Revenue from sale of goods is recognized when the goods are handed over to the customer or his duly authorized agent
- b) Sales are accounted net of sales tax recovered, sales returns, trade discounts, rebates and allowances but include duties wherever applicable.

**H. Employee Benefits**

- a) Bonus is accounted on accrual basis
- b) Gratuity will be provided on accrual basis and will be covered under the Group Gratuity Scheme of Life Insurance Corporation of India.

**I. Foreign Currency Transactions**

- a) The transactions in Foreign Currency are accounted at the exchange rate i.e. custom rate prevailing on the date of transaction. Exchange fluctuation between the transaction date and settlement date in respect of transactions are transferred to exchange rate difference account and written off to Profit and Loss Account.
- b) Current Assets and Current Liabilities involving transactions in foreign currency are converted at the exchange rates prevailing on the date of Balance Sheet. Any profit and loss arising out of such conversion is charged to profit and loss account.

All the accounting policies as mentioned above will be applied at the relevant time. Presently, the Company has not yet commenced its commercial operations and hence such accounting policies may not be applicable.

**ANNEXURE: III-B**

**NOTES TO ACCOUNTS**

**1. Prior Period Items**

In the Restated summary Statements, prior period items represent adjustments in respect of transaction items being material changes or credit which arise in a particular period as a result of errors or omission in the preparation of financial statements of one or more prior period and /or material adjustments necessitated by circumstances which though related to previous period are determined in the particular (current) period.

**2. Regrouping**

Figures in the Restated summary Statements have been appropriately regrouped to confirm with the reclassification made in the subsequent years.

### 3. Contingent Liabilities not provided for

There are no contingent liabilities.

### 4. Accounting Standards Applicability

The Accounting Standards AS 17 on Segment Reporting, AS 18 on Related Party Transactions and AS 22 on Accounting for Taxes on Income are not applicable to the Company as the Company has yet to commence business operations.

### 5. Dividends Paid

No dividend has been declared or paid by the company since inception on 5th January, 2007.

## ANNEXURE : IV-A

### DETAILS OF RELATED PARTIES - AS PER AS 18

| Nature of Relationship                | Name of Related Party                                  | Remarks  |              |
|---------------------------------------|--|--|--------------|
| Holding Company                       | Aries Agro Limited                                     | Date of becoming Subsidiary of Aries Agro Limited is 5th January 2007 (Incorporation Date) |              |
| Key Management Personnel              | Dr. T. B. Mirchandani                                  | Chairman & Managing Director   |              |
|                                       | Dr. Jimmy Mirchandani                                  | Director   |              |
|                                       | Dr. Rahul Mirchandani                                  | Director   |              |
| Relatives of Key Management Personnel | Name of Key Management Person<br>Dr. T. B. Mirchandani | Name of Relative   | Relationship |
|                                       |  | Mr. Ashok Mirchandani  | Brother      |
|                                       |  | Dr. Jimmy Mirchandani  | Son          |
|                                       |  | Dr. Rahul Mirchandani  | Son          |
|                                       | Dr. Jimmy Mirchandani                                  | Mrs. Sarasa Mirchandani  | Spouse       |
|                                       |  | Mr. Akshay Mirchandani   | Son          |
|                                       |  | Master Amol Mirchandani  | Son          |
|                                       |  | Dr. T. B. Mirchandani  | Father       |
|                                       |  | Dr. Rahul Mirchandani  | Brother      |
|                                       | Dr. Rahul Mirchandani                                  | Mrs. Nitya Mirchandani   | Spouse       |
|                                       |  | Master Armaan Mirchandani  | Son          |
|                                       |  | Dr. T. B. Mirchandani  | Father       |
|                                       |  | Dr. Jimmy Mirchandani  | Brother      |

|  |                         |                             |
|--|-------------------------|-----------------------------|
| Enterprises in which the key Management Persons have total control | Mirabelle International | Prop. Dr. Jimmy Mirchandani |
|--|-------------------------|-----------------------------|

#### ANNEXURE : IV-B

#### DETAILS OF TRANSACTIONS WITH RELATED PARTIES

(Rs. in lakhs)

| Sr No | Category        | Nature of Services              | For the Period Ended |           |
|-------|-----------------|---------------------------------|----------------------|-----------|
|       |                 |                                 | 31-Mar-07            | 31-Jul-07 |
| 1     | Holding Company | Finance - Unsecured Loans Taken | -                    | 1.43      |

#### ANNEXURE : IV-C

#### BALANCES OUTSTANDING WITH RELATED PARTIES

(Rs. in lakhs)

| Nature of Outstanding | Category        | Name of the Party  | For the Period Ended |           |
|-----------------------|-----------------|--------------------|----------------------|-----------|
|                       |                 |                    | 31-Mar-07            | 31-Jul-07 |
| Unsecured Loans       | Holding Company | Aries Agro Limited | -                    | 1.43      |



# ANNEXURE - V

## STATEMENT OF ACCOUNTING RATIOS

| PARTICULARS   | For the Period Ended |            |
|---|----------------------|------------|
|   | 31-Mar-07            | 31-July-07 |
| Net Worth (Rs. in Lakhs)                                      | 1.00                 | 1.00       |
| Restated Profit after Tax (Rs. In Lakhs)                      | -                    | -          |
| No. of equity shares outstanding at the Beginning of the year | -                    | 10000      |
| No. of equity shares outstanding at the end of the year       | 10000                | 10000      |
| Weighted Avg. No Of Equity Shares*                            | 10000                | 10000      |
| Earnings per share (Rs.) (Unannualised)                       | -                    | -          |
| Return on Net Worth (%)                                       | -                    | -          |
| Net Assets Value per share of Rs. 10/- each                   | 10.00                | 10.00      |

### Formula:

Earning Per Share (Rs.) = Net Profit after Tax / Weighted Avg No. of Equity Shares

Net Assets Value (Rs.) = Net Worth / No. of Equity Shares outstanding at the end of the year/period.

Return on Net Worth (%) = Net Profit after Tax / Net Worth at the end of the year/period.

Net Worth = Share Capital + Reserves & Surplus - Revaluation reserve - Misc. expenses to the extent not written off

**For M/s KIRTI D SHAH & ASSOCIATES**  
Chartered Accountants

**Kirti D Shah**  
Proprietor  
Membership No. 32371

Date: 5th November, 2007  
Place: Mumbai

## AUDITORS' REPORT

The Board of Directors  
**ARIES AGRO LIMITED**  
 Aries House, Plot No. 24  
 Deonar, Govandi (East)  
 Mumbai – 400 043

We have examined the financial information of **Aries Agro Equipments Private Limited**, contained in the statements annexed to this Report for the immediately preceding financial period ended 31st March 2007 and for the period ended on 31<sup>st</sup> July, 2007 which is proposed to be included in the Offer Document being issued by the Holding Company in connection with its Public Issue of Equity Shares (hereinafter referred to as "the Issue") which is in accordance to the requirements of:

- (a) Paragraph B(1) of Para II of Schedule II to the Companies Act, 1956 ("the Act");
- (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI guidelines") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- © The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document in connection with its proposed Public Issue of Equity Shares.

Financial information as per audited financial statements:

1. We have examined the attached restated summary of Assets & Liabilities of the Company as at 31st March 2007 and up to 31<sup>st</sup> July, 2007 (Annexure –I) together with other statements referred to as 'summary statements' as prepared by the Company and approved by the Board of Directors. Based on our examination of these summary statements, we state that:
  - i. The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at July 31, 2007 as stated vide Annexure III-A to this report. The summary statements have to be read in conjunction with the notes give in the Annexure III-B
  - ii. There are no qualifications in the auditor's report that require any adjustments to the summary statements.
  - iii. The extra ordinary items that need to be disclosed separately in the summary statements have been appropriately disclosed. There were no exceptional and non-recurring items, which are material.
2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at 31st July 2007 are enclosed as Annexure III-A to this report.

Other Financial Information:

3. We have examined the following financial information relating to the Company for the period ended 31st March 2007 and for the period ended on 31<sup>st</sup> July, 2007 proposed to be included in the Offer Document to be issued by the Holding Company as approved by its Board of Directors and annexed to this report:

| Sl. No. | Particulars                                     | Annexure No.                |
|---------|---|-----------------------------|
| 1       | Statement of Assets & Liabilities               | Annexure – I                |
| 2       | Cash Flow Statement                             | Annexure – II               |
| 3       | Significant Accounting Policies                 | Annexure – III-A            |
| 4       | Notes to Accounts                               | Annexure – III-B            |
| 5       | Disclosure regarding Related Party Transactions | Annexure – IV-A, IV-B, IV-C |
| 6       | Statement of Accounting Ratio                   | Annexure – V                |

4. In our view, the 'financial information as per the audited financial statements' and other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
5. This report should not be in any way constructed as a re-issuance or redrafting of any of the previous audit report issued by us or other auditors nor should this report be constructed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed issue of the Holding Company as and is not to be used, referred to or distributed for any purpose without our prior written consent.

**For M/s KIRTI D SHAH & ASSOCIATES**  
**Chartered Accountants**

**Kirti D Shah**  
**Proprietor**  
**Membership No. 32371**

Date: 5th November, 2007  
Place: Mumbai

**ANNEXURE : I**
**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**
**(Rs. in lakhs)**

| PARTICULARS  | As at the Period Ended |              |
|--|------------------------|--------------|
|  | 31-Mar-07              | 31-Jul-07    |
| <b>1. FIXED ASSETS :</b>   |                        |              |
| Gross Block  | -                      | -            |
| Less : Depreciation  | -                      | -            |
| <b>Net Block</b>   | -                      | -            |
| Less : Revaluation Reserve                                       | -                      | -            |
| <b>Net Block after adjustment for Revaluation Reserve</b>        | -                      | -            |
| Capital Work in Progress   | -                      | -            |
| <b>TOTAL FIXED ASSETS</b>  | -                      | -            |
| <b>2. PRE-OPERATIVE EXPENSES - PENDING CAPITALISATION</b>        | <b>16.89</b>           | <b>20.79</b> |
| <b>3. CURRENT ASSETS, LOANS AND ADVANCES :</b>                   |                        |              |
| a) Inventories   | -                      | -            |
| b) Sundry Debtors  | -                      | -            |
| c) Loans & Advances  | -                      | -            |
| d) Cash & Bank Balances  | 0.48                   | 1.91         |
| <b>TOTAL CURRENT ASSETS, LOANS AND ADVANCES</b>                  | <b>0.48</b>            | <b>1.91</b>  |
| <b>4. TOTAL ASSETS(1+2+3)</b>                                    | <b>17.37</b>           | <b>22.69</b> |
| <b>5. LIABILITIES &amp; PROVISIONS :</b>                         |                        |              |
| a) Secured Loans   | -                      | -            |
| b) Unsecured Loans   | 15.21                  | 6.95         |
| c) Current Liabilities and Provisions                            | 1.17                   | 14.74        |
| d) Deferred Tax Liability  | -                      | -            |
| <b>TOTAL LIABILITIES</b>   | <b>16.37</b>           | <b>21.69</b> |
| <b>6. NET WORTH (4-5)</b>  | <b>1.00</b>            | <b>1.00</b>  |
| <b><u>NET WORTH REPRESENTED BY :</u></b>                         |                        |              |
| A. Equity Share Capital  | 1.00                   | 1.00         |
| B. Reserves and Surplus  | -                      | -            |
| C : Less : Revaluation Reserve                                   | -                      | -            |
| D: Net Reserves and Surplus                                      | -                      | -            |
| E. Misc. Expenditure (to the extent not written off or adjusted) | -                      | -            |
| <b>NET WORTH (A + D - E)</b>                                     | <b>1.00</b>            | <b>1.00</b>  |

## **ANNEXURE : II**

### **STATEMENT OF CASH FLOWS, AS RESTATED**

| PARTICULARS   | (Rs. in lakhs)       |               |
|---|----------------------|---------------|
|   | For the Period Ended |               |
|   | 31-Mar-07            | 31-Jul-07     |
| <b>A) Cash Flow from Operating Activities</b>                         |                      |               |
| Net Profit Before Tax and Extraordinary Items                         | -                    | -             |
| <u>Adjustments for Tax and Extraordinary Items</u>                    | -                    | -             |
| <b>Cash flows from Operations before Working Capital Changes</b>      | -                    | -             |
| Increase / (Decrease) in Current Liabilities and Provisions           | 1.17                 | 13.58         |
| <b>Cash Flow from Operating Activities</b>                            | <b>1.17</b>          | <b>13.58</b>  |
| <b>B) Cash flow from Investing Activities:</b>                        |                      |               |
| Pre-Operative Expenses pending Capitalisation                         | (16.89)              | (3.89)        |
| <b>Cash Flow from Investing Activities</b>                            | <b>(16.89)</b>       | <b>(3.89)</b> |
| <b>C) Cash flow from Financing Activities:</b>                        |                      |               |
| Increase / (Decrease) in Capital incl. Premium                        | 1.00                 | -             |
| Increase / (Decrease) in Borrowings                                   | 15.21                | (8.26)        |
| <b>Cash Flow from Financing Activities</b>                            | <b>16.21</b>         | <b>(8.26)</b> |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b> | <b>0.48</b>          | <b>1.43</b>   |
| <b>Cash &amp; Cash Equivalents at the Beginning of the year</b>       | <b>-</b>             | <b>0.48</b>   |
| <b>Cash &amp; Cash Equivalents at the End of the year</b>             | <b>0.48</b>          | <b>1.91</b>   |

## **ANNEXURE : III-A**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Basis of Preparation**

The financial statements have been prepared under the historical cost convention and materially comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956. All income and expenditure having material bearing on the financial statements have been recognized on the accrual basis.

#### **B. 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 the disclosure of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

C. All the expenses incurred during the Construction period or pre operations period will be capitalized to various fixed assets to be created.

**D. Fixed Assets and Depreciation**

- a) Fixed Assets are stated at cost of acquisition / construction / revaluation less accumulated depreciation
- b) Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- c) On assets acquired during the year and assets sold during the year the depreciation has been provided pro rata for the period used.

**E. Investments**

Investments are stated at cost.

**F. Inventory**

- a) Raw material, packing materials, Stores, Spares and Stock-in-transit valued at cost.
- b) Finished goods are valued at cost or market value whichever is lower. The cost includes cost of production and expenses incurred in putting the inventories in their present location and condition.
- c) Waste and scrap are not separately valued being insignificant in value

**G. Revenue Recognition**

- a) Revenue from sale of goods is recognized when the goods are handed over to the customer or his duly authorized agent
- b) Sales are accounted net of sales tax recovered, sales returns, trade discounts, rebates and allowances but include duties wherever applicable.

**H. Employee Benefits**

- a) Bonus is accounted on accrual basis
- b) Gratuity will be provided on accrual basis and will be covered under the Group Gratuity Scheme of Life Insurance Corporation of India.

**I. Foreign Currency Transactions**

- a) The transactions in Foreign Currency are accounted at the exchange rate i.e. custom rate prevailing on the date of transaction. Exchange fluctuation between the transaction date and settlement date in respect of transactions are transferred to exchange rate difference account and written off to Profit and Loss Account.
- b) Current Assets and Current Liabilities involving transactions in foreign currency are converted at the exchange rates prevailing on the date of Balance Sheet. Any profit and loss arising out of such conversion is charged to profit and loss account.

All the accounting policies as mentioned above will be applied at the relevant time. Presently, the Company has not yet commenced its commercial operations and hence such accounting policies may not be applicable.

**ANNEXURE : III-B****NOTES TO ACCOUNTS****1. Prior Period Items**

In the Restated summary Statements, prior period items represent adjustments in respect of transaction items being material changes or credit which arise in a particular period as a result of errors or omission in the preparation of financial statements of one or more prior period and /or material adjustments necessitated by circumstances which though related to previous period are determined in the particular (current) period.

**2. Regrouping**

Figures in the Restated summary Statements have been appropriately regrouped to confirm with the reclassification made in the subsequent years.

**3. Contingent Liabilities not provided for**

There are no contingent liabilities.

**4. Accounting Standards Applicability**

The Accounting Standards AS 17 on Segment Reporting, AS 18 on Related Party Transactions and AS 22 on Accounting for Taxes on Income are not applicable to the Company as the Company has yet to commence business operations.

**5. Dividends Paid**

No dividend has been declared or paid by the company since inception on 12<sup>th</sup> January, 2007.

**ANNEXURE : IV-A**
**DETAILS OF RELATED PARTIES - AS PER AS 18**

| Nature of Relationship   | Name of Related Party         | Remarks  |                       |         |
|--|-------------------------------|--|-----------------------|---------|
| Holding Company  | Aries Agro Limited            | Date of becoming Subsidiary of Aries Agro Limited is 5th January 2007 (Incorporation Date) |                       |         |
| Key Management Personnel   | Dr. T. B. Mirchandani         | Chairman & Managing Director   |                       |         |
|  | Dr. Jimmy Mirchandani         | Director   |                       |         |
|  | Dr.. Rahul Mirchandani        | Director   |                       |         |
| Relatives of Key Management Personnel                              | Name of Key Management Person | Name of Relative   | Relationship          |         |
|  |                               | Dr. T. B. Mirchandani  | Mr. Ashok Mirchandani | Brother |
|  |                               |  | Dr. Jimmy Mirchandani | Son     |
|  | Dr.. Rahul Mirchandani        |  | Son                   |         |
|  | Dr. Jimmy Mirchandani         | Mrs. Sarasa Mirchandani  | Spouse                |         |
|  |                               | Mr. Akshay Mirchandani   | Son                   |         |
|  |                               | Master Amol Mirchandani  | Son                   |         |
|  |                               | Dr. T. B. Mirchandani  | Father                |         |
|  |                               | Dr.. Rahul Mirchandani   | Brother               |         |
|  | Dr.. Rahul Mirchandani        | Mrs. Nitya Mirchandani   | Spouse                |         |
|  |                               | Master Armaan Mirchandani  | Son                   |         |
|  |                               | Dr. T. B. Mirchandani  | Father                |         |
|  |                               | Dr. Jimmy Mirchandani  | Brother               |         |
| Enterprises in which the key Management Persons have total control | Mirabelle International       | Prop. Dr. Jimmy Mirchandani  |                       |         |



#### ANNEXURE : IV-B

##### DETAILS OF TRANSACTIONS WITH RELATED PARTIES

(Rs. in lakhs)

| Sr No | Category        | Nature of Services                         | For the Period Ended |           |
|-------|-----------------|--|----------------------|-----------|
|       |                 |  | 31-Mar-07            | 31-Jul-07 |
| 1     | Holding Company | Finance - Unsecured Loans Taken            | 15.21                | -         |
| 2     | Holding Company | Finance - Unsecured Loans Given/<br>Repaid | -                    | 8.26      |

#### ANNEXURE : IV-C

##### BALANCES OUTSTANDING WITH RELATED PARTIES

(Rs. in lakhs)

| Nature of Outstanding | Category        | Name of the Party  | For the Period Ended |           |
|-----------------------|-----------------|--------------------|----------------------|-----------|
|                       |                 |                    | 31-Mar-07            | 31-Jul-07 |
| Unsecured Loans       | Holding Company | Aries Agro Limited | 15.21                | 6.95      |

# ANNEXURE - V

## STATEMENT OF ACCOUNTING RATIOS

| PARTICULARS   | For the Period Ended |            |
|---|----------------------|------------|
|   | 31-Mar-07            | 31-July-07 |
| Net Worth (Rs. in Lakhs)                                      | 1.00                 | 1.00       |
| Restated Profit after Tax (Rs. In Lakhs)                      | -                    | -          |
| No. of equity shares outstanding at the Beginning of the year | -                    | 10000      |
| No. of equity shares outstanding at the end of the year       | 10000                | 10000      |
| Weighted Avg. No Of Equity Shares*                            | 10000                | 10000      |
| Earnings per share (Rs.) (Unannualised)                       | -                    | -          |
| Return on Net Worth (%)                                       | -                    | -          |
| Net Assets Value per share of Rs. 10/- each                   | 10.00                | 10.00      |

### Formula:

Earning Per Share (Rs.) = Net Profit after Tax / Weighted Avg No. of Equity Shares

Net Assets Value (Rs.) = Net Worth / No. of Equity Shares outstanding at the end of the year/period.

Return on Net Worth (%) = Net Profit after Tax / Net Worth at the end of the year/period.

Net Worth = Share Capital + Reserves & Surplus - Revaluation reserve - Misc. expenses to the extent not written off

**For M/s KIRTI D SHAH & ASSOCIATES**  
Chartered Accountants

**Kirti D Shah**  
Proprietor  
Membership No. 32371

Date: 5th November, 2007  
Place: Mumbai

## AUDITORS' REPORT

The Board of Directors  
**ARIES AGRO LIMITED**  
 Aries House, Plot No. 24  
 Deonar, Govandi (East)  
 Mumbai – 400 043

We have examined the consolidated financial information of **ARIES AGRO LIMITED ("the Company")** and its subsidiaries, **ARIES AGRO CARE PVT. LTD. ("AACPL")** and **ARIES AGRO EQUIPMENT PVT. LTD. ("AAEPL")** collectively referred to as the **ARIES GROUP**, contained in the statements annexed to this Report for the immediately preceding financial years ended 31st March 2007 and for the period ended on 31st July, 2007 which is proposed to be included in the Offer Document being issued by the Company in connection with its Public Issue of Equity Shares (hereinafter referred to as "the Issue") which is in accordance to the requirements of:

- (a) Paragraph B(1) of Para II of Schedule II to the Companies Act, 1956 ("the Act");
- (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI guidelines") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- © The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document in connection with its proposed Public Issue of Equity Shares.

Financial information as per audited financial statements:

1. We have examined the attached restated summary of Assets & Liabilities of the Company as 31st March 2007 and up to 31st July, 2007 (Annexure –I) and the attached restated summary statements of Profit and Loss Account for the years ended on those dates (Annexure –II) together, referred to as 'summary statements' as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regrouping as in our opinion are appropriate. Based on our examination of these summary statements, we state that:
  - i. The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and re-grouping as in our opinion are appropriate in the year to which they are related;
  - ii. The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at 31st July 2007 as stated vide Annexure IV-A to this report. The summary statements have to be read in conjunction with the notes give in the Annexure IV-B.
  - iii. There are no qualifications in the auditor's report that require any adjustments to the summary statements.
2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at 31st July 2007 are enclosed as Annexure IV-A to this report.

Other Financial Information:

3. We have examined the following financial information relating to the Company for the years ended 31<sup>st</sup> March 2007 and for the period ended on 31st July, 2007 proposed to be included in the Offer Document:

| Sl. No. | Particulars                       | Annexure No.    |
|---------|-----------------------------------|-----------------|
| 1       | Statement of Assets & Liabilities | Annexure – I    |
| 2       | Statement of Profit & Loss        | Annexure – II   |
| 3       | Cash Flow Statement               | Annexure – III  |
| 4       | Significant Accounting Policies   | Annexure – IV-A |

| Sl. No. | Particulars                   | Annexure No.    |
|---------|-------------------------------|-----------------|
| 5       | Significant Notes to Accounts | Annexure – IV-B |
| 6       | Statement of Accounting Ratio | Annexure – V    |

4. In our view, the 'financial information as per the audited financial statements' and other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
5. This report should not be in any way constructed as a re-issuance or redrafting of any of the previous audit report issued by us or other auditors nor should this report be constructed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed issue of the Company as and is not to be used, referred to or distributed for any purpose without our prior written consent.

**For M/s KIRTI D SHAH & ASSOCIATES**  
**Chartered Accountants**

**Kirti D Shah**  
**Proprietor**  
**Membership No. 32371**

Date: 5th November, 2007  
Place: Mumbai

**ANNEXURE - I**
**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**
**(Rs. in lakhs)**

| PARTICULARS  | As At           |                 |
|--|-----------------|-----------------|
|  | 31-Mar-07       | 31-Jul-07       |
| <b>1. FIXED ASSETS:</b>  |                 |                 |
| Gross Block  | 2,611.63        | 2,644.35        |
| Less: Depreciation   | 473.59          | 500.94          |
| <b>Net Block</b>   | <b>2,138.03</b> | <b>2,143.41</b> |
| Less: Revaluation Reserve  | 905.42          | 896.05          |
| Net Block after adjustment for Revaluation Reserve               | 1,232.61        | 1,247.36        |
| Capital Work in Progress   | 60.72           | 110.00          |
| <b>TOTAL FIXED ASSETS</b>  | <b>1,293.33</b> | <b>1,357.36</b> |
| <b>2. PRE-OPERATIVE EXPENSES - PENDING CAPITALISATION</b>        | <b>17.69</b>    | <b>26.24</b>    |
| <b>3. INVESTMENTS</b>  | <b>0.42</b>     | <b>17.90</b>    |
| <b>4. CURRENT ASSETS, LOANS AND ADVANCES :</b>                   |                 |                 |
| a) Inventories   | 1,697.35        | 2,259.46        |
| b) Sundry Debtors  | 2,670.99        | 3,233.67        |
| c) Loans & Advances  | 766.14          | 786.98          |
| d) Cash & Bank Balances  | 76.38           | 42.88           |
| <b>TOTAL CURRENT ASSETS, LOANS AND ADVANCES</b>                  | <b>5,210.86</b> | <b>6,323.00</b> |
| <b>5. TOTAL ASSETS(1+2+3+4)</b>                                  | <b>6,522.29</b> | <b>7,724.50</b> |
| <b>6. LIABILITIES &amp; PROVISIONS :</b>                         |                 |                 |
| a) Secured Loans   | 1,547.79        | 1,943.40        |
| b) Unsecured Loans   | 599.57          | 595.67          |
| c) Current Liabilities and Provisions                            | 1,833.24        | 2,347.16        |
| d) Deferred Tax Liability  | 75.97           | 65.04           |
| <b>TOTAL LIABILITIES</b>   | <b>4,056.58</b> | <b>4,951.28</b> |
| <b>7. NET WORTH (5-6)</b>  | <b>2,465.71</b> | <b>2,773.22</b> |
| <b><u>NET WORTH REPRESENTED BY :</u></b>                         |                 |                 |
| A. Equity Share Capital  | 850.35          | 850.35          |
| B. Reserves and Surplus  | 2,539.98        | 2,866.18        |
| C : Less : Revaluation Reserve                                   | 905.42          | 896.05          |
| D: Net Reserves and Surplus                                      | 1,634.56        | 1,970.13        |
| E. Misc. Expenditure (to the extent not written off or adjusted) | 19.19           | 47.25           |
| <b>NET WORTH (A + D - E)</b>                                     | <b>2,465.71</b> | <b>2,773.22</b> |

## ANNEXURE - II

### CONSOLIDATED STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in lakhs)

| PARTICULARS   | For the Year/Period Ended |                 |
|---|---------------------------|-----------------|
|   | 31-Mar-07                 | 31-Jul-07       |
| <b>INCOME:</b>  |                           |                 |
| Sales of Product Manufactured by the Company                                      | 4330.12                   | 1446.80         |
| Sales of Product Traded in by the Company   | 3075.22                   | 724.42          |
| <b>Gross Earnings from Sale</b>   | <b>7405.34</b>            | <b>2171.22</b>  |
| Other Income  | 11.71                     | 5.95            |
| Increase/ Decrease in Stock   | 323.66                    | 803.73          |
| <b>Total</b>  | <b>7704.71</b>            | <b>2980.90</b>  |
| <b>EXPENDITURE:</b>   |                           |                 |
| Consumption of Raw Materials  | 2,870.33                  | 1,427.48        |
| Excise Duty   | 139.52                    | 31.01           |
| Manufacturing Expenses  | 326.56                    | 117.80          |
| Administration and Other Expenses   |                           |                 |
| Staff Cost  | 456.37                    | 163.53          |
| Administration Expenses   | 229.62                    | 63.33           |
| Selling & Distribution Expenses   | 2,024.68                  | 590.24          |
| Interest and Finance Charges  | 247.48                    | 99.81           |
| Depreciation  | 48.47                     | 19.88           |
| <b>Total</b>  | <b>6,343.03</b>           | <b>2,513.07</b> |
| <b>Net Profit Before Tax, Extra-ordinary Items &amp; Prior period adjustments</b> | <b>1,397.68</b>           | <b>467.83</b>   |
| Provision for Taxation  |                           |                 |
| - For Current Year / (MAT)  | 450.00                    | 130.00          |
| - Fringe Benefit Tax  | 25.60                     | 12.00           |
| - Wealth Tax  | 1.00                      | 0.50            |
| - Deferred Tax  | 51.66                     | (10.93)         |
| <b>Net Profit After Tax and Extra-ordinary Items</b>                              | <b>869.42</b>             | <b>336.27</b>   |
| Adjustments   |                           |                 |
| Less: Prior period items  | (16.00)                   | -               |
| Less: Short Provision for Tax   | (8.71)                    | (0.70)          |
| Add: Excess Provision for Tax   | -                         | -               |
| <b>Net Profit after Extra-ordinary Items</b>                                      | <b>844.71</b>             | <b>335.57</b>   |
| Balance of Profit brought forward   | 838.90                    | 1,605.00        |
| Less: Utilised For Issue of Bonus Shares  | (78.61)                   | -               |
| <b>Balance carried forward, as restated</b>                                       | <b>1,605.00</b>           | <b>1,940.57</b> |

**ANNEXURE - III**
**CONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED**
**(Rs. in lakhs)**

| PARTICULARS  | For the Year/Period Ended |                 |
|--|---------------------------|-----------------|
|  | 31-Mar-07                 | 31-July-07      |
| <b>A) Cash Flow from Operating Activities</b>  |                           |                 |
| <b>Net Profit Before Tax and Extraordinary Items</b>                                 | <b>1,397.68</b>           | <b>467.83</b>   |
| <u>Adjustments for:</u>  |                           |                 |
| Depreciation   | 48.47                     | 19.88           |
| Miscellaneous Expenses Written Off   | -                         | -               |
| Income-tax & Fringe Benefit Tax paid   | (476.60)                  | (142.50)        |
| Prior Period Taxes   | (8.71)                    | (0.70)          |
| Prior Period Expenses  | (16.00)                   | -               |
| Issue Expenses to the extent not W/Off   | (19.19)                   | (28.06)         |
| Interest Income being income from Investing Activities                               | (2.61)                    | (0.00)          |
| Interest Expense being Cash flow for Financing Activities                            | 247.48                    | 99.81           |
| (Profit)/Loss on sale of Fixed Assets being Cash Flow on a/c of Investing Activities | 13.88                     | 0.28            |
| <b>Cash flows from Operations before Working Capital Changes</b>                     | <b>1,184.40</b>           | <b>416.54</b>   |
| (Increase) / Decrease in Inventories   | (777.55)                  | (562.11)        |
| (Increase)/Decrease in Trade Receivables   | (771.19)                  | (562.68)        |
| (Increase)/Decrease in Loans & Advances  | (340.10)                  | (20.84)         |
| Increase / (Decrease) in Current Liabilities and Provisions                          | 362.30                    | 513.92          |
| <b>Cash Flow from Operating Activities</b>   | <b>(342.15)</b>           | <b>(215.17)</b> |
| <b>B) Cash flow from Investing Activities:</b>                                       |                           |                 |
| Purchase of Fixed Assets, Capital Work In Progress & Advances on Capital A/c         | (346.59)                  | (85.03)         |
| Increase in Pre-Operative Expenses pending Capitalisation                            | (17.69)                   | (8.56)          |
| Increase in Investments incl. Share Application Money                                | (0.01)                    | (17.48)         |
| Proceeds on Sale of Fixed Assets   | 13.77                     | 0.84            |
| Interest Received  | 2.61                      | 0.00            |
| <b>Cash Flow from Investing Activities</b>   | <b>(347.90)</b>           | <b>(110.23)</b> |
| <b>C) Cash flow from Financing Activities:</b>                                       |                           |                 |
| Increase / (Decrease) in Capital incl. Premium                                       | -                         | -               |
| Increase / (Decrease) in Borrowings  | 840.55                    | 391.71          |
| Interest Paid  | (247.48)                  | (99.81)         |
| <b>Cash Flow from Financing Activities</b>   | <b>593.08</b>             | <b>291.90</b>   |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents(A+B+C)</b>                 | <b>(96.97)</b>            | <b>(33.50)</b>  |
| <b>Cash &amp; Cash Equivalents at the Beginning of the year</b>                      | <b>173.36</b>             | <b>76.38</b>    |
| <b>Cash &amp; Cash Equivalents at the End of the year</b>                            | <b>76.38</b>              | <b>42.88</b>    |

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**ANNEXURE: IV-A****SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Preparation**

The financial statements have been prepared under the historical cost convention and materially comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956. All income and expenditure having material bearing on the financial statements have been recognized on the accrual basis.

**B. 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 the disclosure of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

- C. All the expenses incurred during the Construction period or pre operations period will be capitalized to various fixed assets to be created.

**D. Fixed Assets and Depreciation**

- a) Fixed Assets are stated at cost of acquisition / construction / revaluation less accumulated depreciation
- b) Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- c) Depreciation on building to the extent of revalued amount has been debited to Revaluation Reserve account.
- d) On assets acquired during the year and assets sold during the year the depreciation has been provided pro rata for the period used.
- e) The company had acquired several vehicles which are yet to be transferred in the name of the company. The company has all the ownership rights and the depreciation there on has been debited at the rates prescribed in Schedule XIV to the Companies Act, 1956.

**E. Investments**

Investments are stated at cost.

**F. Inventory**

- a) Raw material, packing materials, Stores, Spares and Stock-in-transit valued at cost.
- b) Finished goods are valued at cost or market value whichever is lower. The cost includes cost of production and expenses incurred in putting the inventories in their present location and condition.
- c) Waste and scrap are not separately valued being insignificant in value

**G. Revenue Recognition**

- a) Revenue from sale of goods is recognized when the goods are handed over to the customer or his duly authorized agent
- b) Sales are accounted net of sales tax recovered, sales returns, trade discounts, rebates and allowances but include duties wherever applicable.



#### **H. Employee Benefits**

- a) Bonus is accounted on accrual basis
- b) Gratuity will be provided on accrual basis and will be covered under the Group Gratuity Scheme of Life Insurance Corporation of India.

#### **I. Foreign Currency Transactions**

- a) The transactions in Foreign Currency are accounted at the exchange rate i.e. custom rate prevailing on the date of transaction. Exchange fluctuation between the transaction date and settlement date in respect of transactions are transferred to exchange rate difference account and written off to Profit and Loss Account.
- b) Current Assets and Current Liabilities involving transactions in foreign currency are converted at the exchange rates prevailing on the date of Balance Sheet. Any profit and loss arising out of such conversion is charged to profit and loss account.

#### **J. Income Tax**

- a) The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred Tax Assets and Liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for Income Tax and profit as per financial statements.
- b) Deferred Tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

### **ANNEXURE: IV-B**

#### **NOTES TO ACCOUNTS**

##### **1. Prior Period Items**

In the Restated summary Statements, prior period items represent adjustments in respect of transaction items being material changes or credit which arise in a particular period as a result of errors or omission in the preparation of financial statements of one or more prior period and /or material adjustments necessitated by circumstances which though related to previous period are determined in the particular (Current) period.

Though, in these restated accounts, we have not provided for the liabilities which relates to the period prior to the 1st April 2001, i.e., Gratuity liability prior to 1st April 2001 - Estimated at Rs 49.24 Lakhs

##### **2. Gratuity**

The Company has opted for Life Insurance Corporation of India's Group Gratuity Scheme for its employees. The scheme offered by the Life Insurance Corporation of India permits the Company for payment of arrears in five yearly installments commencing from 1st December, 2005. The total contribution payable including arrears as per Life Insurance Corporation of India as on 31/03/2007 is Rs.12623569/-. The Liability for current period is estimated as Rs. 400000/- (Previous Year Rs.1096619/-). The unprovided liability as on date is Rs.4924200/- (Previous Year Rs. 4924200/-).

##### **3. Regrouping**

Figures in the Restated summary Statements have been appropriately regrouped to confirm with the reclassification made in the subsequent years.

##### **4. Contingent Liabilities not provided for**

The company has in the accounts disclosed contingent liabilities in respect of show cause notices received from the Tax Departments. In view of subsequent court judgements in favour of the

Company, the Company has not considered the probable liabilities arising out of such show cause Notices as Contingent Liabilities.

| (Rs. in lakhs)  |                 |
|---|-----------------|
| PARTICULARS   | As on 31-JUL-07 |
| Letter of Credit Opened   | 145.44          |
| Taxes & Dues Disputed   | 7.72            |
| Claims Against Company not Acknowledged As Debts                          | 48.03           |
| Estimated amount of Contracts remaining to be executed on Capital Account | 162.48          |
| Disputed amount in appeal not provided for                                | 802.00          |
| <b>TOTAL</b>  | <b>1,165.67</b> |

#### 5. Dividends Paid

No dividend has been declared or paid by the company for the last five financial year ending on 31st March 2003 to 2007 and during the period ended upto 31st July, 2007.

#### ANNEXURE - V

#### STATEMENT OF ACCOUNTING RATIOS

| PARTICULARS   | For the Period Ended |           |
|---|----------------------|-----------|
|   | 31-Mar-07            | 31-Jul-07 |
|   |                      |           |
| Net Worth (Rs. in Lakhs)                                      | 2465.71              | 2773.22   |
| Restated Profit after Tax (Rs. In Lakhs)                      | 869.42               | 336.27    |
| No. of equity shares outstanding at the Beginning of the year | 68,02,790            | 85,03,490 |
| No. of equity shares outstanding at the end of the year       | 85,03,490            | 85,03,490 |
| Weighted Avg. No Of Equity Shares*                            | 85,03,490            | 85,03,490 |
| Earnings per share (Rs.)                                      | 10.22                | 3.95      |
| Return on Net Worth (%)                                       | 35.26                | 12.13     |
| Net Assets Value per share of Rs. 10/- each                   | 29.00                | 32.61     |

#### Formula:

Earning Per Share (Rs.) = Net Profit after Tax / Weighted Avg No. of Equity Shares

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Net Assets Value (Rs.) = Net Worth / No. of Equity Shares outstanding at the end of the year

Return on Net Worth (%) = Net Profit after Tax / Net Worth at the end of the year

Net Worth = Share Capital + Reserves & Surplus - Revaluation reserve - Misc. expenses to the extent not written off

**For M/s KIRTI D SHAH & ASSOCIATES**  
**Chartered Accountants**

**Kirti D Shah**  
**Proprietor**  
**Membership No. 32371**

Date: 5th November, 2007  
Place: Mumbai

## AUDITORS' REPORT

The Board of Directors  
**ARIES AGRO LIMITED**  
Aries House, Plot No. 24  
Deonar, Govandi (East)  
Mumbai – 400 043

We have examined the financial information of **GOLDEN HARVEST MIDDLE EAST FZC. ("GHME")**, an enterprise referred to in clause 6.10.2.4 and 6.10.2.5 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by the Securities and Exchange Board of India, contained in the statements annexed to this Report for the immediately preceding three financial years ended 31st March 2005, 31st March 2006 and 31st March 2007 and for the period ended on 31st July, 2007 which is proposed to be included in the Offer Document being issued by the Company in connection with its Public Issue of Equity Shares (hereinafter referred to as "the Issue") which is in accordance to the requirements of:

- (a) Paragraph B(1) of Para II of Schedule II to the Companies Act, 1956 ("the Act");
- (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI guidelines") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- © The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document in connection with its proposed Public Issue of Equity Shares.

Financial information as per audited financial statements:

1. We have examined the attached restated summary of Assets & Liabilities of the Company as at 31st March 2005, 31st March 2006 and 31st March 2007 and for the period ended on 31st July, 2007 (Annexure –I) and the attached restated summary statements of Profit and Loss Account for the years/periods ended on those dates (Annexure –II) together, referred to as 'summary statements' as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in Annexure IV-B to this report. Based on our examination of these summary statements, we state that:
  - i. The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and re-grouping as in our opinion are appropriate in the year to which they are related;
  - ii. The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at 31st July, 2007 as stated vide Annexure IV-A to this report. The summary statements have to be read in conjunction with the notes give in the Annexure IV-B.
  - iii. The extra ordinary items that need to be disclosed separately in the summary statements have been appropriately disclosed. There were no exceptional and non-recurring items, which are material.
2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at 31st March 2005, 31st March 2006 and 31st March 2007 and for the period ended on 31st July, 2007 are enclosed as Annexure IV-A to this report.

Other Financial Information:

3. We have examined the following financial information relating to the Company for the years ended 31st March 2005, 31st March 2006 and 31st March 2007 and for the period ended on 31<sup>st</sup> July, 2007, proposed to be included in the Offer Document.

| Sl. No. | Particulars                       | Annexure No.    |
|---------|-----------------------------------|-----------------|
| 1       | Statement of Assets & Liabilities | Annexure – I    |
| 2       | Statement of Profit & Loss        | Annexure – II   |
| 3       | Statement Cash Flows              | Annexure – III  |
| 4       | Significant Accounting Policies   | Annexure – IV-A |
| 5       | Significant Notes to Accounts     | Annexure - IV-B |
| 6       | Statement of Accounting Ratio     | Annexure - V    |

4. In our view, the 'financial information as per the audited financial statements' and other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
5. This report should not be in any way constructed as a re-issuance or redrafting of any of the previous audit report issued by us or other auditors nor should this report be constructed as a new opinion on any of the financial statements referred to herein.
6. We did not audit the financial statements of GHME. These financial statements have been audited by M/s Moore Stephens, Chartered Accountants, whose reports have been furnished to us.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed issue of the Company as and is not to be used, referred to or distributed for any purpose without our prior written consent.

**For M/s KIRTI D SHAH & ASSOCIATES**  
**Chartered Accountants**

**Kirti D Shah**  
**Proprietor**  
**Membership No. 32371**

Date: 5th November, 2007  
Place: Mumbai

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**INFORMATION AS PER CLAUSE 6.10.2.4 AND 6.10.2.5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000**

We have examined the financial information with respect to Golden Harvest Middle East FZC, required as per Clause 6.10.2.4 and 6.10.2.5 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. A portion of the Proposed Public Issue proceeds amounting to Rs. 736.80 lakhs will be utilized towards acquiring interest by way of investment in equity of Golden Harvest Middle East FZC.

As per sub clause (b) of Clause 6.10.2.4 and sub clause (a) of clause 6.10.2.5 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 the financial information of Golden Harvest Middle East FZC for the last three years and for period ended on 31st July, 2007 is enclosed in Annexure IX & X to this report.

As per sub clause (b) of clause 6.10.2.5 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 we hereby state that the shares going to be acquired by Aries Agro Limited in Golden Harvest Middle East FZC will be additional shares to be allotted. Other shareholders will continue to hold their existing shares and totally subscribe and hold an aggregate of 25% of the expanded equity. All the assets and liabilities will be added line by line to the assets and liabilities of Aries Agro Limited as per AS-21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. We have consolidated the financial information of Aries Agro Limited ("AAL") and its subsidiaries, Aries Agro Care Private Limited ("AACPL") and Aries Agro Equipment Private Limited ("AAEPL"), collectively referred to as 'ARIES GROUP' and Golden Harvest Middle East FZC ("GHME") for the last financial year ended on 31st March, 2007 and for the period ended 31st July 2007.

**For M/s KIRTI D SHAH & ASSOCIATES**  
**Chartered Accountants**

**Kirti D Shah**  
**Proprietor**  
**Membership No. 32371**

Date: 5th November, 2007  
Place: Mumbai

**ANNEXURE : I**
**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED - GHME**
**(AED & Rs. in lakhs)**

| PARTICULARS   | As at       |              |              |               |              |               |              |               |
|---|-------------|--------------|--------------|---------------|--------------|---------------|--------------|---------------|
|   | 31-Mar-05   |              | 31-Mar-06    |               | 31-Mar-07    |               | 31-Jul-07    |               |
|   | AED         | INR          | AED          | INR           | AED          | INR           | AED          | INR           |
| <b>1. FIXED ASSETS:</b>                                   |             |              |              |               |              |               |              |               |
| Gross Block   | 0.03        | 0.33         | 0.14         | 1.69          | 0.98         | 11.46         | 1.09         | 12.01         |
| Less: Depreciation  | 0.00        | 0.02         | 0.01         | 0.15          | 0.24         | 2.87          | 0.33         | 3.63          |
| <b>Net Block</b>  | 0.03        | 0.32         | 0.13         | 1.55          | 0.73         | 8.60          | 0.76         | 8.38          |
| Less: Revaluation Reserve                                 | -           | -            | -            | -             | -            | -             | -            | -             |
| <b>Net Block after adjustment for Revaluation Reserve</b> | 0.03        | 0.32         | 0.13         | 1.55          | 0.73         | 8.60          | 0.76         | 8.38          |
| Capital Work in Progress                                  | -           | -            | -            | -             | 11.87        | 139.29        | 21.73        | 238.37        |
| <b>TOTAL FIXED ASSETS</b>                                 | <b>0.03</b> | <b>0.32</b>  | <b>0.13</b>  | <b>1.55</b>   | <b>12.61</b> | <b>147.89</b> | <b>22.49</b> | <b>246.75</b> |
| <b>2. INVESTMENTS</b>                                     | -           | -            | -            | -             | <b>12.00</b> | <b>140.76</b> | <b>12.00</b> | <b>131.64</b> |
| <b>3. CURRENT ASSETS, LOANS AND ADVANCES:</b>             |             |              |              |               |              |               |              |               |
| a) Inventories  | -           | -            | -            | -             | -            | -             | 3.05         | 33.44         |
| b) Sundry Debtors   | 2.28        | 27.28        | 9.56         | 115.69        | 6.35         | 74.53         | 27.57        | 302.51        |
| c) Loans & Advances                                       | 0.40        | 4.71         | 1.57         | 19.03         | 4.48         | 52.54         | 4.60         | 50.42         |
| e) Cash & Bank Balances                                   | 2.59        | 30.81        | 5.28         | 63.92         | 3.89         | 45.68         | 0.96         | 10.53         |
| <b>TOTAL CURRENT ASSETS, LOANS AND ADVANCES</b>           | <b>5.27</b> | <b>62.80</b> | <b>16.41</b> | <b>198.63</b> | <b>14.73</b> | <b>172.75</b> | <b>36.18</b> | <b>396.90</b> |
| <b>4. TOTAL ASSETS (1+2+3)</b>                            | <b>5.30</b> | <b>63.12</b> | <b>16.54</b> | <b>200.18</b> | <b>39.33</b> | <b>461.40</b> | <b>70.67</b> | <b>775.29</b> |
| <b>5. LIABILITIES &amp; PROVISIONS:</b>                   |             |              |              |               |              |               |              |               |
| a) Secured Loans  | -           | -            | -            | -             | 0.54         | 6.34          | 0.48         | 5.31          |
| b) Unsecured Loans  | 1.96        | 23.28        | 12.80        | 154.89        | 17.34        | 203.36        | 8.60         | 94.32         |
| c) Share Application Money                                |             |              |              |               | 9.19         | 107.77        | 15.04        | 164.96        |
| c) Current Liabilities and Provisions                     | 1.83        | 21.70        | 2.06         | 24.92         | 4.83         | 56.64         | 34.30        | 376.29        |
| d) Deferred Tax Liability                                 | -           | -            | -            | -             | -            | -             | -            | -             |
| <b>TOTAL LIABILITIES</b>                                  | <b>3.79</b> | <b>44.97</b> | <b>14.86</b> | <b>179.81</b> | <b>31.89</b> | <b>374.11</b> | <b>58.42</b> | <b>640.87</b> |
| <b>6. NET WORTH (4-5)</b>                                 | <b>1.51</b> | <b>18.14</b> | <b>1.68</b>  | <b>20.37</b>  | <b>7.44</b>  | <b>87.29</b>  | <b>12.25</b> | <b>134.42</b> |
| <b><u>NET WORTH REPRESENTED BY:</u></b>                   |             |              |              |               |              |               |              |               |
| A. Equity Share Capital                                   | 1.50        | 17.82        | 1.50         | 18.15         | 1.50         | 17.60         | 8.25         | 90.50         |
| B. Reserves and Surplus                                   | 0.01        | 0.32         | 0.18         | 2.22          | 5.94         | 69.69         | 4.00         | 43.92         |
| C. Less: Revaluation Reserve                              | -           | -            | -            | -             | -            | -             | -            | -             |
| D. Net Reserves and Surplus                               | 0.01        | 0.32         | 0.18         | 2.22          | 5.94         | 69.69         | 4.00         | 43.92         |
| <b>NET WORTH (A + D)</b>                                  | <b>1.51</b> | <b>18.14</b> | <b>1.68</b>  | <b>20.37</b>  | <b>7.44</b>  | <b>87.29</b>  | <b>12.25</b> | <b>134.42</b> |

**ANNEXURE: II**
**STATEMENT OF PROFIT AND LOSSES, AS RESTATED – GHME**

| PARTICULARS  | (AED & Rs. in lakhs)         |              |              |               |              |               |              |               |
|--|------------------------------|--------------|--------------|---------------|--------------|---------------|--------------|---------------|
|  | For the Year/Period Ended on |              |              |               |              |               |              |               |
|  | 31-Mar-05                    |              | 31-Mar-06    |               | 31-Mar-07    |               | 31-Jul-07    |               |
|  | AED                          | INR          | AED          | INR           | AED          | INR           | AED          | INR           |
| <b>INCOME :</b>  |                              |              |              |               |              |               |              |               |
| Sales of Product Manufactured by the Company                                     | -                            | -            | -            | -             | -            | -             | -            | -             |
| Sales of Product Traded in by the Company  | 2.28                         | 27.10        | 9.93         | 119.14        | 58.40        | 695.24        | 40.20        | 456.34        |
| <b>Gross Earnings from Sale*</b>   | <b>2.28</b>                  | <b>27.10</b> | <b>9.93</b>  | <b>119.14</b> | <b>58.40</b> | <b>695.24</b> | <b>40.20</b> | <b>456.34</b> |
| Other Income   | -                            | -            | 0.45         | 5.35          | 0.04         | 0.47          | 0.38         | 4.30          |
| Increase/ Decrease in Stock  | -                            | -            | -            | -             | -            | -             | -            | -             |
| Exchange Rate Difference Due to Translations                                     | -                            | 0.21         | -            | -             | -            | -             | -            | -             |
| <b>Total</b>   | <b>2.28</b>                  | <b>27.31</b> | <b>10.38</b> | <b>124.49</b> | <b>58.44</b> | <b>695.71</b> | <b>40.58</b> | <b>460.63</b> |
| <b>EXPENDITURE:</b>  |                              |              |              |               |              |               |              |               |
| Consumption of Materials   | 1.83                         | 21.73        | 8.38         | 100.48        | 47.79        | 568.89        | 35.17        | 399.16        |
| Staff Cost   | 0.12                         | 1.42         | 0.47         | 5.61          | 1.78         | 21.18         | 0.83         | 9.43          |
| Administration Expenses  | 0.29                         | 3.47         | 0.92         | 11.03         | 2.27         | 27.07         | 0.84         | 9.58          |
| Selling & Distribution Expenses  | 0.01                         | 0.06         | 0.38         | 4.57          | 0.26         | 3.12          | 0.14         | 1.63          |
| Interest and Finance Charges   | 0.02                         | 0.29         | 0.06         | 0.67          | 0.34         | 4.07          | 0.20         | 2.25          |
| Depreciation   | 0.00                         | 0.02         | 0.01         | 0.13          | 0.23         | 2.72          | 0.09         | 0.77          |
| Exchange Rate Difference Due to Translations                                     | -                            | -            | -            | 0.12          | -            | 1.19          | -            | 5.99          |
| <b>Total</b>   | <b>2.27</b>                  | <b>26.99</b> | <b>10.21</b> | <b>122.59</b> | <b>52.68</b> | <b>628.24</b> | <b>37.27</b> | <b>428.81</b> |
| <b>Net Profit Before Tax, Extra-ordinary Items &amp; Minority Interest</b>       | <b>0.01</b>                  | <b>0.32</b>  | <b>0.17</b>  | <b>1.90</b>   | <b>5.76</b>  | <b>67.47</b>  | <b>3.31</b>  | <b>31.82</b>  |
| Less: Provision for Taxation   | -                            | -            | -            | -             | -            | -             | -            | -             |
| <b>Net Profit After Tax, Before Extra-ordinary Items &amp; Minority Interest</b> | <b>0.01</b>                  | <b>0.32</b>  | <b>0.17</b>  | <b>1.90</b>   | <b>5.76</b>  | <b>67.47</b>  | <b>3.31</b>  | <b>31.82</b>  |
| Adjustments for:   |                              |              |              |               |              |               |              |               |
| - Extra Ordinary Items   | -                            | -            | -            | -             | -            | -             | -            | -             |
| - Prior Period Items   | -                            | -            | -            | -             | -            | -             | -            | -             |
| <b>Net Profit After Extra-Ordinary Items</b>                                     | <b>0.01</b>                  | <b>0.32</b>  | <b>0.17</b>  | <b>1.90</b>   | <b>5.76</b>  | <b>67.47</b>  | <b>3.31</b>  | <b>31.82</b>  |
| <b>Balance of Profit brought forward</b>   | -                            | -            | 0.01         | 0.32          | 0.18         | 2.22          | 5.36         | 62.82         |
| Less: Transferred to Legal Reserves  | -                            | -            | -            | -             | 0.59         | 6.87          | 0.16         | 1.36          |
| Less: Transferred To Current A/cs of Shareholders/capitalized                    | -                            | -            | -            | -             | -            | -             | 5.25         | 57.59         |
| <b>Balance Carried Forward, as restated</b>                                      | <b>0.01</b>                  | <b>0.32</b>  | <b>0.18</b>  | <b>2.22</b>   | <b>5.36</b>  | <b>62.82</b>  | <b>3.25</b>  | <b>35.69</b>  |



**ANNEXURE: III**
**STATEMENT OF CASH FLOWS, AS RESTATED – GHME**

| PARTICULARS  | (Rs. in lakhs)               |               |               |                |                |                 |               |                 |
|--|------------------------------|---------------|---------------|----------------|----------------|-----------------|---------------|-----------------|
|  | For the Year/Period Ended on |               |               |                |                |                 |               |                 |
|  | 31-Mar-05                    |               | 31-Mar-06     |                | 31-Mar-07      |                 | 31-Jul-07     |                 |
|  | AED                          | INR           | AED           | INR            | AED            | INR             | AED           | INR             |
| <b>A) Cash Flow from Operating Activities</b>                        |                              |               |               |                |                |                 |               |                 |
| Net Profit Before Tax and Extraordinary Items                        | 0.01                         | 0.11          | 0.17          | 2.02           | 5.76           | 68.61           | 3.31          | 37.59           |
| Adjustments for:   |                              |               |               |                |                |                 |               |                 |
| Depreciation   | 0.00                         | 0.02          | 0.01          | 0.13           | 0.23           | 2.76            | 0.09          | 0.99            |
| Exchange rate difference on Translations                             |                              | (0.21)        |               | 0.12           |                | 1.19            |               | 5.99            |
| Translation Difference on Consolidation                              |                              | 0.21          |               | 2.85           |                | (6.34)          |               | (8.77)          |
| Interest Expense being Cash flow for Financing Activities            | 0.02                         | 0.29          | 0.06          | 0.67           | 0.34           | 4.07            | 0.20          | 2.25            |
| <b>Cash flows from Operations before Working Capital Changes</b>     | <b>0.04</b>                  | <b>0.42</b>   | <b>0.23</b>   | <b>5.79</b>    | <b>6.34</b>    | <b>70.30</b>    | <b>3.60</b>   | <b>38.06</b>    |
| (Increase) / Decrease in Inventories                                 | -                            | -             | -             | -              | 0.00           | 0.00            | (3.05)        | (33.44)         |
| (Increase)/Decrease in Trade Receivables                             | (2.28)                       | (27.07)       | (7.28)        | (88.05)        | 3.20           | 37.55           | (21.22)       | (232.81)        |
| (Increase)/Decrease in Loans & Advances                              | (0.40)                       | (4.71)        | (1.18)        | (14.23)        | (2.91)         | (34.10)         | (0.12)        | (1.29)          |
| Increase / (Decrease) in Current Liabilities and Provisions          | 1.83                         | 21.70         | 0.23          | 2.82           | 2.77           | 32.47           | 29.47         | 323.32          |
| <b>Cash Flow from Operating Activities</b>                           | <b>(0.81)</b>                | <b>(9.66)</b> | <b>(7.98)</b> | <b>(93.66)</b> | <b>9.40</b>    | <b>106.22</b>   | <b>8.68</b>   | <b>93.84</b>    |
| <b>B) Cash flow from Investing Activities:</b>                       |                              |               |               |                |                |                 |               |                 |
| Purchase of Fixed Assets, Capital Work In Progress                   | (0.03)                       | (0.33)        | (0.11)        | (1.36)         | (12.71)        | (149.11)        | (9.97)        | (109.40)        |
| Increase in Investments incl. Share Application Money                | -                            | -             | -             | -              | (12.00)        | (140.76)        | -             | -               |
| Proceeds on Sale of Fixed Assets                                     | -                            | -             | -             | -              | -              | -               | -             | -               |
| Interest Received  | -                            | -             | -             | -              | -              | -               | -             | -               |
| <b>Cash Flow from Investing Activities</b>                           | <b>(0.03)</b>                | <b>(0.33)</b> | <b>(0.11)</b> | <b>(1.36)</b>  | <b>(24.71)</b> | <b>(289.87)</b> | <b>(9.97)</b> | <b>(109.40)</b> |
| <b>C) Cash flow from Financing Activities:</b>                       |                              |               |               |                |                |                 |               |                 |
| Increase / (Decrease) in Capital incl. Premium                       | 1.50                         | 17.82         | -             | -              | -              | -               | 1.50          | 17.82           |
| Increase/(Decrease) in Borrowings                                    | 1.96                         | 23.28         | 10.84         | 128.79         | 5.08           | 60.32           | (8.80)        | (104.54)        |
| Share Application Money  | -                            | -             | -             | -              | 9.19           | 109.15          | 5.85          | 69.50           |
| Interest Paid  | (0.02)                       | (0.29)        | (0.06)        | (0.66)         | (0.34)         | (4.07)          | (0.20)        | (2.36)          |
| <b>Cash Flow from Financing Activities</b>                           | <b>3.43</b>                  | <b>40.80</b>  | <b>10.79</b>  | <b>128.13</b>  | <b>13.92</b>   | <b>165.40</b>   | <b>(1.65)</b> | <b>(19.59)</b>  |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents(A+B+C)</b> | <b>2.59</b>                  | <b>30.81</b>  | <b>2.69</b>   | <b>33.11</b>   | <b>(1.39)</b>  | <b>(18.25)</b>  | <b>(2.93)</b> | <b>(35.15)</b>  |
| <b>Cash &amp; Cash Equivalents at the Beginning of the year</b>      | <b>-</b>                     | <b>-</b>      | <b>2.59</b>   | <b>30.81</b>   | <b>5.28</b>    | <b>63.92</b>    | <b>3.89</b>   | <b>45.67</b>    |
| <b>Cash &amp; Cash Equivalents at the End of the year</b>            | <b>2.59</b>                  | <b>30.81</b>  | <b>5.28</b>   | <b>63.92</b>   | <b>3.89</b>    | <b>45.67</b>    | <b>0.96</b>   | <b>10.53</b>    |

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**ANNEXURE: IV-A****SIGNIFICANT ACCOUNTING POLICIES - GHME****A. Basis of Preparation**

The financial statements have been prepared under the historical cost convention and materially comply with the International Financial Reporting as per the International Accounting Standards Board (IASB), which as per our verification were in material compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

**B. 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 the disclosure of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**C. Fixed Assets and Depreciation**

a) Fixed Assets are stated at cost of acquisition / construction / revaluation less accumulated depreciation

b) Depreciation on Fixed Assets

i) Furniture and equipment is depreciated in equal installments over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

| <b>Assets:</b>   | <b>No. of Years:</b> |
|------------------|----------------------|
| Equipment        | 4 years              |
| Office furniture | 4 years              |
| Motor Vehicle    | 4 years              |

**D. Investments**

Investment in which the Company holds 20% or more of the share capital of the investee company are regarded as investments in associates and are accounted in these financial statements. They are recognized at cost and are subsequently measured at after taking into account any impairment in the value of the investment that are considered permanent in nature. Income is recognised on distribution by the investee company.

**E. Inventory**

a) Raw material, packing materials, Stores, Spares and Stock-in-transit valued at cost.

b) Finished goods are valued at cost or market value whichever is lower. The cost includes cost of production and expenses incurred in putting the inventories in their present location and condition.

c) Waste and scrap are not separately valued being insignificant in value

**F. Revenue Recognition**

a) Revenue from sale of goods is recognized when the goods are handed over to the customer or his duly authorized agent

b) Sales are accounted net of sales tax recovered, sales returns, trade discounts, rebates and allowances but include duties wherever applicable.

#### G. Employee Benefits

- a) Bonus is accounted on accrual basis
- b) The Company has provided the terminal benefits as per the terms of contract with all employees.

#### H. Foreign Currency Transactions

- a) Income and Expenses item of the Company are translated at the average rate for the year or the period.
- b) The assets and liabilities are translated at the rate closing rate prevalent on the date of Balance Sheet.
- c) Any profit and loss arising out of such translation is charged to profit and loss account.

The above policy is in accordance with the Provisions of AS – 11 issued by ICAI.

#### I. Income Tax

There is no tax applicable to income earned and in accrued in UAE. In view there of no provision for current Tax/ deferred Tax etc. is applicable.

All the accounting policies as mentioned above will be applied at the relevant time. Presently, Indian Subsidiaries of Aries Agro Limited have not yet commenced its commercial operations and hence such accounting policies may not be applicable.

### ANNEXURE: IV-B

#### NOTES TO ACCOUNTS - GHME

##### 1. Regrouping

Figures in the Restated Summary Statements have been appropriately regrouped to confirm with the reclassification made in the subsequent years.

##### 2. Foreign Currency Transactions

The assets and liabilities are restated at the rate prevailing on the date of balance sheet. The items in Profit & Loss Accounts are restated at the Average rate applicable during the year. The difference due to this translation is transferred to Profit and Loss Account.

The Company has translated the items of Income and Expenses and Assets and Liabilities at the rates mentioned as under:

| <u>Period</u>                                   | <u>Assets and Liabilities</u> | <u>Income and Expenses</u> |
|---|-------------------------------|----------------------------|
| For the Year ended 31 <sup>st</sup> March 2005  | AED 1= Rs. 11.880             | AED 1 = Rs. 11.895         |
| For the Year ended 31 <sup>st</sup> March 2006  | AED 1= Rs. 12.100             | AED 1 = Rs. 11.995         |
| For the Year ended 31 <sup>st</sup> March 2007  | AED 1= Rs. 11.730             | AED 1 = Rs. 11.905         |
| For the period ended 31 <sup>st</sup> July 2007 | AED 1= Rs. 10.970             | AED 1 = Rs. 11.350         |

##### 3. Contingent Liabilities not provided for

There are no contingent liabilities as on 31st July 2007.

##### 4. Segment Reporting

The Company operates in single segment i.e. agri inputs.

##### 5. Dividends Paid

No dividend has been declared or paid by the company for the last three financial years.

# ANNEXURE – V

## STATEMENT OF ACCOUNTING RATIOS – GHME

| PARTICULARS   | For the Year/Period Ended on |         |           |         |           |         |           |         |
|---|------------------------------|---------|-----------|---------|-----------|---------|-----------|---------|
|   | 31-Mar-05                    |         | 31-Mar-06 |         | 31-Mar-07 |         | 31-Jul-07 |         |
|   | AED                          | INR     | AED       | INR     | AED       | INR     | AED       | INR     |
| Net Worth (AED/Rs. in lakhs)                                  | 1.51                         | 18.14   | 1.68      | 20.37   | 7.44      | 87.29   | 12.25     | 134.42  |
| Restated Profit after Tax (AED/Rs. in lakhs)                  | 0.01                         | 0.32    | 0.17      | 1.90    | 5.76      | 67.47   | 3.31      | 31.82   |
| No. of equity shares outstanding at the Beginning of the year | 1500                         | 1500    | 1500      | 1500    | 1500      | 1500    | 1500      | 1500    |
| No. of equity shares outstanding at the end of the year       | 1500                         | 1500    | 1500      | 1500    | 1500      | 1500    | 8250      | 8250    |
| Weighted Avg. No Of Equity Shares*                            | 1500                         | 1500    | 1500      | 1500    | 1500      | 1500    | 8250      | 8250    |
| Earnings per share (AED/Rs.)                                  | 0.63                         | 21.54   | 11.23     | 126.65  | 384.23    | 4497.93 | 40.15     | 385.68  |
| Return on Net Worth (%)                                       | 0.62                         | 1.78    | 10.04     | 9.32    | 77.45     | 77.30   | 27.03     | 23.67   |
| Net Assets Value per share (Rs.)                              | 100.63                       | 1209.54 | 111.86    | 1358.19 | 496.09    | 5819.12 | 148.53    | 1629.34 |

### Formula:

Earning Per Share (Rs.) = Net Profit after Tax / Weighted Avg No. of Equity Shares

Net Assets Value (Rs.) = Net Worth / No. of Equity Shares outstanding at the end of the year/period.

Return on Net Worth (%) = Net Profit after Tax / Net Worth at the end of the year/period.

Net Worth = Share Capital + Reserves & Surplus - Revaluation reserve - Misc. expenses to the extent not written off.

The shares issued by capitalizing the profits of the Company have been deemed to have invested on 1st day of the year.

### As on 31-Jul-2007, the annualized EPS and Return on Net worth stood at:

|                     | AED    | INR     |
|---------------------|--------|---------|
| Earning per Share   | 120.44 | 1157.05 |
| Return on Net worth | 81.09  | 71.01   |

**For M/s KIRTI D SHAH & ASSOCIATES**  
Chartered Accountants

**Kirti D Shah**  
Proprietor  
Membership No. 32371

Date: 5th November, 2007  
Place: Mumbai

## AUDITORS' REPORT

The Board of Directors  
**ARIES AGRO LIMITED**  
Aries House, Plot No. 24  
Deonar, Govandi (East)  
Mumbai – 400 043

We have examined the consolidated financial information of **ARIES AGRO LIMITED ("the Company")** and its subsidiaries, **ARIES AGRO CARE PRIVATE LIMITED ("AACPL")** and **ARIES AGRO EQUIPMENT PRIVATE LIMITED ("AAEPL")** collectively referred to as **ARIES GROUP**, along with **GOLDEN HARVEST MIDDLE EAST FZC ("GHME")**, an enterprise referred to in clause 6.10.2.4 and 6.10.2.5 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by The Securities and Exchange Board of India, contained in the statements annexed to this Report for the immediately preceding financial year ended on 31st March, 2007 and for the period ended on 31st July, 2007 which is proposed to be included in the Offer Document being issued by the Company in connection with its Public Issue of Equity Shares (hereinafter referred to as "the Issue") which is in accordance to the requirements of:

- (a) Paragraph B(1) of Para II of Schedule II to the Companies Act, 1956 ("the Act");
- (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI guidelines") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- (c) The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document in connection with its proposed Public Issue of Equity Shares.

Financial information as per audited financial statements:

1. We have examined the attached restated summary of consolidated assets & liabilities of the Company as at 31st March 2007 and 31st July, 2007 (Annexure –I) and the attached restated summary statements of consolidated profit and loss account for the year/period ended on those dates (Annexure – II), together referred to as 'summary statements' as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in Annexure III and Annexure V-B to this report. Based on our examination of these summary statements, we state that:
  - i. The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and re-grouping as in our opinion are appropriate in the year to which they are related;
  - ii. The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at 31st March 2007 and 31st July, 2007 as stated vide Annexure V-A to this report. The summary statements have to be read in conjunction with the notes give in the Annexure V-B.
  - iii. The extra ordinary items that need to be disclosed separately in the summary statements have been appropriately disclosed. There were no exceptional and non-recurring items, which are material
2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at 31st March 2007 and 31st July, 2007 are enclosed as Annexure V-A to this report.

Other Financial Information:

3. We have examined the following financial information relating to the Company for the years ended on 31st March, 2007 and for the period ended on 31st July, 2007 proposed to be included in the Offer Document.

| Sl. No. | Particulars                                    | Annexure No.     |
|---------|--|------------------|
| 1       | Consolidated Statement of Assets & Liabilities | Annexure - I     |
| 2       | Consolidated Statement of Profit & Loss        | Annexure - II    |
| 3       | Notes to Consolidated Summary Statements       | Annexure - III   |
| 4       | Consolidated Cash Flow Statement               | Annexure - IV    |
| 5       | Significant Accounting Policies                | Annexure - V – A |
| 6       | Notes to Consolidated Restated Accounts        | Annexure - V – B |
| 7       | Consolidated Statement of Accounting Ratios    | Annexure - VI    |
| 8       | Report pursuant to Clause 6.10.2.5 (b)(i)      | Annexure - VII   |
| 9       | Statement of Assets & Liabilities              | Annexure - VIII  |
| 10      | Statement of Profit & Loss                     | Annexure - IX    |

4. In our view, the 'financial information as per the audited financial statements' and other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
5. This report should not be in any way constructed as a re-issuance or redrafting of any of the previous audit report issued by us or other auditors nor should this report be constructed as a new opinion on any of the financial statements referred to herein.
6. We did not audit the financial statements of GHME. The financial statements of GHME have been audited by other firms of Chartered Accountants, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in the Summary of Consolidated Restated Financials, are based solely on the report of such other auditors. The Company did not have any subsidiary in any period prior to January, 2007 and accordingly the consolidated financial information for the periods ended 31st March, 2007 and 31st July, 2007 has been prepared by the Management from the restated financial statements of the Company.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed issue of the Company as and is not to be used, referred to or distributed for any purpose without our prior written consent.

**For M/s KIRTI D SHAH & ASSOCIATES**  
Chartered Accountants

**Kirti D Shah**  
Proprietor  
Membership No. 32371

Date: 5th November, 2007  
Place: Mumbai

ANNEXURE - I

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in lakhs)

| PARTICULARS  | As At          |                |
|--|----------------|----------------|
|  | 31-Mar-07      | 31-Jul-07      |
| <b>1. FIXED ASSETS:</b>  |                |                |
| Gross Block  | 2,623.09       | 2656.36        |
| Less: Depreciation   | 476.46         | 504.57         |
| <b>Net Block</b>   | <b>2146.63</b> | <b>2151.79</b> |
| Less: Revaluation Reserve  | 905.42         | 896.05         |
| Net Block after adjustment for Revaluation Reserve               | 1241.21        | 1255.74        |
| Capital Work in Progress   | 200.01         | 348.37         |
| <b>TOTAL FIXED ASSETS</b>  | <b>1441.22</b> | <b>1604.11</b> |
| <b>2. PRE-OPERATIVE EXPENSES - PENDING CAPITALISATION</b>        | <b>17.69</b>   | <b>26.24</b>   |
| <b>3. INVESTMENTS</b>  | <b>141.18</b>  | <b>132.06</b>  |
| <b>4. CURRENT ASSETS, LOANS AND ADVANCES :</b>                   |                |                |
| a) Inventories   | 1,697.35       | 2265.09        |
| b) Sundry Debtors  | 2,670.99       | 3,233.67       |
| c) Loans & Advances  | 705.34         | 659.40         |
| d) Cash & Bank Balances  | 154.65         | 53.41          |
| <b>TOTAL CURRENT ASSETS, LOANS AND ADVANCES</b>                  | <b>5228.33</b> | <b>6211.57</b> |
| <b>5. TOTAL ASSETS(1+2+3+4)</b>                                  | <b>6828.41</b> | <b>7973.98</b> |
| <b>6. LIABILITIES &amp; PROVISIONS :</b>                         |                |                |
| a) Secured Loans   | 1554.14        | 1948.71        |
| b) Unsecured Loans   | 802.93         | 689.98         |
| c) Current Liabilities and Provisions                            | 1848.10        | 2415.16        |
| d) Deferred Tax Liability  | 75.97          | 65.04          |
| <b>TOTAL LIABILITIES</b>   | <b>4281.14</b> | <b>5118.90</b> |
| <b>7. NET WORTH (5-6)</b>  | <b>2547.27</b> | <b>2855.08</b> |
| <b><u>NET WORTH REPRESENTED BY :</u></b>                         |                |                |
| A. Equity Share Capital  | 850.35         | 850.35         |
| B. Reserves and Surplus  | 2534.25        | 2838.06        |
| C :Less: Revaluation Reserve                                     | 905.42         | 896.05         |
| D: Net Reserves and Surplus                                      | 1628.83        | 1942.01        |
| E: Minority Interest   | 87.29          | 109.98         |
| F: Misc. Expenditure (to the extent not written off or adjusted) | 19.19          | 47.25          |
| <b>NET WORTH (A + D + E - F)</b>                                 | <b>2547.27</b> | <b>2855.08</b> |

**ANNEXURE - II**
**CONSOLIDATED STATEMENT OF PROFITS AND LOSSES, AS RESTATED**
**(Rs. in lakhs)**

| PARTICULARS   | For the Year/Period Ended |                |
|---|---------------------------|----------------|
|   | 31-Mar-07                 | 31-Jul-07      |
| <b>INCOME:</b>  |                           |                |
| Sales of Product Manufactured by the Company  | 4330.12                   | 1446.80        |
| Sales of Product Traded in by the Company   | 3091.05                   | 724.42         |
| <b>Gross Earnings from Sale</b>   | <b>7421.17</b>            | <b>2171.22</b> |
| Other Income  | 12.18                     | 10.25          |
| Increase/ Decrease in Stock   | 323.66                    | 775.92         |
| <b>Total</b>  | <b>7757.01</b>            | <b>2957.39</b> |
| <b>EXPENDITURE:</b>   |                           |                |
| Consumption of Raw Materials and Purchase of Traded Products  | 2760.29                   | 1344.02        |
| Excise Duty   | 139.52                    | 31.01          |
| Manufacturing Expenses  | 326.56                    | 117.80         |
| Staff Cost  | 477.55                    | 172.95         |
| Administration Expenses   | 256.69                    | 72.91          |
| Selling & Distribution Expenses   | 2027.80                   | 591.87         |
| Interest and Finance Charges  | 251.55                    | 102.06         |
| Depreciation  | 51.19                     | 20.65          |
| Loss Due to Difference in Foreign Exchange Rates  | 1.19                      | 5.99           |
| <b>Total</b>  | <b>6292.34</b>            | <b>2459.27</b> |
| <b>Net Profit Before Tax, Extra-ordinary Items &amp; Prior period adjustments &amp; Minority Interest</b> | <b>1464.67</b>            | <b>498.12</b>  |
| Provision for Taxation  |                           |                |
| - For Current Year /  | 450.00                    | 130.00         |
| - Fringe Benefit Tax  | 25.60                     | 12.00          |
| - Wealth Tax  | 1.00                      | 0.50           |
| - Deferred Tax  | 51.66                     | (10.93)        |
| <b>Net Profit After Tax but before Extra-ordinary Items &amp; Minority Interest</b>                       | <b>936.41</b>             | <b>366.55</b>  |
| <b>Balance of Profit Brought Forward</b>  | <b>881.12</b>             | <b>1639.26</b> |
| <b>Transfer from Minority Interest on A/c of Acquisition of Stake by Aries Agro Limited</b>               | <b>-</b>                  | <b>0.21</b>    |
| <b>Net Profit After Tax but before Extra-ordinary Items &amp; Minority Interest</b>                       | <b>1817.52</b>            | <b>2006.02</b> |
| Deductions  |                           |                |
| Less: Prior period Expenses   | 16.00                     | -              |
| Less: Short Provision for Tax in earlier years  | 8.71                      | 0.70           |
| Less: Net Consolidation Difference  | 5.25                      | 28.25          |
| Less: Minority Interest   | 62.82                     | 24.78          |
| <b>SUB TOTAL</b>  | <b>92.78</b>              | <b>53.73</b>   |
| <b>Net Profit after Extra-ordinary Items and Minority Interest</b>  | <b>1724.74</b>            | <b>1952.29</b> |
| Less: Capitalized for Issue of Bonus Shares   | 78.61                     | -              |
| Less: Transferred to Legal Reserves   | 6.87                      | 1.36           |
| <b>SUB TOTAL</b>  | <b>85.48</b>              | <b>1.36</b>    |
| <b>Balance carried forward, as restated</b>   | <b>1639.26</b>            | <b>1950.94</b> |



# ANNEXURE – III

## CONSOLIDATED NOTES TO SUMMARY STATEMENTS

### Notes on adjustments:

**Gratuity:** During the period ended 31st March 2006, the Company has changed its accounting policy to accrue gratuity liability on an actuarial basis in accordance with Accounting Standards.

Figures as per audited accounts of earlier years have been regrouped wherever necessary.

### Notes on non-adjustments:

a) Impact of regroupings / adjustments / prior period items:

| Particulars   | For the Year/Period Ended |           |
|---|---------------------------|-----------|
|   | 31-Mar-07                 | 31-Jul-07 |
| Profit after tax as per audited statement of accounts | 936.41                    | 352.96    |
| Adjustments on account of:                            |                           |           |
| - Deferred Tax on Provision for Gratuity              |                           | 13.60     |
| Net adjusted profit after tax                         | 936.41                    | 366.55    |

**ANNEXURE –IV**
**CONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED**
**(Rs. in Lakhs)**

| PARTICULARS  | As At           |                 |
|--|-----------------|-----------------|
|  | 31-Mar-07       | 31-Jul-07       |
| <b>A) Cash Flow from Operating Activities</b>  |                 |                 |
| Net Profit Before Tax and Extraordinary Items  | 1,464.67        | 498.12          |
| <u>Adjustments for:</u>  |                 |                 |
| Difference due to Difference in rates of Exchange                                    | 1.19            | 5.99            |
| Depreciation   | 51.19           | 20.65           |
| Income-tax & Fringe Benefit Tax paid   | (476.60)        | (142.50)        |
| Prior Period Taxes   | (8.71)          | (0.70)          |
| Prior Period Expenses  | (16.00)         | -               |
| Interest Expense being Cash flow for Financing Activities                            | 251.55          | 102.06          |
| (Profit)/Loss on sale of Fixed Assets being Cash Flow on a/c of Investing Activities | 13.88           | 0.28            |
| Consolidation Difference   | (7.01)          | (35.99)         |
| <b>Cash flows from Operations before Working Capital Changes</b>                     | <b>1274.16</b>  | <b>483.91</b>   |
| (Increase) / Decrease in Inventories   | (777.54)        | (567.73)        |
| (Increase)/Decrease in Trade Receivables   | (771.20)        | (562.68)        |
| (Increase)/Decrease in Loans & Advances  | (260.27)        | 45.94           |
| Increase / (Decrease) in Current Liabilities and Provisions                          | 467.92          | 567.07          |
| <b>Cash Flow from Operating Activities</b>   | <b>(66.93)</b>  | <b>(69.49)</b>  |
| <b>B) Cash flow from Investing Activities:</b>                                       |                 |                 |
| Purchase of Fixed Assets, Capital Work In Progress pre operative expenses            | (495.65)        | (184.65)        |
| Preoperative expenses pending capitalization   | (17.69)         | (8.56)          |
| Increase in Investments incl. Share Application Money                                | (140.77)        | 9.12            |
| Proceeds on Sale of Fixed Assets   | 13.77           | 0.84            |
| <b>Cash Flow from Investing Activities</b>   | <b>(640.34)</b> | <b>(183.25)</b> |
| <b>C) Cash flow from Financing Activities:</b>                                       |                 |                 |
| Increase / (Decrease) in Borrowings  | 895.38          | 281.62          |
| IPO Expenses   | (19.19)         | (28.06)         |
| Interest Paid  | (251.55)        | (102.06)        |
| <b>Cash Flow from Financing Activities</b>   | <b>624.64</b>   | <b>151.50</b>   |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents(A+B+C)</b>                 | <b>(82.63)</b>  | <b>(101.24)</b> |
| <b>Cash &amp; Cash Equivalents at the Beginning of the year</b>                      | <b>237.28</b>   | <b>154.65</b>   |
| <b>Cash &amp; Cash Equivalents at the End of the year</b>                            | <b>154.65</b>   | <b>53.41</b>    |

## **ANNEXURE: V-A**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Basis of Preparation**

The restated consolidated financial statements have been prepared under the historical cost convention and materially comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956 (except as mentioned elsewhere). All income and expenditure having material bearing on the financial statements have been recognized on the accrual basis.

#### **B. 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 the disclosure of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### **C. Fixed Assets and Depreciation**

a) Fixed Assets are stated at cost of acquisition / construction / revaluation less accumulated depreciation

##### **b) Depreciation on Fixed Assets : In India**

- i. Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- ii. Depreciation on building to the extent of revalued amount has been debited to Revaluation Reserve account.
- iii. On assets acquired during the year and assets sold during the year the depreciation has been provided pro rata for the period used.

##### **c) Depreciation on Fixed Assets : In Sharjah/UAE**

- i. Furniture and equipment is depreciated in equal installments over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

|                  | No. of Years |
|------------------|--------------|
| Equipments       | 4 Years      |
| Office Furniture | 4 Years      |
| Motor Vehicle    | 4 Years      |

- d) The company had acquired several vehicles which are yet to be transferred in the name of the company. The company has all the ownership rights and the depreciation there on has been debited at the rates prescribed in Schedule XIV to the Companies Act, 1956.

#### **D. Investments**

##### **a) In India**

Investments are stated at cost.

##### **b) In Sharjah/UAE**

Investment in which the Company holds 20% or more of the share capital of the investee company are regarded as investments in associates and are accounted in these financial statements. They are recognized at cost and are subsequently measured at after taking into account any impairment in the value of the investments that are considered permanent in nature. Income is recognized on distribution by the investee company.

**E. Inventory**

- a) Raw material, packing materials, Stores, Spares and Stock-in-transit valued at cost.
- b) Finished goods are valued at cost or market value whichever is lower. The cost includes cost of production and expenses incurred in putting the inventories in their present location and condition.
- c) Waste and scrap are not separately valued being insignificant in value

**F. Revenue Recognition**

- a) Revenue from sale of goods is recognized when the goods are handed over to the customer or his duly authorized agent
- b) Sales are accounted net of sales tax recovered, sales returns, trade discounts, rebates and allowances but include duties wherever applicable.

**G Employee Benefits**

- a) Bonus is accounted on accrual basis
- b) In India

Gratuity is covered under the group gratuity scheme of Life Insurance Corporation of India. Hence the provision of Gratuity is made as per the actuarial valuation done by LIC. For UAE operations, gratuity/terminal benefits are provided as per contractual arrangements.

**H. Foreign Currency Transactions**

- a) The transactions in Foreign Currency are accounted at the exchange rate i.e. custom rate prevailing on the date of transaction. Exchange fluctuation between the transaction date and settlement date in respect of transactions are transferred to exchange rate difference account and written off to Profit and Loss Account.
- b) Current Assets and Current Liabilities involving transactions in foreign currency are converted at the exchange rates prevailing on the date of Balance Sheet. Any profit and loss arising out of such conversion is charged to profit and loss account.
- c) Income and Expenses item of the Company are translated at the average rate for the year or the period. The assets and liabilities are translated at the rate closing rate prevalent on the date of Balance Sheet. Any profit and loss arising out of such translation is charged to profit and loss account.

The above policy is in accordance with the Provisions of AS – 11 issued by ICAI.

**I. Income Tax**

- a) The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred Tax Assets and Liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for Income Tax and profit as per financial statements.
- b) Deferred Tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

**J. Consolidation**

The accounts are consolidated as per the provisions of AS 23 issued by ICAI, The diff due to such consolidation is written off to Profit and Loss account.

## **ANNEXURE: V-B**

### **NOTES TO CONSOLIDATED RESTATED ACCOUNTS**

#### **1. Prior Period Items**

In the Restated summary Statements, prior period items represent adjustments in respect of transaction items being material changes or credit which arise in a particular period as a result of errors or omission in the preparation of financial statements of one or more prior period and/ or material adjustments necessitated by circumstances which though related to previous period are determined in the particular (Current) period.

Though, in these restated accounts, we have not provided for the liabilities as under as they related to the period prior to the 1st April 2001, i.e. period prior to the period covered by the restated accounts.

- a. Gratuity liability prior to 1st April 2001 - Estimated at Rs 49.24 Lakhs.
- b. Excise Dues paid in 2005-06 -Rs. 20.25 Lakhs (provided and debited in the accounts for the year ended 31st March 2006 as prior period expenses.

#### **2. Gratuity**

The Company has opted for Life Insurance Corporation of India's Group Gratuity Scheme for its employees. The scheme offered by the Life Insurance Corporation of India permits the Company for payment of arrears in five yearly installments commencing from 1st December, 2005. The total contribution payable including arrears as per Life Insurance Corporation of India as on 31/03/2007 is Rs.1,26,23,569/-.The liability in current period is estimated at Rs.4,00,000/- (Previous Year Rs.10,96,619/-). The unprovided liability as on date is Rs.49,24,200/- (Previous Year Rs.49,24,200/-).

In the Accounts up to 31st March 2005, the Company has not provided for any gratuity liability. In restated statements, the company has estimated the Gratuity liability for each of the years ended from 31st March 2002 to 31st March 2005. The liability was estimated at Rs 10 Lakhs per annum based on the Actuarial valuation of Gratuity as at 1st April 2005. The Gratuity liability of Rs 49.24 Lakhs (net of tax 32.67 Lakhs) in respect of period prior to 1st April 2001 remain not provided for. The deferred tax asset in respect of such provision for gratuity in restated accounts has been considered in the period ended 31st July 2007.

#### **3. Regrouping**

Figures in the Restated summary Statements have been appropriately regrouped to confirm with the reclassification made in the subsequent years.

#### **4. Foreign Currency Transactions**

For the purpose of Consolidation, the assets and liabilities are restated at the rate prevailing on the date of balance sheet. Any difference in case of fixed assets is debited / credited to respective fixed asset's A/c. In case of such difference in case of current assets/liabilities the same is transferred to Profit and Loss A/c. For the purpose of these restated Statements, the following rates are adopted:

| <b><u>Period</u></b>                            | <b><u>Assets and Liabilities</u></b> | <b><u>Income and Expenses</u></b> |
|---|--------------------------------------|-----------------------------------|
| For the Year ended 31 <sup>st</sup> March 2007  | AED 1= Rs. 11.730                    | AED 1 = Rs. 11.905                |
| For the period ended 31 <sup>st</sup> July 2007 | AED 1= Rs. 10.970                    | AED 1 = Rs. 11.350                |

#### **5. Contingent Liabilities not provided for**

The company has in the accounts disclosed contingent liabilities in respect of show cause notices received from the Tax Departments. In view of subsequent court judgements in favour of the Company, the Company has not considered the probable liabilities arising out of such show cause Notices as Contingent Liabilities.

#### **6. Segment Reporting**

The Accounting Standard AS 17 on Segment Reporting is not applicable to the Company for and up to the year ended 31st March 2006. Hence, in these restated accounts the details in respect of Segment Reporting have been given only in respect of period 1st April, 2006 to 31st March, 2007 and for the period ended on 31st July, 2007.

## 7. Related Party Transactions

The Accounting Standard AS 18 on Related Party Transactions was not applicable to the Company for and up to the year ended 31st March 2006. Hence, in these restated accounts the details in respect of Related Party Transactions have been given only in respect of period 1st April 2003 to 31st March, 2007 and for the period ended on 31st July, 2007.

## 8. Deferred Taxes

In view of there being no taxes on Income in UAE, the deferred tax etc has been worked out only on the income accruing or arising in India.

The deferred tax asset in respect of provision for gratuity in restated accounts has been considered in the period ended 31st July 2007.

## 9. Dividends Paid

No dividend has been declared or paid by the company for the last three financial years.

## 10. Legal Reserves

| Particulars   | 31-Mar-07 | 31-Jul-07 |
|---|-----------|-----------|
| Balance b/f   | -         | -         |
| Transferred from P/L A/c                            | 687,190   | 135,560   |
| Transferred from Minority Interest                  |           | 124,944   |
|   | 687,190   | 260,504   |
| Less: Transferred to Minority Interest - Non Equity | 687,190   | 110,913   |
| BALANCE OF LEGAL RESERVES                           | -         | 149,591   |

## 11. Minority Interest

| Particulars  | 31-Mar-07 | 31-Jul-07 |
|--|-----------|-----------|
| <u>Minority Interest - Non Equity</u>  |           |           |
| <u>1) Share in Legal Reserves</u>  |           |           |
| Balance b/f  | -         | 687,190   |
| Transferred from Legal Reserves  | 687,190   | 110,913   |
|  | 687,190   | 798,103   |
| Less: Transfer to Legal Reserves on A/c of acquisition of Stake by Aries Agro Ltd.         | -         | 124,944   |
|  | 687,190   | 673,159   |
| <u>2) Share in Profit &amp; Loss A/c / Retained Earnings</u>                               |           |           |
| Balance b/f  | -         | 6,281,990 |
| Transfer from P/L A/c  | 6,281,990 | 2,825,473 |
|  | 6,281,990 | 9,107,463 |
| Less:  |           |           |
| Transfer to P/L A/c on acquisition of Stake by Aries Agro Ltd and Exchange rate difference | -         | 428,058   |

| Particulars  | 31-Mar-07        | 31-Jul-07        |
|--|------------------|------------------|
| Transfer to Minority Interest - Equity on A/C of Issue of Bonus Shares |                  | 5,759,250        |
| B  | -                | 6,187,308        |
| BALANCE C/F (A-B)  | 6,281,990        | 2,920,155        |
| <b>TOTAL MINORITY INTEREST - NON EQUITY (1+2)</b>                      | <b>6,969,180</b> | <b>3,593,314</b> |
| <u>Minority Interest – Equity</u>                                      |                  |                  |
| 6750 (P.Y.1500) shares of AED 100 each held by Minority Interest       | 1,759,500        | 7,404,750        |

12. The financial statements of the subsidiaries used for the purpose of consolidation are drawn upto the same reporting date as that of the company i.e. July 31, 2007. The subsidiaries of the Company considered in the restated consolidated financial information are as given below:

| Sl. No. | Name of the Company                  | Relationship        | Country of Incorporation | Percentage of Ownership Interest as at July 31, 2007                                      |
|---------|--------------------------------------|---------------------|--------------------------|---|
| 1       | Aries Agro Care Private Limited      | Subsidiary          | India                    | 100%  |
| 2       | Aries Agro Equipment Private Limited | Subsidiary          | India                    | 100%  |
| 3       | Golden Harvest Middle East FZC       | Proposed Subsidiary | UAE                      | 18.18% (To be increased to 75% as per Memorandum of Understanding with Promoters of GHME) |

# **ANNEXURE – VI**

## **CONSOLIDATED STATEMENT OF ACCOUNTING RATIOS**

| PARTICULARS   | As At     |           |
|---|-----------|-----------|
|   | 31-Mar-07 | 31-Jul-07 |
| Net Worth (Rs. In Lakhs)                                      | 2547.27   | 2855.08   |
| Restated Profit after Tax (Rs. In Lakhs)                      | 936.41    | 366.55    |
| No. of equity shares outstanding at the Beginning of the year | 6802790   | 8503490   |
| No. of equity shares outstanding at the end of the year       | 8503490   | 8503490   |
| Weighted Avg. No Of Equity Shares*                            | 8503490   | 8503490   |
| Earnings per share (Rs.)                                      | 11.01     | 4.31      |
| Return on Net Worth (%)                                       | 36.76%    | 12.84%    |
| Net Assets Value per share of Rs. 10/- each                   | 29.96     | 33.58     |

\*As per Para 24 of AS 20 weighted average no. of equity shares have been computed as if the bonus shares were issued at the beginning of the year

### **Formula:**

Earning Per Share (Rs.) = Net Profit after Tax / Weighted Avg No. of Equity Shares

Net Assets Value (Rs.) = Net Worth / No. of Equity Shares outstanding at the end of the year/period.

Return on Net Worth (%) = Net Profit after Tax / Net Worth at the end of the year/period.

Net Worth = Share Capital + Reserves & Surplus - Revaluation reserve - Misc. expenses to the extent not written off + Deferred Tax Liability

The shares issued by capitalizing the profits of the Company have been deemed to be invested on 1st day of the year.

### **The annualized EPS and Return on Net Worth stood at:**

|                     | 31-Mar-07 | 31-Jul-07 |
|---------------------|-----------|-----------|
| Earning Per Share   | 11.01     | 12.93     |
| Return on Net Worth | 36.76%    | 38.52%    |



# **ANNEXURE – VII**

## **REPORT UNDER CLAUSE 6.10.2.4 AND 6.10.2.5 (b)(i) OF DISCLOSURE AND INVESTOR PROTECTION GUIDELINES 2000 ISSUED BY SEBI**

|  | 31-Mar-07    | 31-Jul-07     |
|--|--------------|---------------|
| <b><u>EFFECT ON THE PROFIT FOR THE YEAR</u></b>            |              |               |
| <b><u>AS PER EXISTING ACCOUNTS</u></b>                     |              |               |
| PROFIT AS PER RESTATED CONSOLIDATED ACCOUNTS               | 936.41       | 366.55        |
| LESS MINORITY INTEREST                                     | 67.47        | 29.61         |
| NET PROFIT FOR THE PERIOD AS PER RESTATED ACCOUNTS         | 868.94       | 336.94        |
| SHARE CAPITAL  | 850.35       | 850.35        |
| RESERVES AND SURPLUS                                       | 1,628.83     | 1,942.01      |
| <b><u>MINORITY INTEREST</u></b>                            |              |               |
| EQUITY   | 17.60        | 74.05         |
| NON-EQUITY   | 69.69        | 35.93         |
| TOTAL MINORITY INTEREST                                    | <b>87.29</b> | <b>109.98</b> |
| <b><u>IF GHME WERE 75% OWNED BY ARIES AGRO LIMITED</u></b> |              |               |
| PROFIT AS PER RESTATED CONSOLIDATED ACCOUNTS               | 936.41       | 366.55        |
| LESS MINORITY INTEREST                                     | 16.87        | 7.40          |
| NET PROFIT FOR THE PERIOD AS PER RESTATED ACCOUNTS         | 919.54       | 359.15        |
| SHARE CAPITAL  | 850.35       | 850.35        |
| RESERVES AND SURPLUS                                       | 1,681.10     | 1,966.96      |
| <b><u>MINORITY INTEREST</u></b>                            |              |               |
| EQUITY   | 4.40         | 22.62         |
| NON-EQUITY   | 17.42        | 10.98         |
| TOTAL MINORITY INTEREST                                    | <b>21.82</b> | <b>33.60</b>  |

ANNEXURE – VIII

GOLDEN HARVEST MIDDLE EAST FZC.

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

| PARTICULARS   | Rs. in Lakhs  |               |
|---|---------------|---------------|
|   | As at         |               |
|   | 31-Mar-07     | 31-Jul-07     |
| <b>1. FIXED ASSETS :</b>                                  |               |               |
| Gross Block   | 11.46         | 12.01         |
| Less : Depreciation                                       | 2.87          | 3.63          |
| <b>Net Block</b>  | 8.60          | 8.38          |
| Less : Revaluation Reserve                                |               | -             |
| <b>Net Block after adjustment for Revaluation Reserve</b> | 8.60          | 8.38          |
| Capital Work in Progress                                  | 139.29        | 238.37        |
| <b>TOTAL FIXED ASSETS</b>                                 | <b>147.89</b> | <b>246.75</b> |
| <b>2. INVESTMENTS</b>                                     | <b>140.76</b> | <b>131.64</b> |
| <b>3. CURRENT ASSETS, LOANS AND ADVANCES :</b>            |               |               |
| a) Inventories  | -             | 33.44         |
| b) Sundry Debtors   | 74.53         | 302.50        |
| c) Loans & Advances                                       | 52.54         | 50.43         |
| e) Cash & Bank Balances                                   | 45.68         | 10.53         |
| <b>TOTAL CURRENT ASSETS, LOANS AND ADVANCES</b>           | <b>172.75</b> | <b>396.90</b> |
| <b>4. TOTAL ASSETS(1+2+3)</b>                             | <b>461.40</b> | <b>775.29</b> |
| <b>5. LIABILITIES &amp; PROVISIONS :</b>                  |               |               |
| a) Secured Loans  | 6.34          | 5.31          |
| b) Unsecured Loans  | 203.36        | 94.32         |
| c) Share Application Money                                | 107.77        | 164.96        |
| d) Current Liabilities and Provisions                     | 56.64         | 376.29        |
| e) Deferred Tax Liability                                 | -             | -             |
| <b>TOTAL LIABILITIES</b>                                  | <b>374.11</b> | <b>640.87</b> |
| <b>6. NET WORTH (4-5)</b>                                 | <b>87.29</b>  | <b>134.42</b> |
| <b>NET WORTH REPRESENTED BY :</b>                         |               |               |
| A. Equity Share Capital                                   | 17.60         | 90.50         |
| B. Reserves and Surplus                                   | 69.69         | 43.92         |
| C. Less : Revaluation Reserve                             | -             | -             |
| D. Net Reserves and Surplus                               | 69.69         | 43.92         |
| <b>NET WORTH (A + D)</b>                                  | <b>87.29</b>  | <b>134.42</b> |

ANNEXURE – IX

GOLDEN HARVEST MIDDLE EAST FZC.

STATEMENT OF PROFITS AND LOSSES, AS RESTATED

| PARTICULARS   | Rs. in Lakhs               |               |
|---|----------------------------|---------------|
|   | For the year/ period ended |               |
|   | 31-Mar-07                  | 31-Jul-07     |
| <b>INCOME:</b>  |                            |               |
| Sales of Product Manufactured by the Company  | -                          | -             |
| Sales of Product Traded in by the Company   | 695.24                     | 456.34        |
| Gross Earnings from Sale*   | 695.24                     | 456.34        |
| Other Income  | 0.47                       | 4.30          |
| Increase/ Decrease in Stock   | -                          | -             |
| Exchange Rate Difference Due to Translations  | -                          | -             |
| <b>Total</b>  | <b>695.71</b>              | <b>460.63</b> |
| <b>EXPENDITURE:</b>   |                            |               |
| Consumption of Raw Materials  | 568.89                     | 399.16        |
| Staff Cost  | 21.18                      | 9.43          |
| Administration Expenses   | 27.07                      | 9.58          |
| Selling & Distribution Expenses   | 3.12                       | 1.63          |
| Interest and Finance Charges  | 4.07                       | 2.25          |
| Depreciation  | 2.72                       | 0.77          |
| Exchange Rate Difference Due to Translations  | 1.19                       | 5.99          |
| <b>Total</b>  | <b>628.24</b>              | <b>428.81</b> |
| <b>Net Profit / Loss before tax, Extra-ordinary Items, Prior period adjustments &amp; Minority Interest</b> | <b>67.47</b>               | <b>31.82</b>  |
| Provision for Taxation  |                            |               |
| - For Current Year / (MAT)  | -                          | -             |
| - Fringe Benefit Tax  | -                          | -             |
| - Wealth Tax  | -                          | -             |
| - Deferred Tax  | -                          | -             |
| <b>Net Profit / Loss after tax, Before Extra-ordinary Items &amp; Minority Interest</b>                     | <b>67.47</b>               | <b>31.82</b>  |
| Minority Interest   | -                          | -             |
| <b>Net Profit / Loss after tax, Before Extra-ordinary Items</b>   | <b>67.47</b>               | <b>31.82</b>  |
| Adjustments   |                            |               |
| Less: Prior period items  | -                          | -             |
| Less: Short Provision for Tax   | -                          | -             |
| Add: Excess Provision for Tax   | -                          | -             |
| <b>Net Profit after Extra-ordinary Items</b>  | <b>67.47</b>               | <b>31.82</b>  |
| <b>Balance of Profit brought forward,</b>   | <b>2.22</b>                | <b>62.82</b>  |
| Less: Transferred to Legal Reserves   | 6.87                       | 1.36          |
| Less: Transferred To Current A/cs of Shareholders   | -                          | 57.59         |
| Add : Trf from General Reserves (Deferred Tax)  | -                          | -             |
| <b>Balance carried forward, as restated</b>   | <b>62.82</b>               | <b>35.69</b>  |

## EXISTING BORROWING FACILITIES

### DETAILS OF OUTSTANDING SECURED LOANS (As on October 31, 2007)

Rs. in Lakhs

| Particulars                                   | Name of the Sanctioned Bank | Nature of Loan                    | Amount Sanctioned (Rs. in Lakhs.) | Amount Outstanding (Rs. in Lakhs) | Rate of Interest p.a. (%) (Monthly Compound) | Repayment Terms (No of monthly Installments) | Securities Offered   |
|---|-----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|--|--|
| <b>(i) Fund Based</b>                         |                             |                                   |                                   |                                   |  |  |  |
| <b>Vehicle Loans</b>                          | HDFC Bank Ltd               | Hire Purchase                     | 294.17                            | 134.91                            | 3.50% to 5.50%                               | 36 months                                    | Charge on Companies Assets i.e. Motor Vehicles   |
|   | ICICI Bank Ltd              | Hire Purchase                     | 37.43                             | 31.23                             | 3.50% to 5.50%                               | 36 months                                    | Charge on Companies Assets i.e. Motor Vehicles   |
|   | Indian Overseas Bank        | Hire Purchase                     | 8.26                              | 1.56                              | 10.5%  | 36 months                                    | Charge on Companies Assets i.e. Motor Vehicles   |
| <b>Term Loan</b>                              | Indian Overseas Bank        | Bridge Loan                       | 195.00                            | 185.27                            | BPLR+0.5 %                                   | Out of the proceeds of Issue or in 21 EMI    | Mortgage of land of new project in Andhra Pradesh and hypothecation of other assets at the unit  |
|   |                             |                                   | <b>534.86</b>                     | <b>352.97</b>                     |  |  |  |
| <b>Working Capital Loans</b>                  | HDFC Bank Ltd.              | Cash Credit                       | 1,200.00                          | 1110.85                           | 3% below BPLR i.e. 12% p.a.                  | Repayable on demand                          | Hypothecation by way of charge on all present and future current assets inclusive of all stocks and book debts & guaranteed by 6 directors and collateral security of equitable mortgage of property at Deonar, Mumbai |
|   | Indian Overseas Bank        |                                   | 900.00                            | 888.96                            | BPLR + 0.5%                                  | --   | First pari passu charge on entire current assets off the Company with HDFC Bank  |
|   |                             |                                   | <b>2100.00</b>                    | <b>1999.81</b>                    |  |  |  |
| <b>Total Fund Based</b>                       |                             |                                   | <b>2634.86</b>                    | <b>2352.78</b>                    |  |  |  |
| <b>(ii) Non-Fund Based</b>                    |                             |                                   |                                   |                                   |  |  |  |
| <b>Working Capital Loans (Non-Fund Based)</b> | HDFC Bank Ltd.              | Letters of Credit                 | 400.00                            | 101.82                            | 0.30% per quarter                            | Repayable on demand                          | 20% Cash Margin & charge on all Current Assets and also collateral security of equitable mortgage of property at Deonar Mumbai   |
|   | Indian Overseas Bank        | Inland / Foreign Letter of Credit | 340.00                            | -                                 | Commission as per circulars in force         | -  | Documents of title to goods / accepted Hundies / Hypothecation of merchandise  |
| <b>Total Non-Fund Based</b>                   |                             |                                   | <b>740.00</b>                     | <b>101.82</b>                     |  |  |  |

**DETAILS OF UNSECURED LOANS ON 31.10. 2007**

| Particulars                    | Name of the Party  | Nature of Loan    | Amount Sanctioned (Rs. in Lakhs.) | Amount Outstanding (Rs. in Lakhs) | Rate of Interest p.a. | Repayment Terms | Securities Offered                           |
|--------------------------------|--------------------|-------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------|--|
| Term Loans From banks          | HDFC Bank Ltd      | Mortgage          | 350.00                            | 318.32                            | 12.00%                | 120 Months      | Charge on personal Property of the Directors |
|                                |                    |                   | 50.00                             | 35.42                             | 12.30%                | 36 months       |  |
| Promoter Group - Share Holders | Minaxi Subramanian | Unsecured Loans   |                                   | 3.81                              | 15.00%                |                 |  |
| Security Deposits – Trade      | Various Parties    | Security Deposits |                                   | 268.12                            | 8.00-12.00%           |                 |  |
| <b>Total</b>                   |                    |                   |                                   | <b>625.67</b>                     |                       |                 |  |

## FINANCIAL INFORMATION OF COMPANIES, FIRMS PROMOTED/CONTROLLED BY THE PROMOTERS

The information for the last 3 years based on the audited/unaudited statements in respect of all the companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under section 370(1)(B) of the Companies Act, 1956 or not are given hereunder:

### 1. Mirabelle International

Mirabelle International is a sole proprietorship firm of Dr. Jimmy Mirchandani. It is situated at Mirabelle, Deonar Farm Road, Mumbai 88

The main business of the firm is to trade in Fertilizer, cattle and poultry feeds, Pesticides and Leather Goods as stated in the registration certificate from Sales Tax Department, Maharashtra

Financials for last three years:

| (Rs. In lakhs)                        |         |         |         |
|---------------------------------------|---------|---------|---------|
| Particulars                           | 2004-05 | 2005-06 | 2006-07 |
| Capital                               | 32.85   | 32.88   | 36.14   |
| Income                                | 11.88   | 8.74    | 14.28   |
| Profit Transferred to capital Account | 0.07    | 0.02    | 1.28    |

**Share Quotation** – Not applicable being a proprietorship firm.

### 2. Sreeni Agro Chemicals Pvt. Ltd.: The Company was incorporated on 8<sup>th</sup> March, 1985 with Registrar of Companies, Maharashtra.

|   |  |
|---|--|
| <b>Constitution</b>                       | Private Limited Company  |
| <b>Date of Incorporation</b>              | 8 <sup>th</sup> March, 1985  |
| <b>Registration No.</b>                   | 35563 of 1984-85   |
| <b>Board of Directors</b>                 | Dr. T.B. Mirchandani<br>Dr. Jimmy Mirchandani<br>Dr. Rahul Mirchandani   |
| <b>Nature of activities (Main Object)</b> | To manufacture, produce, formulate, mix, refine, process, reprocess, repack and buy, sell, export, import and/or otherwise deal in all types of organic, inorganic, chemical, pesticides / insecticides and all other agricultural/ aromatic chemicals to be used as pesticides / insecticides |
| <b>Registered office</b>                  | Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043.   |

### Shareholding Pattern –

As on 31<sup>st</sup> October, 2007

| Sl. No. | Name of the Shareholder | No. of shares<br>FV Rs. 100 | Percentage    |
|---------|-------------------------|-----------------------------|---------------|
| 1.      | Dr. T.B. Mirchandani    | 7,540                       | 59.35         |
| 2.      | Dr. Jimmy Mirchandani   | 5,165                       | 40.65         |
|         | <b>Total</b>            | <b>12,705</b>               | <b>100.00</b> |

### Financial Highlights

(Rs. In lakhs)

| Particulars                           | 2004 – 05 | 2005-06  | 2006-07  |
|---------------------------------------|-----------|----------|----------|
| Share Capital                         | 12.71     | 12.71    | 12.71    |
| Reserves & Surplus                    | -         | -        | -        |
| Sales                                 | 143.13    | 34.64    | -        |
| Other Income                          | -         | -        | -        |
| PAT                                   | 2.42      | (1.31)   | (0.06)   |
| EPS                                   | 19.01     | (10.31)  | (0.44)   |
| Profit & loss account (debit balance) | (66.40)   | (67.71)  | (67.76)  |
| Net Asset Value (Rs.)                 | (422.61)  | (432.92) | (433.36) |

The Company is not a sick Company within the meaning of section 3(1) (o) of the SICA Act, 1985.

3. **Blossoms International Ltd.:** The Company was incorporated as private limited company on 12<sup>th</sup> October 1995 in the State of Maharashtra and then converted into public limited company on 21<sup>st</sup> February, 1996.

|                                    |   |
|------------------------------------|---|
| Constitution                       | Public Limited Company  |
| Date of Incorporation              | 12 <sup>th</sup> October, 1995  |
| Registration No.                   | 11-93586  |
| Board of Directors                 | Dr. Jimmy Mirchandani<br>Dr. Rahul Mirchandani<br>Mr. S. Ramamurthy<br>Mr. Kanubhai Arvind Patel  |
| Nature of activities (Main Object) | To carry on business in the field of floriculture, horticulture, and micro propagation as farmers, agriculturists, principal, contractors, consultants, brokers, or otherwise and develop systems of tissue culture processes, cultivation, storage, distribution, marketing, exporting and sale of floricultural and horticultural products. |
| Registered office                  | Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043.  |

#### Shareholding Pattern –

As on 31<sup>st</sup> October, 2007

| Sl. No. | Name of the Shareholder                                  | No. of shares<br>FV Rs.10 | Percentage    |
|---------|--|---------------------------|---------------|
| 1.      | Dr. T.B. Mirchandani                                     | 500                       | 0.26          |
| 2.      | Mr. Jimmy Mirchandani                                    | 1,81,831                  | 95.13         |
| 3.      | Mr. Sarasa Mirchandani                                   | 500                       | 0.26          |
| 4.      | Mr. K. A. Patel  | 50                        | 0.03          |
| 5.      | Amol Mirchandani (Minor)<br>Guardian - Jimmy Mirchandani | 500                       | 0.26          |
| 6.      | Akshay Mirchandani<br>Jt. Jimmy Mirchandani              | 500                       | 0.26          |
| 7.      | Dr. Rahul Mirchandani                                    | 7,100                     | 3.71          |
| 8.      | S. Ramamurthy  | 100                       | 0.05          |
| 9.      | T. Subramaniam   | 50                        | 0.03          |
|         | <b>Total</b>   | <b>1,91,131</b>           | <b>100.00</b> |

#### Financial Highlights

(Rs. in lakhs)

| Sl. No. | Particulars           | 2004 – 05 | 2005-06 | 2006-2007 |
|---------|-----------------------|-----------|---------|-----------|
| 1.      | Share Capital         | 19.11     | 19.11   | 19.11     |
| 2.      | Reserves & Surplus    | -         | -       | -         |
| 3.      | Misc Expenditure      | 0.55      | 0.55    | 0.55      |
| 4.      | Sales                 | -         | -       | -         |
| 5.      | Other Income          | -         | -       | -         |
| 6.      | PAT                   | -         | -       | -         |
| 7.      | EPS                   | -         | -       | -         |
| 8.      | Net Asset Value (Rs.) | 9.71      | 9.71    | 9.71      |

As the Company is yet to commence its commercial production, no profit and loss account is prepared. The implementation of project has been shelved since the international prices have shown no improvement. A MOU has been cancelled with M/s. Papriwal & Associates vide an agreement dated 7<sup>th</sup> April, 1999.

The Company is not a sick Company within the meaning of Sick Industrial Company within the meaning of section 3(1) (o) of the SICA Act, 1985.

4. **Aries Marketing Ltd.** The Company was incorporated on 31<sup>st</sup> March, 1978 with Registrar of Companies, Maharashtra, as Aries Marketing Pvt. Ltd. and subsequently the name was changed to Aries Marketing Ltd. on 23<sup>rd</sup> June, 1997.

|   |  |
|---|--|
| <b>Constitution</b>                       | Public Limited Company   |
| <b>Date of Incorporation</b>              | 31 <sup>st</sup> March, 1978   |
| <b>Registration No.</b>                   | 11-20254   |
| <b>Board of Directors</b>                 | Dr. T.B. Mirchandani, Mrs. Sarasa Mirchandani, Dr. Rahul Mirchandani   |
| <b>Nature of activities (Main Object)</b> | <ol style="list-style-type: none"> <li>1. To manufacture, sell, distribute or otherwise deal in nutrients, feed, biological supplements, feed additives for animals, birds and plants, to acquire, sell, import/ export or otherwise distribute in Company's own name or as agent of any other company or companies/ firms, fertilizers, chemicals, plant nutrients, pesticides, agrochemicals and/or other agro products.</li> <li>2. To carry on the business of general stores, buyers and sellers of the dealers in merchandise and consumable and household stores, importers, exporters and dealers, wholesale and retail in cloth, cotton yarn and cloth, silk yarn and cloth, rayon, nylon, and cloth and textile goods, and fats, tallows oil and oilseeds, food and other grain, seeds and pulses and stores and goods, dyes, chemicals, drugs, provision, articles and things whether for commercial use or for public or private consumption.</li> </ol> |
| <b>Registered office</b>                  | Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043.   |

#### Shareholding Pattern –

As on 31<sup>st</sup> October , 2007

| Sl. No. | Name of the Shareholder | No. of shares<br>FV Rs.100 | Percentage    |
|---------|-------------------------|----------------------------|---------------|
| 1.      | Dr. T B Mirchandani     | 10,812                     | 47.48         |
| 2.      | Mr. Jimmy Mirchandani   | 10,220                     | 44.88         |
| 3.      | Mr. Sarasa Mirchandani  | 580                        | 2.55          |
| 4.      | Dr. Rahul Mirchandani   | 511                        | 2.24          |
| 5.      | Mr. Akshay Mirchandani  | 250                        | 1.10          |
| 6.      | Mrs. Nitya Mirchandani  | 200                        | 0.88          |
| 7.      | Mr. Amol Mirchandani    | 200                        | 0.88          |
|         | <b>Total</b>            | <b>22,773</b>              | <b>100.00</b> |

#### Financial Highlights:

(Rs. In lakhs)

| Sl. No. | Particulars                           | 2004 – 05 | 2005-06  | 2006-07  |
|---------|---------------------------------------|-----------|----------|----------|
| 1       | Share Capital                         | 22.77     | 22.77    | 22.77    |
| 2       | Reserves & Surplus                    | 0.24      | 0.24     | 0.24     |
| 3       | Sales                                 | 2.24      | 1.39     | 0.31     |
| 5       | PAT                                   | -8.35     | -0.81    | -0.31    |
| 6       | EPS                                   | -36.66    | -3.56    | -1.35    |
| 7       | Profit & loss account (debit balance) | -275.42   | -276.23  | -276.54  |
| 8       | Net Asset Value (Rs.)                 | -1108.39  | -1111.94 | -1113.29 |

The Company is not a sick Company within the meaning of section 3(1) (o) of the SICA Act, 1985.



5. **Aries East-West Nutrients (P) Ltd.** The Company was incorporated on 14<sup>th</sup> July, 1983 with Registrar of Companies, Maharashtra.

|                                    |  |
|------------------------------------|--|
| Constitution                       | Private Limited Company  |
| Date of Incorporation              | 14 <sup>th</sup> July, 1983  |
| Registration No.                   | 11-30401   |
| Board of Directors                 | Dr. T.B. Mirchandani<br>Dr. Jimmy Mirchandani  |
| Nature of activities (Main Object) | To manufacture, import, export, sell distribute or otherwise deal in nutrients, feed, biological supplements, feed additives for animals, birds and plants, fertilizers, chemicals, plant nutrients, pesticides, agrochemicals and or other agro products. |
| Registered office                  | Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043.   |

#### Shareholding Pattern –

As on 31<sup>st</sup> October, 2007

| Sl. No. | Name of the Shareholder | No. of shares of face value of Rs.100 | Percentage    |
|---------|-------------------------|---------------------------------------|---------------|
| 1.      | Dr. T. B. Mirchandani   | 2,200                                 | 54.99         |
| 2.      | Dr. Jimmy Mirchandani   | 951                                   | 23.77         |
| 3.      | Mrs. Sarasa Mirchandani | 850                                   | 21.24         |
|         | <b>Total</b>            | <b>4,001</b>                          | <b>100.00</b> |

#### Financial Highlights

(Rs. In lakhs)

| Sl. No. | Particulars                           | 2004-05  | 2005-06  | 2006-07  |
|---------|---------------------------------------|----------|----------|----------|
| 1.      | Share Capital                         | 4.00     | 4.00     | 4.00     |
| 2.      | Reserves & Surplus                    | -        | -        | -        |
| 3.      | Sales                                 | Nil      | Nil      | Nil      |
| 5.      | PAT                                   | -0.10    | -0.08    | -0.03    |
| 6.      | EPS                                   | -2.43    | -2.03    | -0.7     |
| 7.      | Profit & loss account (debit balance) | -68.57   | -68.65   | -68.68   |
| 8.      | Net Asset Value (Rs.)                 | -1613.75 | -1615.78 | -1616.48 |

The operations of the Company are yet to restart since its discontinuation from February, 1988. The Company is a sick Company within the meaning of Sick Industrial Company within the meaning of section 3(1) (o) of the SICA Act, 1985.

6. **Golden Harvest Middle East (FZC) ("Golden Harvest")**. The Company was incorporated on 31.10.2004 as a Free Zone Company with Limited Liability in Hamriya Free Zone – Emirates of Sharjah, United Arab Emirates.

|                                    |  |
|------------------------------------|--|
| Constitution                       | Limited Company  |
| Date of Licence                    | 31.10.2004 (Commercial) & 12.07.2005 (Industrial)  |
| Licence No.                        | 01-04-02619 (Commercial) & 03-04-03146 (Industrial)  |
| Board of Directors                 | Dr. Jimmy Mirchandani<br>Dr. Rahul Mirchandani<br>Mr. Akshay Mirchandani<br>Mr. C. S. Shankaranarayan  |
| Nature of activities (Main Object) | To carry on the activities of manufacturing Chemical Fertiliser and exporting all the necessities, material and acts related to its natural work or needed to the above mentioned works as approved by SAIF Zone Authority |
| Registered office                  | SAIF Zone (Emirate of Sharjah)   |

## Shareholding Pattern –

As on 31.10.2007

| Name of the shareholder   | Equity share capital<br>(in lakhs AED) | Equity share capital<br>(in Rs. lakhs) | % age          |
|---------------------------|--|--|----------------|
| Dr. Rahul Mirchandani     | 3.263                                  | 40.07                                  | 24.26%         |
| Dr. Jimmy Mirchandani     | 1.755                                  | 21.55                                  | 13.05%         |
| Mr. Akshay Mirchandani    | 1.687                                  | 20.72                                  | 12.54%         |
| Mr. C. S. Shankaranarayan | 0.045                                  | 0.55                                   | 0.33%          |
| Aries Agro Limited        | 6.700                                  | 82.28                                  | 49.81%         |
| <b>Total</b>              | <b>13.450</b>                          | <b>165.17</b>                          | <b>100.00%</b> |

## Financial Highlights

| Sl. No. | Particulars              | For the period ended<br>31.12.05 (in lakhs AED) | (Rs. in Lakhs) | For the 15 months period ended 31.3.07 (in lakhs AED) | (Rs. Lakhs) |
|---------|--------------------------|---|----------------|---|-------------|
| 1.      | Share Capital            | 1.50  | 18.42          | 1.50  | 18.42       |
| 2.      | Current Accounts         | 8.65  | 106.22         | 0.59  | 7.25        |
| 3.      | Retained earnings        | 0.08  | 0.98           | 17.34   | 212.94      |
| 4.      | Share Application Money  | 0.00  | 0.00           | 5.36  | 65.82       |
|         | Total Shareholders Funds | 10.23   | 125.62         | 9.19  | 112.85      |
| 5.      | Sales                    | 9.82  | 120.59         | 33.97   | 417.15      |
| 6.      | PAT                      | 0.08  | 0.98           | 60.79   | 746.50      |
| 7.      | EPS (AED per share)      | 5.53  |                | 5.86  | 71.96       |
|         | EPS (Rs. per share)      |   | 67.91          | 390.56  |             |
| 8.      | Net Asset Value (AED)    | 682.04  |                |   | 4796.08     |
|         | Net Asset Value (Rs. )   |   | 8375.45        | 1651.90   | 20285.33    |

Aries Agro has made remittances of US\$ 300,000 (equivalent to Rs. 118.67 lakhs) to Golden Harvest during the period from 1.8.2007 to date.

**Apart from the above, the following Companies have made an application to the Department of Company Affairs for striking their name off the Register u/s 560 of the Companies Act.**

- Aries Home Aids Pvt Ltd
- Mirabelle Nutrients Pvt Ltd
- North South Nutrients Pvt Ltd
- Ralaries Agri Inputs Pvt Ltd

However, these Companies are yet to get any intimation from the Registrar of Companies in this regard.

### 7. Share Quotations of Group Companies:

The Equity Shares of all the Group Companies are not listed on any Stock Exchange. The above Group Companies have not come out with any Public or Rights Issue since inception.

### 8. Litigations and Defaults of Group Companies:

There are no defaults in meeting any statutory/bank/institutional dues by the Group Companies or no proceedings have been initiated for economic offences against these Group Companies except as mentioned under the head "Outstanding Litigations" on page 261 of this RHP.

### 9. Related Business Transactions:

Except as mentioned in the section titled "Financial Information" beginning on page No. 164 of this RHP, there are no related business transactions within the Group.

## Details of Group Companies whose Names have been Struck-Off from RoCs

The following Group Companies have made an application to the Department of Company Affairs for striking their name off the Register u/s 560 of the Companies Act.

However, these Companies are yet to get any intimation from the Registrar of Companies in this regard.

1. **Ralaries Agri Inputs Private Ltd.** – The Company has made an application to the Department of Company Affairs dated 31st August, 2005 for striking the name of the Company off the Register u/s 560 of the Companies Act.

|                              |  |
|------------------------------|--|
| Constitution                 | Private Limited Company  |
| <b>Date of Incorporation</b> | 22 <sup>nd</sup> March, 2000                                     |
| <b>Registration No.</b>      | 11-125134  |
| <b>Board of Directors</b>    | Dr. T.B. Mirchandani, Dr. Jimmy Mirchandani                      |
| <b>Nature of activities</b>  | To carry on the business of micro nutrient fertilisers           |
| <b>Registered office</b>     | Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043. |

**Shareholding Pattern** – There are no shareholders as the shares did not got paid up and hence were not allotted.

As per the declaration given by the Directors, the Company is not having any assets and liabilities as on the 31st August, 2005.

2. **North South Nutrients (P) Ltd.** - The Company has made an application to the Department of Company Affairs dated 29<sup>th</sup> August, 2005 for striking the name of the Company off the Register u/s 560 of the Companies Act.

|                              |   |
|------------------------------|---|
| Constitution                 | Private Limited Company   |
| <b>Date of Incorporation</b> | 25 <sup>th</sup> February, 1984   |
| <b>Registration No.</b>      | 08-008292   |
| <b>Board of Directors</b>    | Dr. T.B. Mirchandani, Dr. Jimmy Mirchandani   |
| <b>Nature of activities</b>  | To carry on the business of manufacture of nutrients, feed additives                        |
| <b>Registered office</b>     | 8-B, Attibele Industrial Area, Hosur Main Road, Attibele, Avelal Taluka, Bangalore - 562107 |

### Shareholding Pattern –

As on 28<sup>th</sup> September, 2004

| Sl. No. | Name of the Shareholder | No. of shares of face value of Rs.100 | Percentage |
|---------|-------------------------|---------------------------------------|------------|
| 1.      | Dr. T. B. Mirchandani   | 6,679                                 | 66.72      |
| 2.      | Dr. Jimmy Mirchandani   | 3,331                                 | 33.28      |
|         | Total                   | 10,010                                | 100%       |

As per the declaration given by the Directors, the Company is not having any assets and liabilities as on the 29<sup>th</sup> August, 2005.

3. **Aries Home Aids Pvt. Ltd.** - The Company has made an application to the Department of Company Affairs dated 29<sup>th</sup> August, 2005 for striking the name of the Company off the Register u/s 560 of the Companies Act.

|                              |  |
|------------------------------|--|
| Constitution                 | Private Limited Company  |
| <b>Date of Incorporation</b> | 14 <sup>th</sup> June, 1985  |
| <b>Registration No.</b>      | 08-008293  |
| <b>Board of Directors</b>    | Dr. T.B. Mirchandani, Dr. Jimmy Mirchandani  |
| <b>Nature of activities</b>  | To carry on the business of cosmetic products  |
| <b>Registered office</b>     | 38, Ramanna Road, Shamanna Garden, 22 <sup>nd</sup> Main Road, 17 <sup>th</sup> Cross, 5 <sup>th</sup> Phase, J. P. Nagar, Bangalore 560 078 |

#### Shareholding Pattern –

As on 27<sup>th</sup> September, 2003

| Sl. No. | Name of the Shareholder | No. of shares of face value of Rs.10 | Percentage (%) |
|---------|-------------------------|--------------------------------------|----------------|
| 1       | Dr. T. B. Mirchandani   | 3,520                                | 25.09          |
| 2       | Dr. Jimmy Mirchandani   | 3,010                                | 21.45          |
| 3       | Ms. Sarasa Mirchandani  | 5,000                                | 35.64          |
| 4       | Dr. Rahul Mirchandani   | 2,500                                | 17.82          |
|         | <b>Total</b>            | <b>14,030</b>                        | <b>100.00</b>  |

As per the declaration given by the Directors, the Company is not having any assets and liabilities as on the 29<sup>th</sup> August, 2005.

4. **Mirabelle Nutrients Private Ltd.** - The Company has made an application to the Department of Company Affairs dated 31st August, 2005 for striking the name of the Company off the Register u/s 560 of the Companies Act.

|                       |  |
|-----------------------|--|
| Constitution          | Private Limited Company  |
| Date of Incorporation | 20 <sup>th</sup> June, 1994  |
| Registration No.      | 11-079071  |
| Board of Directors    | Mrs. Sarasa Mirchandani, Mrs. Nitya Mirchandani                      |
| Nature of activities  | To carry on the business of manufacture of nutrients, feed additives |
| Registered office     | Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043.     |

#### Shareholding Pattern –

As on 29<sup>th</sup> September, 2004

| Sl. No. | Name of the Shareholder | No. of shares of face value of Rs.10 | Percentage (%) |
|---------|-------------------------|--------------------------------------|----------------|
| 1       | Dr. Rahul Mirchandani   | 400                                  | 1.35           |
| 2       | Dr. Jimmy Mirchandani   | 29,250                               | 98.65          |
|         | <b>Total</b>            | <b>29,650</b>                        | <b>100.00</b>  |

As per the declaration given by the Directors, the Company is not having any assets and liabilities as on the 31st August, 2005.

Other than the applications made as above, none of the Companies promoted by our Promoters have been struck off as a defunct Company by any RoC in India. There are no BIFR proceedings against any company promoted by our Promoters.

#### Details of Companies/Firms from which Promoters have disassociated

During the last three years, our Promoters have not disassociated themselves from any company/partnership firm.

#### Common Pursuits

The main business of the Mirabelle International is to trade in Fertilizer, cattle and poultry feeds, Pesticides and Leather Goods. The main object of Sreeni Agro Chemicals Pvt. Ltd. is to manufacture, produce, formulate, mix, refine, process, reprocess, repack and buy, sell, export, import and/or otherwise deal in all types of organic, inorganic, chemical, pesticides / insecticides and all other agricultural/ aromatic chemicals to be used as pesticides / insecticides. Blossam International Ltd. whose object is to deal in floricultural and horticultural products is yet to commence its commercial production. One of the main object of Aries Marketing Ltd. is to manufacture, sell, distribute or otherwise deal in nutrients, feed, biological supplements, feed additives for animals, birds and plants, to acquire, sell, import/ export or otherwise distribute in Company's own name or as agent of any other company or companies/ firms, fertilizers, chemicals, plant nutrients, pesticides, agrochemicals and/or other agro products. It is engaged in sale of Aries Products. Main object of Aries East-West Nutrients (P) Ltd. is to manufacture, import, export, sell distribute or otherwise deal

in nutrients, feed, biological supplements, feed additives for animals, birds and plants, fertilizers, chemicals, plant nutrients, pesticides, agrochemicals and or other agro products. However, since 1998, its operations are closed.

However, these companies are not having any manufacturing facilities.

Other than the above, there are no companies/firms/ventures, which are/have been in similar business as Aries.

**Related Business Transactions:**

Except as mentioned in the section titled "Financial Information" beginning on page No.164 of this RHP, there are no related business transactions within the Group.

**Changes in Accounting Policies in the Last Three Years**

We have not made any changes in Accounting Policies during last three years.

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## **MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS**

Investors should read the following discussion on our financial condition and results of operations together with our restated financial statements prepared in accordance with paragraph B(1) of part II of Schedule II to the Companies Act and SEBI guidelines, including schedules, annexure and notes thereto and the reports thereon for the financial year ended 31<sup>st</sup> March 2003, 2004, 2005, 2006 and 2007 and for the four month period ended 31<sup>st</sup> July, 2007, which appear in this Red Herring Prospectus. Our restated financial statements were prepared in accordance with Indian GAAP. Unless otherwise indicated, the financial information used in this section is derived from the Company's audited financial statements as restated.

Our fiscal year ends on 31st March of every year, as such all references to a particular fiscal year are to the 12 month period ended 31<sup>st</sup> March of such year.

### **Overview of the business**

Aries was originally incorporated as "Aries Agro-Vet Industries Private Limited" on 27th November, 1969 under the Companies Act, 1956. It was converted into Public Limited Company as "Aries Agro-Vet Industries Limited" on 30th December, 1994. The name was subsequently changed to "Aries Agro Limited" on 27th October, 2006. Originally, the Registered office of our Company was located at 3-Agadhi Industrial Estate, Marol, Andheri (East), Mumbai 400 059 and was shifted to Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043 with effect from 23rd March, 1995.

In 1969, the Company started off with a small range of mineral feed additives for animals and birds. The products attracted good margins. Aries' products were immediately accepted by the consumers and slowly it became the brand leader in the field of mineral nutrition with a range of products including mineral premixes, milk boosters, protein concentrates, vitamin premixes, anti-coccidial and anti-bacterial feed additives.

In 1975, Aries diversified into nutrients for plants. We had in-house expertise in the area of mineral nutrition and thereby decided to concentrate on the same. Aries conducted research on compounds that could deliver mineral nutrients to plants more efficiently. The research zeroed in on "Metal Chelates". Aries branched out into Agrochemicals in 1975 with the introduction of Chelated Micronutrients. Aries also conducted in-house R&D to develop bactericides for agriculture. 'Plantomycin' was one of the first bactericide to be licensed for agricultural use by the Government of India. This was then followed by the introduction of plant hormones.

In 2001, Aries expanded its product line to include secondary nutrients – sulphur, magnesium and calcium. In 2002, Aries continued expanding its plant nutrition product line to include value-added, water soluble complexes of nitrogen (N), phosphorous (P) and potassium (K).

Our manufacturing facilities are located at Bangalore, Mumbai, Hyderabad and Kolkata with total production capacity of 21,600 TPA. Agromin (chelated micronutrients) and Chelamin (chelated zinc) are our flagship brands. We use trademarks in order to brand our products as well as to protect them. We have registration for 18 Trademarks (out of which 3 Trade Marks have been applied for renewal) from the Registrar of Trademarks, Mumbai. Additionally, we have made applications for registration of 24 Trademarks (including logo) with The Registrar of Trademarks, Mumbai.

We have very wide distribution network with 25 branches spread across all over India. We operate along a distribution channel comprising of about 4,700 distributors and a direct retail touch point of more than 65,000 retail outlets. Our retail outlets are spread over 20 states in India. We have team of 516 employees under the permanent rolls and a few under contract. The marketing personnel directly visit villages to educate the farmers on the concept of chelation and the various benefits of micronutrients. This has helped us to establish a close connectivity with the farmers and has helped to increase the customer base.

Our Corporate Goal is to create value for "farmers" and "stakeholders".

### **Significant developments subsequent to the last financial statement**

Our last financial year ended on March 31, 2007. The financials have been also prepared for the four months period ended 31<sup>st</sup> July, 2007. The Directors of the Company confirm that in their opinion, no significant developments have taken place since the date of the last financial statements as disclosed in the Red Herring Prospectus and which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

- a. We have already ventured into the implementation of new manufacturing unit at Medak (Andhra Pradesh), the funding for which has been sourced from Indian Overseas Bank, Chembur Branch, Mumbai, and also from Internal Accruals. The project is expected to commence commercial production by February, 2008.
- b. Golden Harvest Middle East FZC (GHME), subsidiary to our Company is also under the process of implementation and is expected to commence commercial production by March, 2008.

Considering the growth opportunities available, our Company has decided to set up new manufacturing units at Ahmedabad, Lucknow, Medak (Andhra Pradesh) and additional unit in Maharashtra. We are also proposing to purchase Plant & Machinery for our existing production facility in Mumbai, incur Capital expenditure on Mobile Marketing, renovation and addition to existing Office Building at Deonar, Mumbai and investment in Golden Harvest Middle East (FZC), UAE amongst others.

### Key factors influencing results of operations

Several factors influence the Company's results of operations, financial condition and cash flow significantly. The key factors affecting our operations include:

1. Dependence of Indian Agriculture on monsoon and weather conditions
2. Fluctuation and increase in raw material prices.
3. New competitive businesses.
4. Government Regulations and Policies.
5. Any slow down in the economic growth.
6. The company's ability to successfully implement its strategy, growth and expansion plans.

For more information on these and other factors/developments, which have or may affect the Company, please refer to the section titled "Risk Factors" beginning on page no. viii, and the section titled "Business Overview" on page no.93 of this Red Herring Prospectus.

**Comparison of significant items of income and expenditure of Aries for the past three years is as follows:**

(Rs. in lakhs)

| Particulars   | Year Ended<br>31.03.04 |                               | Year Ended<br>31.03.05 |                               | Year Ended<br>31.03.06 |                               | Year Ended<br>31.03.07 |                               |
|---|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|
|   | Amount                 | %age<br>of<br>Total<br>Income | Amount                 | %age<br>of<br>Total<br>Income | Amount                 | %age<br>of<br>Total<br>Income | Amount                 | %age<br>of<br>Total<br>Income |
| Gross Sales   | 2,728.61               |                               | 3,942.98               |                               | 5,936.42               |                               | 7405.34                |                               |
| Less: Excise Duty                                   | 56.45                  |                               | 77.37                  |                               | 96.96                  |                               | 139.52                 |                               |
| <b>Net Sales</b>                                    | <b>2,672.16</b>        | <b>99.21</b>                  | <b>3,865.61</b>        | <b>95.61</b>                  | <b>5,839.46</b>        | <b>99.93</b>                  | <b>7265.82</b>         | <b>95.59</b>                  |
| Other Income  | 4.64                   | 0.17                          | 6.07                   | 0.15                          | 3.67                   | 0.06                          | 11.71                  | 0.15                          |
| Increase/Decrease in Stock                          | 16.54                  | 0.61                          | 171.32                 | 4.24                          | 0.39                   | 0.01                          | 323.66                 | 4.26                          |
| <b>Total Income</b>                                 | <b>2,693.34</b>        | <b>100.00</b>                 | <b>4,043.00</b>        | <b>100.00</b>                 | <b>5,843.52</b>        | <b>100.00</b>                 | <b>7601.19</b>         | <b>100.00</b>                 |
| Raw Material Consumed                               | 1,037.68               | 38.53                         | 1,816.05               | 44.92                         | 2,338.24               | 40.01                         | 2870.33                | 37.76                         |
| Manufacturing Expenses                              | 198.14                 | 7.36                          | 258.27                 | 6.39                          | 257.42                 | 4.41                          | 326.56                 | 4.30                          |
| Payment & Provision for Employees                   | 293.99                 | 10.92                         | 344.61                 | 8.52                          | 415.63                 | 7.11                          | 456.37                 | 6.00                          |
| Administrative & Other Expenses                     | 1,007.42               | 37.40                         | 1,324.68               | 32.76                         | 1,610.56               | 27.56                         | 2254.30                | 29.66                         |
| <b>Total</b>  | <b>2,537.23</b>        | <b>94.20</b>                  | <b>3,743.61</b>        | <b>92.59</b>                  | <b>4,621.85</b>        | <b>79.09</b>                  | <b>5907.56</b>         | <b>77.72</b>                  |
| <b>Profit before Interest, Depreciation and Tax</b> | <b>156.11</b>          | <b>5.80</b>                   | <b>299.36</b>          | <b>7.40</b>                   | <b>1,221.67</b>        | <b>20.91</b>                  | <b>1693.63</b>         | <b>22.28</b>                  |
| Depreciation  | 15.42                  | 0.57                          | 21.20                  | 0.52                          | 27.94                  | 0.48                          | 48.47                  | 0.64                          |
| <b>Profit before Interest and Tax</b>               | <b>140.69</b>          | <b>5.22</b>                   | <b>278.16</b>          | <b>6.88</b>                   | <b>1,193.73</b>        | <b>20.43</b>                  | <b>1645.16</b>         | <b>21.64</b>                  |
| Interest & Finance Charges                          | 101.73                 | 3.78                          | 137.63                 | 3.40                          | 169.59                 | 2.90                          | 247.48                 | 3.26                          |
| <b>Net Profit before Tax</b>                        | <b>38.96</b>           | <b>1.45</b>                   | <b>140.53</b>          | <b>3.48</b>                   | <b>1,024.14</b>        | <b>17.53</b>                  | <b>1397.68</b>         | <b>18.39</b>                  |
| Provision for Income Tax                            | -30.00                 | -1.11                         | -55.00                 | -1.36                         | -335.00                | -5.73                         | -450.00                | -5.92                         |
| Provision for Wealth Tax                            | 0                      | 0.00                          | 0                      | 0.00                          | -0.75                  | -0.01                         | -1.00                  | -0.01                         |

|  |              |              |               |             |               |              |               |              |
|--|--------------|--------------|---------------|-------------|---------------|--------------|---------------|--------------|
| Provision for FBT                                    | 0            | 0.00         | 0             | 0.00        | -17.50        | -0.30        | -25.60        | -5.34        |
| Provision for Deferred tax liabilities               | 0.79         | 0.03         | -14.98        | -0.37       | -3.48         | -0.06        | -51.66        | -0.68        |
| <b>Net Profit After Tax &amp; before Adjustments</b> | <b>9.75</b>  | <b>0.36</b>  | <b>70.55</b>  | <b>1.74</b> | <b>667.41</b> | <b>11.42</b> | <b>869.42</b> | <b>11.44</b> |
| Adjustments  | 0            | 0.00         | 0             | 0.00        | -20.25        | -0.35        | -16.00        | -0.21        |
| Short Provision of Tax                               | -12.12       | -0.45        | -             | 0.00        | -             | 0.00         | -8.71         | -0.11        |
| Excess Provision of Tax                              | -            | -            | 36.30         | -           | -             | -            | -             | -            |
| <b>Net Profit as Restated</b>                        | <b>-2.37</b> | <b>-0.09</b> | <b>106.85</b> | <b>2.64</b> | <b>647.16</b> | <b>11.07</b> | <b>844.71</b> | <b>11.11</b> |

## Comparison of FY 2007 with FY 2006 – reasons for variance

### Earnings from Net Sale

Earnings from net sale, which accounts for 95.59% of the total income in the FY 2007, showed significant increase of about 24.43% over previous fiscal, i.e. from Rs. 5839.46 lakhs in fiscal 2006 to Rs. 7265.82 lakhs in fiscal 2007. This is due to the fact that the company ventured with NPK Soluble Fertilizers in the year 2004-05 and the same has commenced yielding results.

### Other Income

Other income increased by 219.07%, i.e. from Rs. 3.67 lakhs in fiscal 2006 to Rs. 11.71 lakhs in fiscal 2007. This is due to the fact that the exchange rate difference is one of the elements in the said category, which indeed varies from time to time. In the year 2005-06, there was no profit on account of exchange rate difference as against Rs.8.18 lakhs this year.

### Total Income

The Company registered an increase of 30.08% in its total income for the FY 2007 compared to the previous year i.e. from Rs. 5843.52 lakhs in fiscal 2006 to Rs. 7601.19 lakhs in fiscal 2007. The same being on account of increase in net sales which stood at Rs. 7265.82 lakhs as compared to Rs. 5839.46 lakhs in the previous year.

### Raw Material Consumption

Raw Material consumption as a percentage to total income, has decreased from 40.01% in fiscal 2006 to 37.76% in fiscal 2007. However, in absolute terms it has increased from Rs. 2338.24 lakhs in fiscal 2006 to Rs. 2870.33 lakhs in fiscal 2007.

### Manufacturing Expenses

Manufacturing Expenses, as a percentage to total income, have decreased from 4.41% in fiscal 2006 to 4.30% in fiscal 2007. However, in absolute terms it has increased from Rs. 257.42 lakhs in fiscal 2006 to Rs. 326.56 lakhs in fiscal 2007.

### Personnel (Staff) Expenses

The personnel expenses, as a percentage to total income, decreased from 7.11% in fiscal 2006 to 6.00% in fiscal 2007. In absolute terms, the staff costs have gone up to Rs. 456.37 lakhs in the fiscal 2006 from Rs. 415.63 lakhs in the previous fiscal. This decrease in percentage is due to substantial increase in sales during the fiscal 2007.

### Administrative and Other Expenses

The Administrative and other expenses, as a percentage to total income, has increased from 27.56% in fiscal 2006 to 29.66% in fiscal 2007. In absolute terms, the administrative and other expenses have gone up to Rs. 2254.30 lakhs in the fiscal 2007 as against Rs. 1610.56 lakhs in the previous fiscal. This is because of the increase in the volume of business.

### Interest and Finance Charges



Interests as a percentage to total income has significantly increased from 2.90% in fiscal 2006 to 3.26% in fiscal 2007. In absolute terms, the interest costs have gone up from Rs.169.59 lakhs in the fiscal 2006 to Rs. 247.48 lakhs in fiscal 2007. The increase in interest cost is due to increase in secured loans

#### **Depreciation**

The depreciation, as a percentage to total income, has increased from 0.48% in fiscal 2006 to 0.64% in fiscal 2007. On year-to year basis, the depreciation has increased by 73.47% i.e. from Rs. 27.94 lakhs in fiscal 2006 to Rs. 48.47 lakhs in fiscal 2007.

#### **Profit Before Tax**

The profit before tax increased significantly by 36.47% during the fiscal 2007 in comparison to the fiscal 2006 i.e. from Rs. 1024.14 lakhs in fiscal 2006 to Rs. 1397.68 lakhs in fiscal 2007. The same being on account of increased revenue in the fiscal 2007 as compared to the previous year and also due to decrease in raw material costs as a percentage of Total Income.

#### **Profit After Tax**

The net profit after tax before adjustments has increased substantially from Rs.667.41 lakhs to Rs.869.42 lakhs i.e. by 30.27% during the fiscal 2007 in comparison to the fiscal 2006 on account of increased revenue in the fiscal 2007 as compared to the previous year.

In addition, increase in imports at comparatively lower prices and weakening US Dollar further reduced the costs of inputs.

#### **Comparison of FY 2006 with FY 2005 – reasons for variance**

##### **Earnings from Net Sale**

Earnings from net sale, which accounts for 99.93% of the total income in FY 2006, showed significant increase of about 51.06% over previous fiscal, i.e. from Rs. 3865.61 lakhs in fiscal 2005 to Rs. 5839.46 lakhs in fiscal 2006. This is due to the fact that the Company ventured with NPK Soluble Fertilizers in the year 2004-05 and the same has commenced yielding results.

##### **Other Income**

Other income reduced by 39.54%, i.e. from Rs. 6.07 lakhs in fiscal 2005 to Rs. 3.67 lakhs in fiscal 2006. This is due to the fact that the exchange rate difference is one of the elements in the said category, which indeed varies from time to time. In the year 2005-06, there was no profit on account of exchange rate difference as against Rs.4.18 lakhs in the previous year.

##### **Total Income**

The Company registered an increase of 44.53% in its total income for the FY 2006 compared to the previous year i.e., from Rs. 4043.00 lakhs in fiscal 2005 to Rs. 5843.52 lakhs in fiscal 2006. The same being on account of increase in net sales which stood at Rs. 5839.46 lakhs as compared to Rs. 3865.61 lakhs in the previous year.

##### **Raw Material Consumption**

Raw Material consumption as a percentage to total income, has decreased from 44.92% in fiscal 2005 to 40.01% in fiscal 2006.

##### **Manufacturing Expenses**

Manufacturing Expenses, as a percentage to total income, have decreased from 6.39% in fiscal 2005 to 4.41% in fiscal 2006.

##### **Personnel (Staff) Expenses**

The personnel expenses, as a percentage to total income, decreased from 8.52% in fiscal 2005 to 7.11% in fiscal 2006. In absolute terms, the staff costs have gone up to Rs. 415.63 lakhs in the fiscal 2006 from Rs. 344.61 lakhs in the previous fiscal. This is due to substantial increase in sales during the fiscal 2006.

#### **Administrative and Other Expenses**

The Administrative and other expenses, as a percentage to total income, have decreased significantly from 32.76% in fiscal 2005 to 27.56% in fiscal 2006. However, in absolute terms, the administrative and other expenses have gone up to Rs. 1610.56 lakhs in the fiscal 2006 as against Rs. 1324.68 lakhs in the previous fiscal. This is because of the sharp increase in the volume of business.

#### **Interest and Finance Charges**

Interests as a percentage to total income has significantly decreased from 3.40% in fiscal 2005 to 2.90% in fiscal 2006. However, in absolute terms, the interest costs have gone up from Rs.137.63 lakhs in the fiscal 2005 to Rs.169.59 lakhs in fiscal 2006. The increase in interest cost is due to increase in secured loans on account of renovation of the registered office.

#### **Depreciation**

The depreciation, as a percentage to total income, has decreased from 0.52% in fiscal 2005 to 0.48% in fiscal 2006. However, on year-to-year basis, the depreciation has increased by 31.79%, i.e., from Rs. 21.20 lakhs in fiscal 2005 to Rs. 27.94 lakhs in fiscal 2006.

#### **Profit Before Tax**

The profit before tax increased significantly by 628.77% during the fiscal 2006 in comparison to the fiscal 2005 i.e., from Rs. 140.53 lakhs in fiscal 2005 to Rs. 1024.14 lakhs in fiscal 2006. The same being on account of increased revenue in the fiscal 2006 as compared to the previous year.

#### **Profit After Tax**

The net profit after tax before adjustments has increased substantially from Rs. 70.55 lakhs to Rs. 667.41 lakhs i.e. by 846.01% during the fiscal 2006 in comparison to the fiscal 2005 on account of increased revenue in the fiscal 2006 as compared to the previous year.

This is due to the fact that we had ventured into 100% Soluble Fertilizers during 2004-05 and passed on heavy discounts for creating awareness with the Agricultural farmers which were withdrawn in the financial year 2005-06, which has contributed significantly for the increase in the overall profit.

In addition, the following also contributed for increase in overall profits:-

- a) Imports increased by 50% at comparatively lower prices
- b) Basic import duty was reduced by 5% translating into a net reduction of almost 7% in cost of raw materials
- c) USD weakened considerably and was available at Rs.43/- to Rs.44/- which reduced the cost of import.
- d) Discount of sales as a percentage were effectively reduced to the tune of around 3.1% during the year.
- e) The 2005-06 was the first full year of operation of Bangalore unit, where automation has effectively reduced the processing cost.

#### **Comparison of FY 2005 with FY 2004 – reasons for variance**

##### **Earnings from Net Sale**

Earnings from net sale, which accounts for 95.61% of the total income in FY 2005, showed significant increase of 44.66% over previous fiscal, i.e. from Rs. 2672.16 lakhs in fiscal 2004 to Rs. 3865.61 lakhs in fiscal 2005. The company forayed into NPK Soluble Fertilizers during 2004-05, on a high volume and low profit basis, mainly to inculcate awareness in the culture of agricultural farmers on the usage of the said Soluble Fertilizers. These efforts of ours have started yielding results and has resulted in a significant portion of the increase in the said Soluble Fertilizers in addition to increased sale quantum in the existing product lines.

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**Other Income**

Other income increased by 30.82%, i.e. from Rs. 4.64 lakhs in fiscal 2004 to Rs. 6.07 lakhs in fiscal 2005. The exchange rate difference is one of the elements in the said category, which indeed varies from time to time. In the year 2004-05, the net effect of the exchange rate difference of Rs. 1.19 lakhs together with increase in interest income and Miscellaneous Income has resulted in an additional income.

**Total Income**

The Company registered an increase of around 50.11% in its total income for the FY 2005 compared to the previous year i.e., from Rs. 2693.34 lakhs in fiscal 2004 to Rs. 4043 lakhs in fiscal 2005. The same being on account of increase in net sales which stood at Rs. 3865.61 lakhs in fiscal 2005 as compared to Rs.2672.16 lakhs in the previous year.

**Raw Material Consumption**

Raw Material consumption as a percentage to total income, has increased from 38.53% in fiscal 2004 to 44.92% in fiscal 2005, i.e., from Rs. 1037.68 lakhs in FY 2004 to Rs. 1816.05 lakhs in FY 2005.

**Manufacturing Expenses**

Manufacturing Expenses, as a percentage to total income, have decreased from 7.36% in fiscal 2004 to 6.39% in fiscal 2005.

**Personnel (Staff) Expenses**

The personnel expenses, as a percentage to total income, decreased from 10.92% in fiscal 2004 to 8.52% in fiscal 2005. In absolute terms, the staff costs have gone up to Rs. 344.61 lakhs in the fiscal 2005 as against Rs. 293.99 lakhs in the previous fiscal.

**Administrative and Other Expenses**

The Administrative and other expenses, as a percentage to total income, have decreased from 37.40% in fiscal 2004 to 32.76% in fiscal 2005. However, in absolute terms, the administrative and other expenses have gone up to Rs.1324.68 lakhs in the fiscal 2005 as against Rs.1007.42 lakhs in the previous fiscal. This is because of the sharp increase in the volume of business.

**Interest and Finance Charges**

Interest, as a percentage to total income, have significantly decreased from 3.78% in fiscal 2004 to 3.40% in fiscal 2005. However, in absolute terms, the interest costs have gone up from Rs. 101.73 lakhs in the fiscal 2004 to Rs. 137.63 lakhs in fiscal 2005. The increase in interest cost is mainly due to increase in the Secured Loans from Rs. 403.76 lakhs in the fiscal 2004 to Rs. 673.09 lakhs in fiscal 2005.

**Depreciation**

The depreciation, as a percentage to total income, has decreased from 0.57% in fiscal 2004 to 0.52% in fiscal 2005. However, on year-to-year comparison, the depreciation has increased by 37.48% i.e, from Rs. 15.42 lakhs in fiscal 2004 to Rs. 21.20 lakhs in fiscal 2005.

**Profit Before Tax**

The profit before tax increased significantly by 260.70% during the fiscal 2005 in comparison to the fiscal 2004 i.e, from Rs. 38.96 lakhs in fiscal 2004 to Rs. 140.53 lakhs in fiscal 2005. The same being on account of increased revenue in the fiscal 2005 as compared to the previous year.

**Profit After Tax**

The profit after tax increased substantially by 623.59% during the fiscal 2005 in comparison to the fiscal 2004 on account of increased revenue in the fiscal 2005 as compared to the previous year.

**An analysis of reasons for the changes in significant items of income and expenditure shall affect due to following:**

**i) Unusual or infrequent events or transactions**

Except as described in this Red Herring Prospectus, there have been no events or transactions which may be described as "unusual or infrequent"

**ii) Significant economic changes that materially affected or likely to affect income from continuing operations.**

A slowdown in the Indian Economy, failure of the monsoon and consequent impact on the disposable income could adversely affect our operations.

**iii) Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

Sufficient monsoon, irrigation, availability of credit at a reasonable cost and creation of market for agricultural products are important for consumption of our products. Any changes in the availability of the same may affect our operations. Except as stated in this Red Herring Prospectus, no known trends and uncertainties are expected to have a material adverse impact from continuing operations.

**iv) Future changes in relationships between costs and revenues, in case of events such as future increase in labour or material cost or prices that will cause material change are known.**

Any increase in the costs like labour or material cost relative to revenue would have impact on the operations of the Company. However, at this juncture no such changes in relationship between cost and revenues are anticipated.

**v) The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices**

Our production was 5,882 MT in 2003-04, 7,828 MT in 2004-05, 10,587 MT in 2005-06 and 18,534 MT in 2006-07. Thus, during the said period the sales has essentially increased due to increase in production. We have continuously introduced new products as per the requirements of the farmers.

**vi) Total turnover of each major industry segment in which the company operated.**

We are engaged in manufacture of micronutrients, Insecticides & Pesticides and Animal Feed & Feed Concentrates. The segment wise turnover as per the latest audited accounts is given below:

(Rs. In lakhs)

| Segment  | Year Ended 31.3.2007 |
|--|----------------------|
| Agricultural Micro Nutrient Fertilizers                  | 6800.93              |
| Insecticides & Pesticides                                | 566.63               |
| Veterinary Products<br>(Animal Feed & Feed Concentrates) | 37.78                |
| <b>Total</b>   | <b>7405.34</b>       |

**vii) Status of any publicly announced new products or business segment.**

We have always tried to introduce new products as per the requirement of the particular region for particular crop. We also seek registration for Trademarks for the new products on ongoing basis. Accordingly, we have applied to Registrar of Trademarks, Mumbai for registration of new products. Other than the products which are disclosed in the RHP under the head "Intellectual Property" and the projects being undertaken by us as disclosed under the head "Objects of the Issue", as on date we have not publicly announced any new products or business segments.

**viii) The extent to which the company's business is seasonal**

As our products are mainly used in Agricultural Industry, our business is seasonal in nature with two peak season in the year being Kharif and Rabi.

**ix) Any significant dependence on a single or few suppliers or customers**

Our raw material are sourced from various suppliers and the finished products are catered to numerous customers. Therefore, we are not significantly dependent on a single or few suppliers or customers.

**x) Competitive conditions**

For details of competitive conditions please refer to Section titled, "Business Overview" on page no. 93 of this Red Herring Prospectus.

**Major increase or decrease in the heads of Statement of Assets and Liabilities as restated (standalone figures)**

| <b>PARTICULARS as on</b>   | <b>31-Mar-04</b> | <b>31-Mar-05</b> | <b>31-Mar-06</b> | <b>31-Mar-07</b> |
|--|------------------|------------------|------------------|------------------|
| <b>1. FIXED ASSETS</b>   |                  |                  |                  |                  |
| Gross Block  | 2,085.69         | 2,178.33         | 2,368.90         | 2611.63          |
| Less : Depreciation  | 316.80           | 363.14           | 412.56           | 473.59           |
| <b>Net Block</b>   | <b>1,768.89</b>  | <b>1,815.19</b>  | <b>1,956.34</b>  | <b>2138.03</b>   |
| Less : Revaluation Reserve                                       | 989.56           | 961.51           | 933.47           | 905.42           |
| <b>Net Block after adjustment for Revaluation Reserve</b>        | <b>779.33</b>    | <b>853.68</b>    | <b>1,022.87</b>  | <b>1232.61</b>   |
| Capital Work in Progress   | -                | 10.00            | -                | 60.72            |
| <b>TOTAL FIXED ASSETS</b>  | <b>779.33</b>    | <b>863.68</b>    | <b>1,022.87</b>  | <b>1293.33</b>   |
| <b>2. INVESTMENTS</b>  | <b>0.43</b>      | <b>0.43</b>      | <b>0.41</b>      | <b>2.42</b>      |
| <b>3. CURRENT ASSETS, LOANS AND ADVANCES</b>                     |                  |                  |                  |                  |
| a) Inventories   | 442.00           | 832.54           | 919.81           | 1697.35          |
| b) Sundry Debtors  | 1,242.44         | 1,221.70         | 1,899.79         | 2670.99          |
| c) Loans & Advances  | 221.01           | 278.58           | 426.04           | 781.35           |
| d) Cash & Bank Balances  | 25.23            | 40.40            | 173.36           | 75.03            |
| <b>TOTAL CURRENT ASSETS, LOANS AND ADVANCES</b>                  | <b>1,930.68</b>  | <b>2,373.22</b>  | <b>3,419.00</b>  | <b>5224.71</b>   |
| <b>4. TOTAL ASSETS (1+2+3)</b>                                   | <b>2,710.45</b>  | <b>3,237.32</b>  | <b>4,442.27</b>  | <b>6520.46</b>   |
| <b>5. LIABILITIES &amp; PROVISIONS</b>                           |                  |                  |                  |                  |
| a) Secured Loans   | 403.76           | 673.09           | 769.51           | 1547.79          |
| b) Unsecured Loans   | 392.59           | 394.26           | 537.30           | 599.37           |
| c) Current Liabilities and Provisions                            | 1,022.05         | 1,156.13         | 1,470.95         | 1831.61          |
| d) Deferred Tax Liability  | 5.85             | 20.82            | 24.31            | 75.97            |
| <b>TOTAL LIABILITIES</b>   | <b>1,824.25</b>  | <b>2,244.29</b>  | <b>2,802.07</b>  | <b>4054.74</b>   |
| <b>6. NET WORTH (4-5)</b>  | <b>886.19</b>    | <b>993.04</b>    | <b>1,640.20</b>  | <b>2465.71</b>   |
| <b>NET WORTH REPRESENTED</b>                                     |                  |                  |                  |                  |
| A. Equity Share Capital*   | 680.28           | 680.28           | 680.28           | 850.35           |
| B. Reserves and Surplus  | 1,195.47         | 1,274.27         | 1,893.39         | 2539.98          |
| C. Less : Revaluation Reserve                                    | 989.56           | 961.51           | 933.47           | 905.42           |
| D. Net Reserves and Surplus                                      | 205.91           | 312.76           | 959.92           | 1634.56          |
| E. Misc. Expenditure (to the extent not written off or adjusted) | -                | -                | -                | 19.19            |

|                              |               |               |                 |                |
|------------------------------|---------------|---------------|-----------------|----------------|
| <b>NET WORTH (A + D - E)</b> | <b>886.19</b> | <b>993.04</b> | <b>1,640.20</b> | <b>2465.71</b> |
|------------------------------|---------------|---------------|-----------------|----------------|

### **Fixed Assets**

The major increase of Rs. 242.73 lakhs during financial year 2006-07 is due to addition in Plant & Machinery at all the four units and purchase of vehicles for operations. The increase of Rs. 190.57 lakhs during financial year 2005-06 is due to renovation of Corporate Office and vehicles for operations. The increase of Rs. 92.64 lakhs during financial year 2004-05 is due to addition of vehicles for operations.

### **Inventories**

The inventory has increased by Rs. 777.54 lakhs during financial year 2006-07, Rs.87.27 lakhs during financial year 2005-06 and Rs.390.54 lakhs during financial year 2004-05 due to increase in operations.

### **Receivables**

The receivables have increased by Rs. 771.20 lakhs during financial year 2006-07 and Rs.678.09 lakhs during financial year 2005-06 due to increase in operations.

### **Loans and Advances**

The Loans and Advances have increased by Rs. 355.31 lakhs during financial year 2006-07 due to advances to capital goods suppliers, share application money with Golden Harvest Middle East FZC and payment of Advance Income Tax. The increase of Rs.147.46 lakhs in Loans and Advances during financial year 2005-06 is due to advances made to capital goods suppliers.

### **Cash and Bank balances**

The Cash and Bank balances have reduced during financial year 2006-07 by Rs. 98.33 lakhs due to higher increase in working capital requirement. The increase in cash and bank balances of Rs. 132.96 lakhs during financial year 2005-06 is due to improved realizations.

### **Secured Loans**

Increase in secured loans of Rs. 778.28 lakhs during financial year 2005-06 and Rs. 269.33 lakhs during financial year 2004-05 is due to increase in working capital assistance from Bank and Motor vehicle loans from banks.

### **Unsecured Loans**

The increase in unsecured loans by Rs. 143.04 lakhs during financial year 2005-06 is due to loans taken from banks secured by Directors' personal asset.

### **Current liabilities and provisions**

Increase in current liabilities and provisions by Rs. 360.66 lakhs during financial year 2006-07, Rs.314.82 lakhs during financial year 2005-06 and Rs. 134.08 lakhs during financial year 2004-05 is due to increase in operations.

### **Equity Share Capital**

The Equity Share Capital increased by Rs. 170.07 lakhs during FY 2006-07 due to issue of bonus shares in the ratio of 1:4.

## SECTION VI LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND DEFAULTS

#### Litigation involving the Company

Except as stated below there are no outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).

There are no commercial disputes, patent disputes etc. No Criminal proceedings have been launched against the Company or any of the Directors for any of the offences under the enactment specified in paragraph 1 of schedule XIII of the Companies Act 1956.

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

There are no penal proceedings initiated for economic offence against the Company or its Directors. There is no litigation pending against the Company or Directors involving statutory offences.

In terms of Clause 6.11.1.1(g), as at March 31, 2006, the Company does not owe any sum to any Small Scale Undertaking, which is outstanding for more than 30 days.

Except as mentioned below, there are no past cases during last three years in which penalties were imposed by the concerned authorities on the issuer Company or its Directors:

Details of levy of penalties on Company during last three years:

(Figure in Rs.)

| Sl. No | Year    | Branch                     | Bombay Sales Tax/ Local sales Tax | CST  | Total |
|--------|---------|----------------------------|-----------------------------------|------|-------|
| 1.     | 2003-04 | Mumbai                     | 1000                              | 1000 | 2000  |
| 2.     | 2003-04 | Kanpur/ Lucknow/ Ghaziabad | 1360                              | 0    | 1360  |
| 3.     | 2003-04 | Patna                      | 30                                | 0    | 30    |

Except as stated below there are no other outstanding litigations including statutory dues, bank/institutional dues, and any dues to instrument holders of debentures, fixed deposits except as stated below:

#### Against the Company

##### A. Banks / Institutional Dues:

##### 1. Industrial Finance Corporation of India (IFCI)

We had availed Lease Finance of Rs. 253.75 lakhs from IFCI. We had defaulted in making payment of instalments to Industrial Finance Corporation of India Limited (IFCI) of Rs. 248.46 Lakhs. IFCI has filed a suit no. 2789 of 1998 against us in the Honourable High Court of Mumbai for recovery of their dues as above and also compound interest, other costs, liquidated damages of Rs. 1179.69 lakhs totalling to Rs. 1428.15 lakhs. We approached IFCI for negotiated settlement of its dues. IFCI vide its letter dated 16th March, 2001 agreed for Negotiated Settlement of dues on the terms and conditions contained therein including making the agreed payments on due dates and a recompense clause wherein IFCI shall have the right of recompense of the monetary values of sacrifices, in terms of the aforesaid Negotiated Settlement and the Company undertakes to make good the sacrifices made by IFCI if in the view of IFCI, the profitability and the cash flow of the Company so warrant. We were required to pay Rs. 2,48,48,063 with interest @ 13.5% (at the then adjusting PLR) on reducing balance over a period of April, 2001 to March, 2002 and an amount of Rs.11,79,69,296 was waived being the simple interest, CI/LD. We vide our letter dated 27th March while accepting the Negotiated Settlement conveyed its non acceptance of the recompense clause. IFCI vide its letter dated 29th March, 2001 has informed us that the recompense clause can not be deleted as it is their standard practice in terms of the extant guidelines to stipulate the same in all such settlement proposals.



Subsequently, we vide our letter dated 31<sup>st</sup> March, 2001 informed IFCI that the recompense clause should not form part of the consent terms against the suit. As against the negotiated settlement of dues of Rs. 2,48,46,063, the Company has made payments of Rs. 2,66,54,563 to IFCI. In addition, we had made payment of Rs. 5,93,300 towards legal fees and sales tax liability. Some of the payments were made after the due dates in terms of the settlement. The consent terms have not been filed with the Honourable Court in terms of the Negotiated Settlement and we are yet to receive No Dues Certificate from IFCI.

## **B. SALES TAX CASES**

1. STR # 738 & 739/94 relating to the financial year 1985-86 pertaining to Kanpur Branch

The Revisions were preferred against the order of the Tribunal, Kanpur by the UP Trade Tax Dept. on the classification of cattle feed and poultry feed products as unclassified item taxable under U P Trade Tax Act., 1948 and CST Act, 1956 before Hon'ble High Court at Allahabad (UP). Hon'ble High Court, remanded the matter back to the Tribunal to find out the bifurcation of turnover of cattle feed and poultry feed separately allowing the revisions partially. As regards to poultry feed the Hon'ble High Court has held that the turnover of the same is not liable to be taxed.

Remarks:

Considering the fact that Hon'ble High Court at Allahabad has already decided regarding classification of products, the liability will be payable by the Company on receipt of order of the Tribunal.

2. Appeal # 866/99 relating to the financial year 1994-95 pertaining to Kanpur Branch

The Appeal is preferred by the Company against the demand of Rs. 93,173 raised by the U P Trade Tax Department, Kanpur under Central Sales Tax Act on the issue of applicability of 'C Form' on inter state sale of Poultry Feed products before Hon'ble Trade Tax Tribunal, Kanpur, challenging the applicability of 'C Form'. The appeal is pending before the Tribunal for disposal.

3. Revision No. 2458/2004 preferred by U.P. Trade Tax Department before the Hon'ble High Court at Allahabad

Aforementioned Revision is preferred by U.P. Trade Tax Department, Lucknow against the order of Tribunal, Bench 1, Kanpur which had allowed the refund due to the Company for the year 1998-99, amounting to Rs. 56,802. The revision is pending for disposal.

4. Appeal No. ST/PTW/78-03 relating to the financial year 1998-99 pertaining to Patna Branch

The Appeal is preferred by the Company before 1st Appellate Authority, Commercial Taxes, Patna against the Commercial Tax Department, Patna who had disallowed exports to Nepal raising thereby demand of Rs. 74,120. The appeal is pending for disposal.

## **C. FCO CASES**

The pending FCO cases preferred by Department of Agriculture of various districts, on quality issues of products, are as follows:

(a) List of FCO cases pending before Chief Judicial Magistrates of different districts in Rajasthan:

1. Case No. 86/2000 preferred by Department of Agriculture, Dausa under Clause 19 of FCO, 1985 as amended before Chief Judicial Magistrate, Dausa, Rajasthan for lower quantity of active ingredients as against the standard as per the Analysis Report of fertiliser sample. The last hearing was held on 3rd October, 2006. The case is pending for disposal.
2. Case No. 9/2000 preferred by Department of Agriculture, Dist. Jhunjhunu under Clause 7 & 19 of FCO, 1985 as amended before Special Court, Jhunjhunu for lower quantity of active ingredients as against the standard as per the Analysis Report of fertiliser sample. The last hearing was scheduled on 4th January, 2006 which got adjourned. The case is pending for disposal.
3. Case No. 758/2002 preferred by Department of Agriculture, Dist. Jhunjhunu under Clause 19 of FCO, 1985 as amended before Chief Judicial Magistrate, Jhunjhunu for lower quantity of active ingredients as against the standard as per the Analysis Report of fertiliser sample. The last hearing was held on 13th December, 2006. The case is pending for disposal.



4. Case No. 926/2002 preferred by Department of Agriculture, Dist. Jhunjhunu under Clause 19 of FCO, 1985 as amended before Special Court, Jhunjhunu for lower quantity of active ingredients and lower pH as against the standard as per the Analysis Report of fertiliser sample. The last hearing was held on 13th December, 2006. The case is pending for disposal.
  5. Case No. 71/2004 preferred by Department of Agriculture, Dist. Ajmer under Clause 19 of FCO, 1985 as amended before Chief Judicial Magistrate, Ajmer for the sample of the Agromin Product being certified as non standard as per the Analysis Report. The last hearing was held on 4th January, 2007. The case is pending for disposal.
  6. Case No. 794/2003 preferred by Department of Agriculture, Jaipur under FCO, 1985 as amended before Chief Judicial Magistrate, Jaipur for the sample of the fertilizer being declared as non standard as per the Analysis Report. The last hearing was held on 17th December, 2006. The case is pending for disposal.
  7. Case No. 328/2006 preferred by Department of Agriculture, Bikaner, Rajasthan for alleged violation of FCO, 1985 as amended before Chief Judicial Magistrate, Bikaner for the sample of Agromin Micronutrient fertilizer being declared as sub standard as per the Analysis Report. The case is pending for hearing and disposal.
  8. Case No. 257/2007 preferred by Department of Agriculture, Sojat City, District-Pali, Rajasthan for alleged violation of clauses 4,5, & 7 of FCO, 1985 as amended before Chief Judicial Magistrate, Sojat Road, District Pali due to the sample of the micro nutrient fertilizer (Agromin) being declared as sub standard as per the Analysis Report. The case is pending for hearing and disposal.
  9. Case No. 312/2005 preferred by Department of Agriculture, Jaitaran, District-Pali, Rajasthan for alleged violation of FCO, 1985 as amended before Chief Judicial Magistrate, Jaitaran, District Pali due to the sample of the micro nutrient fertilizer (Agromin) being declared as sub standard as per the Analysis Report. The summons have been issued to us to appear on 26.10.2007. The case is pending for hearing and disposal.
- (b) FCO case no. 254/04 preferred by Department of Agriculture, Kheda before Chief Judicial Magistrate Dakor, Dist. Kheda, Gujarat. under Clause 19(B) of FCO, 1985 as amended for lower quantity of active ingredients against the standard as per the Analysis Report of fertiliser sample. The last hearing was held on 6th January, 2006. The case is pending for disposal.
- (c) FCO case no. 2478/2002, preferred by Department of Agriculture, Thiruvudaimaruthur, Tamilnadu before the Judicial Magistrate, Kumbakonam, Thanjavur, Tamil Nadu under Clause 19 of FCO, 1985 as amended for lower content of micronutrient fertilizer as per the Analysis Report of fertiliser sample. The last hearing was held on 22.2.2007. The case is pending for disposal.
- (d) Summons have been issued against the Company for FCO case no. 823/2006 preferred by Department of Agriculture by Chief Judicial Magistrate, Katol, Nagpur, Maharashtra directing the Company to appear for hearing on 26th December, 2006. The Copy of the case was to be served at the time of appearance. The hearing has been postponed.
- (e) Case No. 314/2006-07 preferred by Department of Agriculture, Pamaru, Andhra Pradesh under clause 19(a)(b) of FCO, 1985 as amended before Addl. Chief Metropolitan Magistrate, Vijaywada, Andhra Pradesh. Summons from the Honorable court have been served on us and the copy of complaint is yet to be received. The case is pending for hearing and disposal.

#### EXCISE CASE

- a. **Appeal No. E/709/07-Mumbai filed by Commissioner, Central Excise (CCE), Mumbai – II, arising out of Order in Original No. 26/2006 dated 27<sup>th</sup> Nov'06 passed by CCE, Mumbai – II.**  
The Central Excise Dept had issued various Show Cause Notices to us against our classification of our products under Chapter Sub Heading 3105.00 wherein we had claimed exemption of Rs. 802 lakhs in Central Excise Duty pertaining to the period from April, 1998 to June, 2007. Vide the Order in Original No. 26/2006 dated 27<sup>th</sup> November, 2006 passed by CCE, Mumbai –II, our contention on the classification was accepted and the proceedings were dropped. The Chief Commissioner of Central Excise, Mumbai Zone I, vide his Order dated 08.05.2007 reviewed the above Order of CCE, Mumbai-II and directed CCE Mumbai II to prefer an appeal against said Order of 27<sup>th</sup> November, 2006 before the Central Excise Service Tax Appellate Tribunal, West Zone Branch, Mumbai.

## LEGAL CASES

- i) Suit No. 42/97 preferred by M/s. Madhu Processors, Bhavnagar, Gujarat before Civil Judge (SD) Court, Bhavnagar, Gujarat, demanding payment of Rs. 14,16,703.75 for supply of raw materials. The written statements and evidences emphasizing that party had supplied inferior material and has not accounted for Debit Notes raised by the Company consequently for quality issue of raw materials have already been filed before the court. The case is pending for disposal.
- ii) Case No. 91/2001, preferred by M/s. Amrut Chicks Pvt.Ltd., Vadgaon, Tal. Sangamner, Dist. Ahmednagar, Maharashtra, before the Consumer Disputes Redressal Commission, State of Maharashtra, Mumbai claiming that one of the product supplied by the Company i.e. Di Calcium Phosphate was of substandard quality causing thereby loss to them. The complainer has made claim of Rs.17.00 lakhs alongwith the interest and costs as against the cost of the material supplied by the Company of Rs.68,323. The Written statement and rejoinder have already been filed in the case by the Company. The case is pending for hearing and disposal.
- iii) Case No. 1811/1995, preferred by M/s. United Chemicals Industries, Ahmedabad before City Civil Court, Ahmedabad for recovery of payment for material supplied. The complainer has made claim of Rs.1,08,857 inclusive of interest and costs. The written statements and evidences emphasizing that party had supplied inferior material and has not accounted for Debit Notes raised on them for quality issue for raw materials have already been filed before the court.
- iv) CP No. 1130 of 2002 preferred by Mr. Sajjan Kumar Lalit Kumar Nathani, Kolkata before Hon'ble High Court, Bombay for payment of balance amount of Rs. 2 lakhs against loan of Rs.6.50 lakhs given to the Company. The suit is pending for hearing and disposal. As per the explanation given by the Company, the amount has been withheld due to non remittance of outstanding dues of Rs. 3,63,854 from M/s. Chemical & Allied Enterprises, Kolkata, wherein he is a partner. The case is yet to come for hearing.
- v) Case No. 105/2007 preferred by Mr. Kamlesh Kumar, Unnao (UP) before State Commissioner, Lucknow (UP) for compensation for damages due to alleged consumption of Company's products for claim of Rs.35,000. The District Forum, Unnao has awarded Rs.25,000 as compensation. An appeal is preferred by the Company before the State Commissioner, Lucknow (UP) against the award. Appeal has been admitted and stay order has been granted and pending for hearing and disposal.
- vi) Case No. 121/2007 preferred by Mr. N. Subba Rao, R/o Prasangulapadu Village, Korisipadu Mandal, Dist.- Prakasam, Andhra Pradesh before District Consumer Forum, Prakasam District at Ongole, AP for compensation for damages to crop due to alleged bad quality of NPK Fertilizer product i.e., Macro Fert NBK 20:20:20 100% water soluble fertiliser of ours. The claim is for damages of Rs. 5,00,000 with interest @ 24% p.a. from the date of issue of the Bill of the Company's dealer on account of deficiency in service and supply of defective goods; damages of Rs. 50,000/- towards mental agony suffered; and Rs. 20,000/- towards costs of the complainant. The summon was served by the Forum on 11.4.2007 and the hearing was held on 1.5.2007.

### Cases preferred by the company

#### A. Following cases preferred by the company are pending for disposal:

- a) Suit # 1023 of 1989 filed against B.M. Brothers & Others, Jalandher, Punjab, the then Distributors of the Company before Hon'ble High Court at Bombay for recovery of amount of Rs. 15,01,768 with further interest @ 21% from the time of filing the suit, effective March 22, 1989 towards material supplied to them. Aforementioned suit is pending before Hon'ble High Court at Bombay and as on date, the Defendants have not filed their written statement
- b) Case # 188 of 2001, against M/s. Prabala Engineering Company Ltd., Dombivli before the State Consumer Redressal Commission, Maharashtra State at Mumbai for recovery of Rs.8,78,508 comprising of cost of the machinery, interest and compensation. Aforementioned case filed by the Company is pending for disposal against grossly inferior and sub-standard machinery supplied by the party. The statements and evidences of both the parties have already been filed. The case is pending for hearing and disposal.

## B. Cases preferred by the Company under Negotiable Instruments Act

The following 112 cases filed by us under Negotiable Instruments Act, are pending for disposal before the Courts of Metropolitan Magistrate, Mumbai:

| Sl. No. | Case #        | Name of the Party/Person                                      | Amount (in Rs.) | Status   |
|---------|---------------|---|-----------------|--|
| 1.      | 1145/S/2005   | M/s. Jagmeet Singh & Company, Dist. Mukatsar (Punjab) 152 025 | 1,49,000        | Warrants issued but still pending for execution, hearing and disposal. |
| 2.      | 10091/SS/2006 | M/s. Vaishnavi Krishi Pratisthan, Wardha (Maharashtra)        | 1,53,000        | Pending of warrant for execution                                       |
| 3.      | 10092/SS/2006 | M/s. Om Sai Ram Fertilizers, Kurushetra, Haryana              | 45,400          | Warrants issued but still pending for execution                        |
| 4.      | 10093/SS/2006 | M/s. S.S. Fertilizers, Karnal, Haryana                        | 1,01,588        | Pending for hearing and disposal                                       |
| 5.      | 10094/SS/2006 | M/s. Friends Pesticides & Fertilizers, Ferozepur, Punjab      | 1,22,375        | Warrant issued and to be executed on the party                         |
| 6.      | 10095/SS/2006 | M/s. Kissan Agri Stores, Hissar, Haryana                      | 87,940          | Warrant issued and to be executed on the party                         |
| 7.      | 10096/SS/2006 | M/s. New Gulia Seed Co., Karnal, Haryana                      | 51,588          | Fresh summon issued, to be served on the party                         |
| 8.      | 10097/SS/2006 | M/s. Grow More Seeds Centre, Kurushetra, Haryana              | 99,892          | Warrant issued and to be executed on the party                         |
| 9.      | 10098/SS/2006 | M/s. Manoj Kumar Khad Beej Bhandar, New Delhi                 | 1,11,685        | Fresh summon issued, to be served on the party                         |
| 10.     | 3000321/SS/07 | M/s. Tomar Agro Agency, Meerut Cantt (UP)                     | 3,67,811        | Summon issued, to be served on the party                               |
| 11.     | 3000320/SS/07 | M/s. Laxmi Krishi Seva Kendra, Ratlam (MP)                    | 25,000          | Summon issued, to be served on the party                               |
| 12.     | 3000325/SS/07 | M/s. Shivaratna Krishi Seva Kendra                            | 1,02,000        | Summon issued, to be served on the party                               |
| 13.     | 3000323/SS/07 | M/s. Shri Sai Agro Agency, Pune                               | 51,000          | Summon issued, to be served on the party                               |
| 14.     | 3000324/SS/07 | M/s. Shiva Fertilizers, Sirsa, Haryana                        | 51,000          | Summon issued, to be served on the party                               |
| 15.     | 3000328/SS/07 | M/s. Sharma Krishi Kendra, Rajgarh (MP)                       | 15,000          | Summon issued, to be served on the party                               |
| 16.     | 3000326/SS/07 | M/s. Varad Krishi Seva Kendra, Solapur (Maharashtra)          | 20,000          | Payment received, Application dated 8.8.2007 filed for withdrawal      |
| 17.     | 3000327/SS/07 | M/s. Unnat Krishi & Podh Roga Nidan, Satna (MP)               | 15,000          | Summon issued, to be served on the party                               |
| 18.     | 3000329/SS/07 | M/s. Shakti Agri Ferti Marketing Co., Mukatsar (Punjab)       | 50,000          | Summon issued, to be served on the party                               |
| 19.     | 3000322/SS/07 | M/s. Suresh Trading Company, Rohtak, Haryana                  | 20,000          | Summon issued, to be served on the party                               |
| 20.     | 3003135/S/07  | Sai Dutta Krushi Seva Kendra, Bhadgaon                        | 40,000          | Fresh Summon issued, Pending for hearing                               |
| 21.     | 3003137/S/07  | Mahalasamta Krishi Sewa Kendra, Nashik, Maharashtra           | 1,02,000        | Payment received.  |
| 22.     | 3003139/S/07  | Niphade Krishi Mandir, Chandwada, Nashik, Maharashtra         | 20,000          | Fresh Summon issued, Pending for hearing                               |
| 23.     | 3003142/S/07  | Om Sai Krishi Seva Kendra, Dola, Nashik, Maharashtra          | 34,000          | Payment received.  |
| 24.     | 3003143/S/07  | Gandhi Sales Corporation, Sirsa, Haryana                      | 51,000          | Fresh Summon issued, Pending for hearing                               |
| 25.     | 3003145/S/07  | Mahalaxmi Agro Agencies, Palus, Walwa, Sangli, Maharashtra    | 59,000          | Fresh Summon issued, Pending for hearing                               |
| 26.     | 3003147/S/07  | Vinayak Krushi Seva Kendra, Ratnagiri, Maharashtra            | 102000          | Fresh Summon issued, Pending for hearing                               |
| 27.     | 3003148/S/07  | Krishi Kanchan Sheti Vikas Kendra, Islampur                   | 35000           | Fresh Summon issued, Pending for hearing                               |
| 28.     | 3003237/SS/07 | M/s. Nanak Traders, Hardaspur, Pilibhit (UP)                  | 26000           | Fresh Summon issued, Pending for hearing                               |
| 29.     | 3003238/SS/07 | Vaibhav Krishi Kendra, Solapur, Maharashtra                   | 25000           | Fresh Summon issued, Pending for hearing                               |
| 30.     | 3003240/S/07  | Delhi Beej Bhandar, Sonabadra, UP                             | 50000           | Fresh Summon issued, Pending for hearing                               |

|     |               |   |          |   |
|-----|---------------|---|----------|---|
| 31. | 3003241/S/07  | Patel Krishi Seva Kendra, Indore(MP)                                | 25000    | Fresh Summon issued, Pending for hearing          |
| 32. | 3003243/S/07  | Nanak Traders, Hardaspur, Pilibhit (UP)                             | 15000    | Fresh Summon issued, Pending for hearing          |
| 33. | 3003246/S/07  | Mr. Krishna Mourya, Azamgarh (UP)                                   | 102000   | Fresh Summon issued, Pending for hearing          |
| 34. | 3003249/S/07  | Haldhar Trading Co, Hapur, Ghaziabad                                | 25000    | Fresh Summon issued, Pending for hearing          |
| 35. | 3003250/S/07  | Hole Irrigators, Pune, Maharashtra                                  | 25000    | Fresh Summon issued, Pending for hearing          |
| 36. | 3003251/S/07  | Tirupati Balaji Stores, Sihore (MP)                                 | 21000    | Fresh Summon issued, Pending for hearing          |
| 37. | 3003678/S/07  | Vaibhav Krishi Kendra, Solapur, Maharashtra                         | 26000    | Fresh Summon issued, Pending for hearing          |
| 38. | 3003679/S/07  | Perfect Enterprises & Engg., Akulj, Solapur, Maharashtra            | 42000    | Fresh Summon issued, Pending for hearing          |
| 39. | 3003683/S/07  | Laxmi Agro Agencies, Raver, Jalgaon, Maharashtra                    | 51000    | Fresh Summon issued, Pending for hearing          |
| 40. | 3003692/S/07  | Indian Agro Service Centre, Sirsa, Haryana                          | 51000    | Fresh Summon issued, Pending for hearing          |
| 41. | 3004506/SS/07 | Shaniraj Krishi Seva Kendra, Newasa, Ahmednagar, Maharashtra        | 16000    | Payment received.                                 |
| 42. | 3004508/SS/07 | Agro Service Centre, 24 Paragnas, West Bengal                       | 340000   | Payment received.                                 |
| 43. | 3004509/SS/07 | Laxmi Krishi Kendra, Jaipur, Rajasthan                              | 51000    | Summon issued, pending for hearing                |
| 44. | 3004510/SS/07 | Uttam Krishi Keet Nashak Kendra, Bulandshahar (UP)                  | 51000    | Summon issued, pending for hearing                |
| 45. | 3004511/SS/07 | Shri Balaji Fertilizers, Kashipur, Uttaranchal                      | 102000   | Payment received.                                 |
| 46. | 3004512/SS/07 | Amiya Enterprises, Alipurduar, Jalpaiguri, West Bengal              | 105000   | Payment received.                                 |
| 47. | 3004513/SS/07 | Shri Dhana Laxmi Traders, Raver, Jalgaon, Maharashtra               | 51000    | Payment received.                                 |
| 48. | 3004514/SS/07 | Sharma Krishi Kendra, Rajgarh, M.P.                                 | 10000    | Payment received.                                 |
| 49. | 3004515/SS/07 | Shiva Fertilizers, Sirsa, Hissar, Haryana                           | 100000   | Payment received.                                 |
| 50. | 3004516/SS/07 | Shri Ram Fertilizer, Jalgaon, Maharashtra                           | 51000    | Summon issued, pending for hearing                |
| 51. | 3004517/SS/07 | Balaji Krishi Kendra, Nagpur, Maharashtra                           | 26000    | Payment received.                                 |
| 52. | 3004518/SS/07 | Anjani Enterprises, Nashik, Maharashtra                             | 51000    | Summon issued, pending for hearing                |
| 53. | 3004519/SS/07 | Parag Inputs & Services, Sangli, Maharashtra                        | 30,000   | Summon issued, pending for hearing                |
| 54. | 3004520/SS/07 | Shiv Shakti Khad Beej Bhandar, Jalore, Rajasthan                    | 26,000   | Payment received.                                 |
| 55. | 3004521/SS/07 | Annapurna Krishi Sewa Kendra, Deola, Nashik, Maharashtra            | 51,000   | Payment received.                                 |
| 56. | 3004522/SS/07 | Shri Hari Krishi Kendra, Wardha, Chandrapur, Maharashtra            | 45,000   | Payment received.                                 |
| 57. | 3007461/SS/07 | Shetkari Bee Bhandar, Manmad, Nashik                                | 1,02,000 | Payment received.                                 |
| 58. | 3007463/SS/07 | Rahul Krishi Seva Kendra, Bhoom, Osmanabad, Maharashtra             | 82,000   | Payment received.                                 |
| 59. | 3007464/SS/07 | Nanda Agro Sales Corp, Badra, Hanumangarh, Sriganganagar, Rajasthan | 1,02,000 | Summon issued, Next date of hearing, on 3.12.2007 |
| 60. | 3007465/SS/07 | Gayatri Krishi Sewa Kendra, Warud, Dist. Amravati                   | 51,000   | Summon issued                                     |
| 61. | 3007466/SS/07 | Sai Krishi Sewa Kendra, Aurangabad, Maharashtra                     | 1,02,000 | Payment received.                                 |
| 62. | 3007467/SS/07 | Jyoti Enterprises, Dhar, M.P.                                       | 15,000   | Summon issued, Next date of hearing, on 3.12.2007 |
| 63. | 3007468/SS/07 | Gayatri Krishi Seva Kendra, Warud, Amravati (Maharashtra)           | 26,000   | Summon issued, Next date of hearing, on 3.12.2007 |

|     |                           |  |          |   |
|-----|---------------------------|--|----------|---|
| 64. | 3007469/SS/07             | Uttam Krishi Keet Nashak Kendra, Siyana, Bulandshahar (UP)             | 1,02,000 | Summon issued, Next date of hearing, on 3.12.2007 |
| 65. | 3007470/SS/07             | Parag Agro Inputs & Services, Sangli, Maharashtra                      | 26,000   | Summon issued, Next date of hearing, on 3.12.2007 |
| 66. | 3007471/SS/07             | Shri Padama Krishi Kendra, Main Road, Behhal, Dist. Belgaum, Karnataka | 20,000   | Payment received.                                 |
| 67. | 3007472/SS/07             | M/s.Sri Gurudatta Sheti Bhandar, T.K. Haveli, Pune                     | 1,02,000 | Summon issued, Next date of hearing, on 3.12.2007 |
| 68. | 3007473/SS/07             | Rait Seva Kendra, Hatargi, Belgaum, Karnataka                          | 51,000   | Payment received.                                 |
| 69. | Case # yet to be allotted | Om Sai Krishi Seva Kendra, Umrane, Deola, Nashik, Maharashtra          | 43,000   | Case filed 1.8.2007, Pending for hearing          |
| 70. | Case # yet to be allotted | Balaji Agro Agency, Soyala, Jodhpur                                    | 2,04,000 | Case filed 1.8.2007, Pending for hearing          |
| 71. | Case # yet to be allotted | Bharat Beej Bhandar, Sikar, Jaipur, Rajasthan                          | 51,000   | Case filed on 20.8.2007, Pending for hearing      |
| 72. | Case # yet to be allotted | Bharat Beej Bhandar, Sikar, Jaipur, Rajasthan                          | 51,000   | Case filed on 20.8.2007, Pending for hearing      |
| 73. | Case # yet to be allotted | Chaporkar Agro Agencies, Shahpur, Burhanpur, MP                        | 25,000   | Case filed on 20.8.2007, Pending for hearing      |
| 74. | Case # yet to be allotted | Delhi Agriculture Stores, Jalandhar, Punjab                            | 10,000   | Case filed on 20.8.2007, Pending for hearing      |
| 75. | Case # yet to be allotted | Ganesh Krushi Seva Kendra, Tasgaon, Sangli, Maharashtra                | 51,000   | Case filed 1.8.2007, Pending for hearing          |
| 76. | Case # yet to be allotted | Gayatri Krishi Seva Kendra, Warud, Dist. Amravati, Maharashtra         | 25,000   | Case filed 1.8.2007, Pending for hearing          |
| 77. | Case # yet to be allotted | Gayatri Krishi Sewa Kendra, Warud, Dist. Amravati                      | 51,000   | Case filed on 20.8.2007, Pending for hearing      |
| 78. | Case # yet to be allotted | Gopal Khad Beej Bhandar, Bassi, Jaipur                                 | 51,000   | Case filed 1.8.2007, Pending for hearing          |
| 79. | Case # yet to be allotted | Hari Om Sales Corporation, Rohtak, Haryana                             | 15000    | Case filed 1.8.2007, Pending for hearing          |
| 80. | Case # yet to be allotted | Haryana Agriculture Store, Pilani, Jhunjhunu, Rajasthan                | 2,05,000 | Case filed 1.8.2007, Pending for hearing          |
| 81. | Case # yet to be allotted | Hindustan Seed Corporation, Hajipur, Vaishali, Bihar                   | 51,000   | Case filed 1.8.2007, Pending for hearing          |
| 82. | Case # yet to be allotted | Indian Agro, Bihar Sharif, Nalanda, Bihar                              | 51,000   | Case filed 1.8.2007, Pending for hearing          |
| 83. | Case # yet to be allotted | Jai Jagdamba Fertilizer, Ferozepur, Punjab                             | 10,000   | Case filed on 20.8.2007, Pending for hearing      |
| 84. | Case # yet to be allotted | Janu Agro Agency, Banswara, Rajasthan                                  | 51,000   | Case filed on 20.8.2007, Pending for hearing      |
| 85. | Case # yet to be allotted | Janu Agro Agency, Banswara, Rajasthan                                  | 1,02,000 | Case filed on 21.9.2007, Pending for hearing      |
| 86. | Case # yet to be allotted | Jaydeep Krishi Kendra, The. Badnawar, Dhar, MP                         | 25,000   | Case filed on 20.8.2007, Pending for hearing      |
| 87. | Case # yet to be allotted | Kawle Krishi Kendra, Brahampur, Chandrapur, Maharashtra                | 10,000   | Case filed on 20.8.2007, Pending for hearing      |
| 88. | Case # yet to be allotted | Keshav Khad Beej Bhandar, Jaipur, Rajasthan                            | 51,000   | Case filed 1.8.2007, Pending for hearing          |
| 89. | Case # yet to be allotted | Keshav Khand Beej Bhandar, Jaipur                                      | 51,000   | Case filed on 21.9.2007, Pending for hearing      |
| 90. | Case # yet to be allotted | Kheti badi Beej Bhandar, Rajnandgaon, Chhatishgarh                     | 25,000   | Case filed on 20.8.2007, Pending for hearing      |
| 91. | Case # yet to be allotted | Kisan Agro Traders, Katra, UP  | 10,000   | Case filed 1.8.2007, Pending for hearing          |
| 92. | Case # yet to be allotted | Komal Krishi Seva Kendra, Shevgaon, Ahmednagar                         | 65,000   | Case filed on 21.9.2007, Pending for hearing      |
| 93. | Case # yet to be allotted | Krishna Krishi Kendra, Azamgarh, UP                                    | 51,000   | Case filed 1.8.2007, Pending for hearing          |
| 94. | Case # yet to be allotted | Kritiraj Crop Care Centre, Shikan, Mirzapur, UP                        | 20,000   | Case filed on 20.8.2007, Pending for hearing      |
| 95. | Case # yet to be allotted | Lokesh Khand Beej Bhandar, Pali, Rajasthan                             | 51,000   | Case filed on 20.8.2007, Pending for hearing      |
| 96. | Case # yet to             | Mahalaxmi Krushi Seva Kendra,  | 51,000   | Case filed 1.8.2007, Pending for hearing          |



|      |                           |   |        |  |
|------|---------------------------|---|--------|--|
|      | be allotted               | Sangli, Maharashtra   |        |  |
| 97.  | Case # yet to be allotted | Padmavati Agro Agencies, Miraj, Sangli, Maharashtra             | 40,000 | Case filed on 20.8.2007, Pending for hearing |
| 98.  | Case # yet to be allotted | Parag Agro Inputs & Services, Sangli, Maharashtra               | 51,000 | Case filed 1.8.2007, Pending for hearing     |
| 99.  | Case # yet to be allotted | Patidar Beej Bhandar, Sajapur, MP                               | 51,000 | Case filed 1.8.2007, Pending for hearing     |
| 100. | Case # yet to be allotted | Ragini Traders, Dhamtari, Chhatisgarh                           | 51,000 | Case filed on 21.9.2007, Pending for hearing |
| 101. | Case # yet to be allotted | Shaniraj Krishi Seva Kendra, Wadala, Ahmednagar, Maharashtra    | 15,000 | Case filed 1.8.2007, Pending for hearing     |
| 102. | Case # yet to be allotted | Shivar Krishi Seva Kendra, Amravati                             | 20,000 | Case filed on 21.9.2007, Pending for hearing |
| 103. | Case # yet to be allotted | Shivratna Krushi Kendra, Solapur(Mah.)                          | 50,000 | Case filed on 21.9.2007, Pending for hearing |
| 104. | Case # yet to be allotted | Sujeewan Krishi Sewa Kendra, Sakri, Dist. Dhule, Maharashtra    | 35,000 | Case filed on 20.8.2007, Pending for hearing |
| 105. | Case # yet to be allotted | Suresh Trading Co., Hissar, Haryana                             | 9,250  | Case filed 1.8.2007, Pending for hearing     |
| 106. | Case # yet to be allotted | Swami Samarth Krishi Sewa Kendra, Babaleshwar, Ahmednagar, Mah. | 15,000 | Case filed 1.8.2007, Pending for hearing     |
| 107. | Case # yet to be allotted | Tirupati Balaji Stores, Sihore, MP                              | 60,000 | Case filed 1.8.2007, Pending for hearing     |
| 108. | Case # yet to be allotted | Tiwari Krishi Kendra, Jewara, Sirsa, Durg, Chhatisgarh          | 10,000 | Payment received.                            |
| 109. | Case # yet to be allotted | Unnat Krishi Kendra, Jahanabad, Patna                           | 10,000 | Case filed 1.8.2007, Pending for hearing     |
| 110. | Case # yet to be allotted | Vaishnav Krishi Sewa Kendra, Betul, MP                          | 5,000  | Case filed 1.8.2007, Pending for hearing     |
| 111. | Case # yet to be allotted | Vijay Agrovet Agencies, Miraj, Sangli                           | 6,000  | Case filed on 21.9.2007, Pending for hearing |
| 112. | Case # yet to be allotted | Vitthal Krishi Seva Kendra, Chugus, Chandrapur, Maharashtra     | 10,000 | Case filed 1.8.2007, Pending for hearing     |

## OUTSTANDING LITIGATIONS INVOLVING THE SUBSIDIARIES, PROMOTERS AND GROUP COMPANIES

Except as stated below there are no outstanding litigations, defaults etc involving the subsidiaries, promoters and group companies, pertaining to matter likely to affect operations and finances of the company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).

There are no commercial disputes, patent disputes etc. No Criminal proceedings have been launched against the subsidiaries, promoters and group companies for any of the offences under the enactment specified in paragraph 1 of schedule XIII of the Companies Act 1956.

There are no penal proceedings initiated for economic offence against the subsidiaries, promoters and group companies. There is no litigation pending against the subsidiaries, promoters and group companies involving statutory offences.

There are no past cases during last three years in which penalties were imposed by the concerned authorities on the subsidiaries, promoters and group companies.

### Cases preferred by Associate Companies:

1. Suit # 2032 of 1989 preferred by M/s. Aries East West Nutrients Pvt.Ltd. against M/s.B.M. Brothers, Jalandhar is pending before Hon'ble High Court at Bombay for recovery of dues amounting to Rs. 19,24,976.85 with interest @ Rs. 15% p.a. towards the prices of goods sold and delivered against the orders placed by defendants. The case is pending for hearing and disposal.

2. Cases # 123/S/2000, 125/S/2000, 129/S/2000, 130/S/2000, 131/S/2000, 253/S/2000, 254/S/2000, 255/S/2000 filed before 27th Metropolitan Magistrate Court, Mulund, Mumbai had been filed under Negotiable

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Instruments Act, by M/s. Blossom International, against M/s. Papriwal Associates. Affidavits of evidences have already been filed but case has been abated due to demise of the accused on January 20, 2007.

**Case pending against an Associate Company**

1. Case no.MP/07/94 has been filed before Additional Industrial Tribunal cum Labour Court, Hyderabad against Aries Marketing Ltd. by Mr. K.C. Thankappan, an ex-employee of the Company raising additional claim of Rs.72,901 subsequent to the acceptance and encashment of full and final settlement of his dues. The Statement and evidence has already been filed by the Company. The last hearing took place on 4th December, 2006. The matter is pending before Additional Industrial Tribunal cum Labour Court, Hyderabad for disposal.

## **MATERIAL DEVELOPMENTS**

In the opinion of our Board of Directors, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that may materially or adversely affect or are likely to affect our profitability or the value of the assets or the ability to pay the material liabilities within the next twelve months.

Except as stated in this Red Herring Prospectus, there is no subsequent development after the due date of the Auditor's Report which we believe is expected to have a material impact on our reserves, profits, earnings per share and book value.



## GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS

As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, we are not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

We have all the necessary licenses, permissions and approvals, as may be applicable, from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by the company, except those approvals that may be required to be taken from any government or any other authority in the normal course of business from time to time to continue the activities, and those mentioned under the heading Risks Envisaged.

It must, however be, distinctly understood that in granting the below-mentioned approvals, the Central Government, State Government, RBI and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, we can undertake this Issue and our current and proposed business activities and no further material approvals are required from any Government authority to continue such activities.

### Licences/Approvals Obtained by the Company:

#### Certificate of Registration from the Value Added Tax

| Sl. No. | Name of Registration   | Places Covered   | Licence/Registration No. & Date  | Name of Issuing Authority/Department  |
|---------|--|--|--|---|
| 1.      | Certificate of Registration under the Maharashtra Value Added Tax Rules, 2005  | 3 place of business (POB) in Maharashtra and 22 other POBs in other states | TIN No. 27510253565 dated 01.04.2006   | Sales Tax Department Govt. of Maharashtra Mumbai  |
| 2.      | Certificate of Registration as a Dealer under Central Sales Tax Act, 1956 for trading of fertilisers and pesticides in Haryana | Hisar  | TIN No. 06381535159 Dated 12.07.2006 w.e.f. 05.06.2006                       | Assessing Authority Hisar, Haryana  |
| 3.      | Certificate of Registration under the West Bengal Value Added Tax Rules, 2005  | Kolkata  | Registration Number 19624379043 dated 20.02.2004 w.e.f. 01.04.05             | Asst. Commissioner Sales Tax, Behala Charge   |
| 4.      | Valued Added Tax Registration Certificate for Hyderabad  | Hyderabad and all other branches throughout India                          | VAT Registration No. (TIN) – 28470132616 dated 28.10.2005, w.e.f. 01.04.2005 | Commercial Tax Officer VAT Registering Authority IDA Gandhi Nagar Circle Hyderabad Rural Division |
| 5.      | Certificate of Registration under Bihar Value Added Tax Ordinance, 2005  | Patna  | TIN VAT No. 10140457019 dated 26.4.2005 valid from 01.04.2005                | Deputy Commissioner Commercial Taxes Patna West Circle, Patna                                     |
| 6.      | Value Added Tax Registration Certificate   | Nipani Bellary &   | TIN No. 29830366264 dated 01.04.2006 valid from 01.04.2006                   | Commissioner of Commercial Taxes Bangalore  |
| 7.      | Certificate of Registration under Madhya Pradesh   | Indore   | TIN NO. 23880903376  | Commissioner of Sales Tax Madhya Pradesh, Indore  |

| Sl. No. | Name of Registration   | Places Covered | Licence/Registration No. & Date                          | Name of Issuing Authority/Department   |
|---------|--|----------------|--|--|
|         | Commercial Taxes Act   |                |  |  |
| 8       | Certificate of Registration under State Commercial Taxes Act and Central Sales Tax Act | Raipur         | TIN – 22241203426  | Commercial Tax Officer Raipur, Chhatisgarh                                   |
| 9       | Certificate of Registration under Value Added Tax                                      | Jalandhar      | TIN No. 03711090961 dated 13.01.2005 valid from 01.04.05 | Excise & Taxation Officer-cum-Assessing Authority Ward – 14, Dist. Jalandhar |
| 10      | Certificate of Registration under Value Added Tax                                      | Rudrapur       | No. 05004400236 dated 12.03.2007                         | Government of Uttaranchal, Department of Commercial Tax                      |
| 11      | Certificate of Registration under Value Added Tax                                      | Bhubaneswar    | TIN No. 21321100530                                      | Commercial Tax Officer Bhubaneswar   |
| 12      | Certificate of Registration under The Assam Value Added Tax Rules, 2005                | Guwahati       | TIN No. 18100032973                                      | Sales Tax Officer Guwahati, Assam  |

#### Certificate of Registration from the State Sales Tax Authorities

| Sl. No. | Name of Registration   | Places Covered                     | Licence/Registration No. & Date  | Name of Issuing Authority/Department                    |
|---------|--|------------------------------------|--|---|
| 1       | Certificate of Registration under Bombay Sales Tax Act 1959 as Manufacturer & Reseller | Mumbai, Nagpur, Solapur and Nashik | No. 27510253565-V dated 01.04.2006 (No. 400043/S/177 dated 30.04.1996) | Sales Tax Department Govt of Maharashtra Mumbai         |
| 2       | Permanent Registration of Certificate under M. P. Sales Tax Rules, 1994                | Madhya Pradesh                     | No. 0109/XLI/3376/4-S, valid from 16.07.01                             | Sales Tax Officer, Indore                               |
| 3       | Certificate of TIN No. for Coimbatore Branch-cum-Depot                                 | Coimbatore, Tamil Nadu             | TIN No. 33751801357 dated 1.1.2007.                                    | Commercial Tax Office. Coimbatore, Tamil Nadu           |
| 4       | Certificate of Registration under U.P Sales Tax Rules, 1948                            | Uttaranchal                        | No. RU0057675 dated 22.06.2004   | Sales Tax Department Uttaranchal                        |
| 5       | Certificate of Permanent Registration under Chhatisgarh Commercial Tax Rules, 1994     | Chhatisgarh                        | No. 10/03/6979/7/S Dated 14.06.2002, valid from 16.05.2002             | Office of Commercial Tax Raipur Circle – II Chhatisgarh |
| 6       | Certificate of Registration under Gujarat Sales Tax Rules, 1959                        | Gujarat                            | No. 24078001782 dated 26.09.2005                                       | Sales Tax Officer Ahmedabad                             |
| 7       | Certificate of Registration under the Bihar Finance Act, 1981                          | Bihar                              | No. PTW/1169(R) dated 13.08.1993                                       | Asst. Sales Tax Officer Patna                           |
| 8       | Registration under Rajasthan Sales Tax Act, 1994                                       | Rajasthan                          | No. 08261755382 dated 25.04.2000, w.e.f. 17.04.2000                    | Commercial Taxes Officer Jaipur                         |
| 9       | Certificate of Registration under the Orissa Sales Tax Act, 1947                       | Orissa                             | No. BH-I-1901 dated 09.12.1999, valid w.e.f. 30.07.1997                | Sales Tax Officer Bhubaneswar                           |

| Sl. No. | Name of Registration  | Places Covered         | Licence/Registration No. & Date                              | Name of Issuing Authority/Department                                       |
|---------|---|------------------------|--|--|
| 10      | Certificate of Registration under the Assam General Sales Tax Rules, 1993 as a dealer | Assam                  | No. GAU(D)/AGST-46 Dated 29.10.1994, valid w.e.f. 01.07.1993 | Superintendent of Taxes Guwahati   |
| 11      | Certificate of TIN No. for Lucknow Branch-cum-Depot                                   | Lucknow                | TIN No. 09352000102 dated 01.09.1978                         | Asst. Commissioner (Sector 9) Trade Taxes, Lucknow                         |
| 12      | Certificate of Registration as a dealer under Bihar Finance Act, 1981                 | Jharkhand              | No. RN(E) 1581(R) dated 30.07.2002 valid w.e.f. 18.03.2002   | Office of the Deputy Commissioner of Commercial Taxes, East Circle, Ranchi |
| 13      | Certificate of Registration under U.P. Sales Tax Act, 1948                            | Lucknow, Uttar Pradesh | No. LW-0263942 dated 11.09.2006 valid from 01.09.1978        | Office of the Asst. Commercial Tax Officer Lucknow                         |

**Certificate of Registration from the Central Sales Tax (Registration and Turnover) Rules, 1957**

| Sl. No. | Name of Registration   | Places Covered   | Licence/Registration No. & Date  | Name of Issuing Authority/Department               |
|---------|--|--|--|--|
| 1       | Certificate of Registration under Central Sales Tax (Registration and Turnover) Rules, 1957          | 3 Place of Business (POB) in Maharashtra and 22 POBs in other states | No. 27510253565-C dated 01.04.2006 (Old No. 400043/C/169 dated 30.03.1996) | Sales Tax Department Govt of Maharashtra Mumbai    |
| 2       | Certificate of Registration for sale under Central Sales tax (Registration and Turnover) Rules, 1957 | Madhya Pradesh   | 0109/XLI/2505-C valid from 16.07.2001                                      | Commercial Tax Officer Indore Division             |
| 3       | Certificate of Registration under Central Sales Tax (Registration and Turnover) Rules, 1957          | Tamil Nadu   | No. 285971 issued on 04.10.96 valid from 18.05.79                          | Commercial Tax Officer, Podanur Circle, Coimbatore |
| 4       | Registration Certificate from Central Sales Tax (Registration & Turnover) Rules, 1957                | Uttaranchal  | RU5034837 (Central) dated 10.06.04   | Sales Tax Department Uttaranchal                   |
| 5       | Certificate of Registration under Central Sales Tax (Registration & Turnover) Rules, 1957            | Gujarat  | No. 24573601782 dated 28.11.1991   | Sales Tax Officer Ahmedabad                        |
| 6       | Certificate of Registration under Sec. 7(1), (2) of the Central Sales Tax Act, 1956                  | Bihar  | No. PTW/1169(C)(Central), Dated 13.08.1993, w.e.f. 25.06.1993              | Asst. Sales Tax Officer Patna                      |
| 7       | Certificate of Registration as a dealer under Sec. 7(1)/7(2) of the Central Sales Tax Act, 1956      | Rajasthan  | No. 08261755382 (central) dated 25.04.2000, w.e.f. 25.04.2000              | Asst. Commercial Taxes Officer, Jaipur             |
| 8       | Certificate of Registration for the Central Sales Tax (Registration and                              | West Bengal  | Registration Number 19624379043 dated 19.08.2004 valid from                | Asst. Commissioner Commercial Taxes Behala Charge  |

| Sl. No. | Name of Registration   | Places Covered            | Licence/Registration No. & Date                                     | Name of Issuing Authority/Department                                     |
|---------|--|---------------------------|---|--|
|         | Turnover) Rules, 1957  |                           | 20.11.1996  |  |
| 9       | Certificate of Registration under the Central Sales Tax (Registration & Turnover) Rules, 1957 for Wholesale Distribution | Bhubaneswar, Orissa       | No. BH-C-I-1448, valid w.e.f. 30.07.1997                            | Sales Tax Officer<br>Office of the Commercial Tax Officer<br>Bhubaneswar |
| 10      | Certificate of Registration under Rule 6 (1), under the Central Sales Tax (Registration & Turnover) Rules, 1957          | Guwahati, Assam           | Registration No. GAU/C/2113 dated 27.02.1990, valid from 06.12.1989 | Superintendent of Taxes, Guwahati  |
| 11      | Certificate of Registration under The Central Sales Tax (Registration & Turnover) Rules, 1957                            | Punjab                    | No. 28050011 dated 19.11.1985 valid w.e.f. 01.10.1985               | Commercial Tax Officer<br>Punjab   |
| 12      | Certificate of Registration under Central Sales Tax (Registration & Turnover) Rules, 1957                                | Moulviganj, Uttar Pradesh | No. LW-5114626 dated 11.09.1978                                     | Office of the Assistant Commercial Tax Officer<br>Lucknow                |

#### Certificate from the Respective Pollution Control Board

| Sl. No. | Name of Registration  | Manufacturing Unit | Licence/Registration No. & Date   | Name of Issuing Authority/Department  |
|---------|---|--------------------|---|---|
| 1       | Consent to operate under Water (Prevention & Control of Pollution) Act, Air (Prevention & Control of Pollution) Act, and Hazardous Wastes (Management & Handling) Rules | Mumbai             | Consent No. BO/ROM/TB/CC/133/2216 dated 29.10.2005, valid upto 30.09.2014                                     | Maharashtra Pollution Control Board, Mumbai   |
| 2       | Consent to Operate under Water (Prevention and Control of Pollution) Act, 1974  | Hyderabad          | Consent No. 14/GDR/PCB/ROR.II/W/2002-5899 dated 28.04.2005 valid till 31.03.2008                              | Environmental Engineer<br>Andhra Pradesh Pollution Control Board<br>Ranga Reddy District II           |
| 3       | Consent to Operate under Air (Prevention and Control of Pollution) Act, 1981  | Hyderabad          | Consent No. 14/GDR/PCB/ROR.II/A/2002-5899 dated 28.04.2005 valid till 31.03.2008                              | Environmental Engineer<br>Andhra Pradesh Pollution Control Board<br>Ranga Reddy District II           |
| 4       | Consent for existing discharge of sewage and / or trade effluents under Water (Prevention & Control of Pollution) Act, 1974   | Bangalore          | Registration No. 55/KSPCB/RO-BNG(S-II)/IND/AEO-1/WPC/2005-2006/1704 dated 04.07.2005, valid upto 30.06.2008   | Regional Officer<br>Bangalore (S) Region – II<br>Karnataka State Pollution Control Board<br>Bangalore |
| 5       | Consent for operation of the plant under Air (Prevention & Control of Pollution) Act, 1981  | Bangalore          | Registration No. 61/KSPCB/RO-BNG(S-II)/IND/AEO-1/APC/2005 - 2006/1705 dated 04.07.2005, valid upto 30.06.2008 | Regional Officer<br>Bangalore (S) Region – II<br>Karnataka State Pollution Control Board<br>Bangalore |

|   |  |                     |  |   |
|---|--|---------------------|--|---|
| 6 | Consent to Operate under Water (Prevention and Control of Pollution) Act and Air (Prevention and Control of Pollution) Act | Madhyamgram Kolkata | Consent No. C032102 and Memo No. 4471/10/12/WPB/BR/I(II)/99 dated 17.10.2006 valid till 31.07.2009 | Environmental Engineer West Bengal Pollution Control Board (B.R.O.) |
|---|--|---------------------|--|---|

**Certificate from the Respective State Tax on Professions, Trades, Callings and Employments**

| Sl. No. | Name of Registration  | Places Covered | Licence/Registration No. & Date  | Name of Issuing Authority/Department                                 |
|---------|---|----------------|--|--|
| 1       | Certificate of Registration & Enrolment under the Maharashtra State Tax on Professions, Trade, Callings and Employments Act, 1975 | Mumbai         | PT/R/1/1/31/3800 & PT/E/1/1/31/18/607 dated 30.04.1996, w.e.f. 1996-97 | Profession Tax Officer Mumbai  |
| 2       | Certificate of Registration & Enrolment under A.P. Profession, Trade, Callings and Employments Act, 1975                          | Hyderabad      | HYR/03/PT/1605/2001-02 dated 04.01.2002                                | Deputy Commercial Tax Officer, Jeedimetla Circle Nampally, Hyderabad |
| 3       | Certificate of Registration & Enrolment under Orissa Profession, Trade, Callings and Employments Act, 1975                        | Bhubaneshwar   | PR BH-I-197 & PE-BH-I-323 Dated 04.12.2003                             | Profession Tax Officer Bhubaneshwar                                  |
| 4       | Certificate of Registration & Enrolment under West Bengal Profession, Trade, Callings and Employments Act, 1975                   | Kolkata        | RCS-1053043 & ECS-3221202 dated 03.07.1987 amended on 10.07.2003       | Professional Tax Officer, Calcutta South Range                       |
| 5       | Certificate of Registration & Enrolment under Karnataka Professional, Trade, Callings and Employments Act                         | Bangalore      | 270123752 dated 4.7.2006   | Professional Tax Officer, Bangalore                                  |

**Certificate from the Respective Provident Fund Authority**

| Sl. No. | Name of Registration      | Regional Authority                    | Licence/Registration No. & Date                             | Name of Issuing Authority/Department   |
|---------|---------------------------|---------------------------------------|---|--|
| 1       | Employees' Provident Fund | Mumbai (Covers except Andhra Pradesh) | No. MH/14014/APP/A/4741 dated 09.04.1974, w.e.f. 01.01.1974 | Office of the Regional Provident Fund Commissioner, Mumbai                     |
| 2       | Employees' Provident Fund | Hyderabad (Only Andhra Pradesh)       | Code No. AP/25488/A dated 19.12.2001, w.e.f. 01.10.2001     | Office of the Regional Provident Fund Commissioner, Kukatpally, Andhra Pradesh |

#### Certificate from the Central Excise Authority

| Sl. No. | Name of Registration  | Central Authority | Licence/Registration No. & Date    | Name of Issuing Authority/Department |
|---------|---|-------------------|------------------------------------|--------------------------------------|
| 1       | Registration Certificate under Central Excise (No. 2) Rules, 2001 | Mumbai            | AAACA5035G XM 001 dated 26.12.2001 | Superintendent of Central Excise     |

#### Certificate from the Employees State Insurance Corporation Authority

| Sl. No. | Name of Registration                  | Places Covered   | Licence/Registration No. & Date                                    | Name of Issuing Authority/Department  |
|---------|---------------------------------------|--|--|---|
| 1       | Employees State Insurance Corporation | Mumbai (Covers other than West Bengal, Andhra Pradesh, Orissa) | Code No. 31-13078-09 (with effect from 01.04.1977) dated 23.7.1977 | Regional Director Regional Office, Maharashtra Employees' State Insurance Corporation, Mumbai               |
| 2       | Employees State Insurance Corporation | Kolkata (Covers only West Bengal)                              | Code No. 31-13078-09 (Cal) w.e.f. 27.01.1985                       | Asst. Regional Director Regional Office, W. Bengal Employees' State Insurance Corporation, Kolkata          |
| 3       | Employees State Insurance Corporation | Hyderabad (Covers only Andhra Pradesh)                         | Code No. 31-13078-09 (Hyd) w.e.f. 01.10.2001                       | Deputy Director Regional Office, A. P. Employees' State Insurance Corporation, Hyderabad                    |
| 4       | Employees State Insurance Corporation | Bhubaneshwar (Covers only Orissa)                              | Code No. OR/REV/31-13078-09(44-BBSR).11631 dated 29.12.1199        | Regional Director (Revenue), Regional Office (Orissa), Employees' State Insurance Corporation, Bhubaneshwar |

#### Certificate from the Various Government Authority

| Sl. No. | Name of Registration                                      | Places Covered     | Licence/Registration No. & Date   | Name of Issuing Authority/Department   |
|---------|---|--------------------|---|--|
| 1.      | Registration Certificate as a Small Scale Industrial Unit | Hyderabad Unit     | No. 01-22-52187-PMT-SSI-Rural dated 21.04.1984, Date of Commencement of Production 02.11.1983 | Department of Industries Govt. of Andhra Pradesh                                   |
| 2.      | Registration Certificate as a Tiny Scale Industrial Unit  | Bangalore Unit     | No. 08/01/C-010470/Prov/Tiny dated 20.05.2003   | Asst. Director Directorate of Industries and Commerce Govt. of Karnataka           |
| 3.      | Registration Certificate as a Small Scale Industrial Unit | Mumbai Unit        | No.11/07/14665/PMT/SSI dated 9.1.1974   | Directorate of Industries, Mumbai Government of Maharashtra                        |
| 4.      | Permanent Account Number                                  | All India          | A A A C A 5 0 3 5 G   | Director of Income Tax   |
| 5.      | Importer Exporter Code                                    | All India          | IEC No. 0389025445 dated 25.08.1989   | Government of India Ministry of Commerce Foreign Trade Development Officer, Mumbai |
| 6.      | Overseas Direct   | All Transaction as | Identification No.  | Asst. General Manager  |

|    |   |  |  |  |
|----|---|--|--|--|
|    | Investment in Wholly Owned Subsidiary in UAE                | per FEMA   | BYWAZ20060380 dated 13.09.2006   | Foreign Exchange Deptt. Reserve Bank of India Mumbai Regional Office   |
| 7. | Registration-cum-Membership Certificate for specified goods | All India - Registered as Merchant/Small Scale Manufacturer Exporter | RCMC No. FIEO/WR/8727/2005-2006 dated 26.05.2005 valid upto 31.3.2007. Renewed for Financial Year 2007-08, i.e., upto 31.3.2008. | Federation of Indian Export Organisation, World Trade Centre No. 1 11 <sup>th</sup> Floor Cuffe Parade, Mumbai 5 |

#### Certificate from the Various Government Authority for Production & Retail Branch Outlet

| Sl. No. | Name of Registration   | Licence/Registration No. & Date   | Name of Issuing Authority/Department  |
|---------|--|---|---|
| 1.      | To establish a factory and to work at Deonar, Mumbai   | SUB/M/49/82-83 dated 25.02.1983 upto 31.3.2004. Applied for Renewal on 26 <sup>th</sup> July, 2004  | Brihan Mumbai Mahanagar Palika  |
| 2.      | Certificate of Registration to carry on the business of Dealer in Fertilisers in Orissa                            | Regn Cert No. 37 dated 03.08.2006 valid upto 02.08.2009   | District Agriculture Officer, Gunupur, Rayagada, Orissa                           |
| 3.      | Certificate of Manufacture in respect of physical granulated mixture of Fertilisers or Mixture of Micro – Nutrient | Registration Certificate No. 17/DAP 15P(O) dated 30.01.06 valid upto 29.01.09   | Joint Director of Agril. (SP& C), Directorate of Agril. & Food Production, Orissa |
| 4.      | Certificate of Registration under Fertilizer Control Order, 1985   | Registration No. 43/4220 dated 22/25.9.03, valid till 20.9.09   | District Agricultural Officer cum Notified Authority, Gaziabad, Uttar Pradesh     |
| 5.      | Certificate of Registration for sale of fertilizer under of Fertilizer Control Order, 1985                         | Registration No. 180/17983 dated 15.06.2005, valid till 14.06.2008  | Registration Authority, Govt. of Uttar Pradesh, Kanpur                            |
| 6.      | Certificate of Registration under FCO, 1985  | Registration No. 136/13586 dated 09.07.1004, valid till 08.07.2007. Validity extended till 8.7.2010 vide Acknowledgement Memo dated 25.8.2007   | Registering Authority Department of Agriculture Govt. of Uttar Pradesh, Lucknow   |
| 7.      | Licence to sell, stock, or exhibit for sale or distribution of insecticides on premises at Ghaziabad               | Licence No. 1154/GBD/2006 dated 29.11.2006 valid upto 31.12.2007  | Office of the Plant Protection Officer, Dept. of Agriculture, Uttar Pradesh       |
| 8.      | Marketing permission for marketing of micro nutrient fertiliser products   | FM/97/FCO-1 dated 9.5.2007 valid for 2007-08  | Joint Director of Agriculture (Fertiliser) Lucknow, UP                            |
| 9.      | Marketing permission for marketing of micro nutrient fertiliser products   | FM/98/FCO-1 dated 9.5.2007 valid for 2007-08  | Joint Director of Agriculture (Fertiliser) Lucknow, UP                            |
| 10.     | Letter of authorisation to carry on the business of selling fertilizers  | MOA No. 514 dated 21.6.2007, valid till 27.5.2010   | Chief Inspector Fertilizer Directorate of Agriculture Punjab, Chandigarh          |
| 11.     | License to sell, stock or exhibit for sale or distribution of insecticides   | Licence No. LCPP/ADO-98/140 dated 2.3.2007 valid upto 31.12.2007 for premiises at 71, Shaheed Udham Singh Nagar, Jalandhar. Change of office cum Premises address to Vee - Pee Complex, 1 <sup>st</sup> Floor, Opp. Sports College, | Dy. Director (LC & PP) cum Licensing Authority Punjab, Chandigarh                 |



| Sl. No. | Name of Registration   | Licence/Registration No. & Date  | Name of Issuing Authority/Department   |
|---------|--|--|--|
|         |  | Kapurthala Road, Jalandhar approved vide letter dated 4 <sup>th</sup> July, 2007   |  |
| 12.     | Renewal of the Certificate of Registration to carry on the business of selling fertilizers in retail / wholesale                 | Registration No. FERTI.049 dated 29.06.2001. Renewed vide letter No. E-6/ERTI./Reg./2007-08/304 dated 07.07.2007, valid till 31.03.2010                          | Director of Agriculture Chhatisgarh, Raipur  |
| 13.     | Permission to stock/sell/exhibit insecticides in the State of Haryana  | No. 23-41/TA(QC) dated 09.06.2006 valid upto 19.07.2007. Application for renewal made on 4.8.2007.   | Director of Agriculture Haryana  |
| 14.     | Authorisation to carry on the Wholesale Business of fertilizers in Tamil Nadu through Coimbatore                                 | Registration No. 44/MN/DA/2004-2007 dated 8.08.2007 valid upto 7.08.2010   | Dy. Director of Agriculture (Fertilizer)<br>C/o Commissioner of Agriculture Chennai                  |
| 15.     | License to trade/manufacture in Indore   | Licence No.22004/032007/9 and Registration No. 390804 dated 21.03.2007, valid till 31.03.2007. Application for renewal filed and renewal fees paid on 2.11.2007. | Municipal Corporation Indore   |
| 16.     | Licence to sale, stock or exhibit for sale in the state of Maharashtra   | Licence No. 015/03/W dated 01.04.1993 renewed on 29.3.2007 for a period of 3 years from 29.03.2007 till 28.3.2010  | Director (I & QC)<br>Commissionerate of Agriculture Maharashtra State<br>Pune – 411 101              |
| 17.     | License to manufacture insecticides i.e ARIES PLANTOMYCIN & ARIES AGRONAA  | Licence No. 0101/0011/M/L dated 20.07.1983, valid from 20.7.2007 to 19.07.2009   | Divisional Jt. Director of Agriculture<br>Konkan Division<br>Thane, Maharashtra                      |
| 18.     | Marketing permission for traded insecticides products at Mumbai, Solapur, Nasik & Nagpur   | No.QCS/QC-7-8/IN-756/1862/2007 dated 3 <sup>rd</sup> July, 07 with validity for manufacture by FIL Industries Ltd. upto 31.12.2007                               | Director of Agriculture (I&QC)<br>Commissionerate of Agriculture Maharashtra State<br>Pune – 411 101 |
| 19.     | Certificate of Enlistment to carry on repacking of agriculture & veterinary products & manufacture of micro nutrient fertilizers | No. MM/LI(T)161/06-07 dated 05.05.2006. Renewed vide Demand No.4069 2700 0032 dated 30.11.2007 valid upto 31.03.2008   | Kolkata Municipal Corporation (Licence Department)<br>Kolkata  |
| 20.     | Certificate of manufacture in respect of physical/granulated mixture of fertilizer at Deonar                                     | Certificate No. 214 dated 01.09.1992 renewed vide letter dated 1.9.2007 from 1.9.2007 to 31.8.2010   | Director (I & QC)<br>Commissionerate of Agriculture Maharashtra State, Pune                          |
| 21.     | Certificate to Manufacture   | No. 62324 dated 28-02-2000 valid till 31-12-2008   | Chief Inspector of Factories<br>State of Maharashtra, Mumbai   |
| 22.     | Authorisation letter for carrying fertiliser Business as per FCO, 1985   | Auth. Letter No. R-KOL-101/2005-08(Mfg/W) dated 08.06.2006, valid upto 05.11.2008  | Notified Authority, West Bengal & Deputy Director of Agriculture (M&F), West Bengal                  |
| 23.     | Authorisation letter for carrying fertiliser Business as per FCO, 1985   | Auth. Letter No. R-FM-217-KOL/2005-08(Mfg/W) dated 08.06.2006, valid upto 31.10.2008   | Notified Authority, West Bengal & Deputy Director of Agriculture (M&F), West Bengal                  |
| 24.     | License to sell, stock or exhibit for sale or distribution of insecticides   | License No. PR-105/Pgs-105/PP-06-07 dated 21.07.2006, valid upto 31.12.2007  | Jt. Director of Agriculture<br>Plant Protection & Quality Control, West Bengal                       |



| Sl. No. | Name of Registration  | Licence/Registration No. & Date  | Name of Issuing Authority/Department  |
|---------|---|--|---|
| 25.     | Authorisation for carrying fertiliser business as per Fertiliser Control Order, 1985  | No. R-1/KOL/2006-2009(Mfg) dated 18.10.2006 valid up to 21.09.2009   | Notified Authority, West Bengal & Deputy Director of Agriculture (M&F), West Bengal |
| 26.     | Licence to sell, stock or exhibit for Sale or Distribution of Insecticides, Bhopal  | License No.1560 Dated 23.01.07. validity extended till 31.12.2007  | Licensing Authority Dy. Director of Agriculture, Dist. Indore (M.P.)                |
| 27.     | Letter of authorisation to carry on the business at Sale Depot in Indore  | No. 25/Micro/07 dated 18.6.2007. Valid upto 17.6.2010  | Director of Agriculture (Manure & Fertiliser), Notified Authority, M.P., Bhopal     |
| 28.     | Permission to market Micronutrient Fertilisers/Mixture of Fertilisers / Imported Water Soluable NPK Fertilisers             | No./E-2/FERT/P-4/80-94/111/3688 dated 18.06.2007 valid upto 17.6.2010 unless revoked or suspended under FCO,1985   | Joint Director of Agriculture and State Notified Authority, M.P., Bhopal            |
| 29.     | Certificate of manufacture in respect of physical granulated mixture of fertilizers or mixture of micronutrient fertilizers | Registration Certificate No. 17/DA & 15P(O) dated 30.01.2006, valid upto 29.01.09  | Joint Director of Agril. (SP& C) Directorate of Agril. & Food Production, Orissa    |
| 30.     | License to sell, stock or exhibit for sale or distribution of insecticides  | License dated 19.10.2005, renewed on 6.9.2007 valid till 31.12.2007 for FIL Industries Ltd. products and for self manufactured products upto 19.7.2009                 | Licensing Authority District Agricultural Officer Khurda, Bhubaneshwar              |
| 31.     | Certificate of Registration to carry on the business of selling fertilizers in retail, wholesale in the State of Assam      | Registration No. 448 dated 05.09.1989, renewed vide Renewal Number 244 dated 22.06.2004, valid till 21.06.2007. An application has been made for renewal on 25.6.2007. | Director of Agriculture State of Assam, Guwahati                                    |
| 32.     | Licence to sell, stock or exhibit for Sale or Distribution of Insecticides, Guwahati  | Licence No. Agri/Dev/PP/DL/84/2004-05/716 dated 28.1.05; renewed upto 31.12.2008.  | Licensing Authority Director of Agriculture Khanapara, Assam                        |
| 33.     | Authorisation to carry on the Business in Jaipur  | Registration No. F4(11) Fertilizer/2005/10727-770 dated 30.09.2005, valid upto 30.05.2008  | Jt. Director of Agriculture (Fertilizer), Jaipur                                    |
| 34.     | Authorisation to carry on the business as wholesaler, dealer  | File No. 5/F-39/91-3006 dated 14.08.2006, valid upto 31.03.2009  | Director of Agriculture cum Notified Authority (Fertilizer) Bihar, Patna            |
| 35.     | Authorisation to carry on the business in Ranchi  | MOI Acknowledgment No. 20/2006 dated 10.8.2006, valid upto 01.03.2008  | Director of Agriculture Jharkhand, Ranchi   |
| 36.     | Authorisation to carry on the Business in Rudrapur  | No. 178/R dated 30.04.2007, valid upto 31.03.2010  | Chief Agricultural Officer Udham Singh Nagar  |
| 37.     | License to sell Fertilizers   | License No.IQ/OC/V/Mix.Ferti/742-67-07 dated 11.01.2007 valid upto 31.12.2008  | Directorate of Agriculture (Q.C.), Gandhinagar                                      |
| 38.     | License to sell, stock or exhibit for sale or distribution of insecticides  | Licence No.5854 dated 23.08.2004 renewed vide renewal letter no. 154 dated 23.01.2005, valid upto 31.12.2007   | Office of the Asst. Director of Agriculture (Q.C.), Ahmedabad                       |
| 39.     | License to sell, stock or exhibit for sale or distribution of insecticides  | Licence No. 5855 dated 23.08.2004 renewed vide renewal letter no. 154 dated 23.01.2005, valid upto   | Office of the Asst. Director of Agriculture (Q.C.), Ahmedabad                       |

| Sl. No. | Name of Registration   | Licence/Registration No. & Date   | Name of Issuing Authority/Department   |
|---------|--|---|--|
|         |  | 31.12.2007. Additon of PC w.e.f 12.9.2007 vide letter dtd 13.9.2007 valid till 31.12.07 to deal in insecticides manufactured by FIIL Industres Ltd. |  |
| 40.     | Authorisation to carry on the Business   | Licence No. JDA/FRT/BU/32/2005-06 dated 07.11.2005, valid upto 15.08.2008   | Licensing Authority, Bangalore   |
| 41.     | Authorisation to carry on the Business   | No. FERT LIC/REN/05-06/5/10.6.04 dated 10.06.2004, valid upto 31.12.2007  | Licensing Authority, Bangalore   |
| 42.     | Certificate of manufacture of physical/mixture of Micro-Nutrient Fertilizers   | No. FRT/MNT/36 dated 10.08.2004, validity extended vide letter dated 30.8.2007 till 9.8.2010  | Joint Director of Agriculture (Input) & Registering Authority Directorate of Agriculture Bangalore             |
| 43.     | Registration Certificate for manufacturing micronutrient fertilizer mixtures as per clause 15 of FCO, 1985                       | RC No. FRT/MNT/RC/Aries/OS/2005 dated 18.01.2005, valid for 3 years   | Jt. Director of Agriculture (Inputs) & Registering Authority Department of Agriculture Government of Karnataka |
| 44.     | Authorisation to carry on the Business at Balanagar Hyderabad  | No. 88095 dated 09.03.05, valid upto 09.03.08   | Joint Director of Agriculture, Hyderabad   |
| 45.     | Certificate of Registration to carry on the business of selling fertilizers in wholesale under FCO, 1985                         | Registration No. 8/2002 granted on 13.02.2002, renewed till 16.01.2008  | Joint Director of Agriculture, Andhra Pradesh, Hyderabad   |
| 46.     | Licence to work in Factory under Rule 4(4) under Factories Act   | Licence No. 41516, Registration No. 67168 dated 06.05.2000  | Inspector of Factories, Jeedimetla Circle, Hyderabad   |
| 47.     | Certificate of manufacture of micronutrient mixture of fertilizer  | Certificate No. 64/2005 dated Oct. 2005, valid till 03.07.2008  | Commissioner & Director of Agriculture Andhra Pradesh, Hyderabad   |
| 48.     | Principal Certificate Approval for supply of 2 manufactured products and 8 marketing products manufactured by FIL Industries Ltd | Endt No. PP II(1) 1186/2005 dated 13.08.2007. For two products valid till 31.12.2008 and for 8 products till 31.12.2007                             | Agricultural Officer (Q.C.) Commissionerate of Agriculture Andhra Pradesh, Hyderabad                           |
| 49.     | Authorisation to carry on business for sale and storage  | Licence No. RCW/BLR/40 dated 06.05.2006, valid upto 31.12.2008  | Notified Authority & Joint Director of Agriculture Karnataka, Bellary  |
| 50.     | To deal in approved insecticides manufactured by FIL Industries Ltd - Addition of PC   | No.1909 dated nil valid upto 31.12.2007   | Licensing Authority Belgaum Karnataka  |

### Approvals for proposed projects

We have received the following approvals for our proposed projects:

| Sl. No. | Name of Registration   | Licence/Registration No. & Date                                 | Name of Issuing Authority/Department  |
|---------|--|---|---------------------------------------|
| 1.      | Provisional SSI Registration Certificate for New Unit at Ahmedabad | Entrepreneurs Memorandum Number 24-007-12-00228 dated 29.5.2007 | District Industries Center, Ahmedabad |

| Sl. No. | Name of Registration  | Licence/Registration No. & Date  | Name of Issuing Authority/Department   |
|---------|---|--|--|
| 2.      | Provisional SSI Registration Certificate for New Unit at Lucknow                                      | Entrepreneurs Memorandum Number 09-027-12-00063 dated 21.5.2007 valid for 2 years till 20.5.2009   | Directorate of Industries, Uttar Pradesh   |
| 3.      | Provisional SSI Registration Certificate for New Unit at Medak, Andhra Pradesh                        | Entrepreneurs Memorandum Number 28-004-12-00043 dated 17.2.2007  | District Industries Centre, Sanga Reddy, Andhra Pradesh  |
| 4.      | Power sanction for Ahmedabad unit   | No.3569 dated 3 <sup>rd</sup> August, 2007   | North Gujarat Electricity Company Limited Sanand Gujarat   |
| 5.      | Power sanction for Andhra Pradesh unit  | No.SE/OP/MDK/ADE/CommI/D.No.524 dated 18 <sup>th</sup> May, 2007   | Superintending Engineer Central Power Distribution Company of A.P. Limited Operation Circle Medak Sangareddy, Andhra Pradesh |
| 6.      | Pollution control Consent for Establishment for Ahmedabad unit  | No.GPCB/CE/ABD/GEN-NOC-1200/30361 dated 9.10.2007 valid for 5 years till 8.10.2012   | Gujarat Pollution Control Board Paryavaran Bhavan Gandhinagar Gujarat  |
| 7.      | Pollution control Consent for Establishment of unit at Patancheru (M), Medak District, Andhra Pradesh | Order No.361/PCB/CFE/RO-I-SRD/HO/2007-1238 dated 5.9.2007 valid till 4.9.2012 for capacity of 8,000 MT/annum of Agro Chemicals                           | Andhra Pradesh Pollution Control Board Paryavaran Bhavan Sanathnagar Hyderabad   |
| 8.      | Approval of Building Plans for Medak unit in Andhra Pradesh   | Permission dated March 24, 2007 for proposed construction of factory building against proceedings no. 9989/APIIC-IALA/PSM/BPA/Ph-II/2007 dated 24.3.2007 | Andhra Pradesh Industrial Infrastructure Corporation Ltd. Industrial Area Local Authority, Pashamylaram                      |

We have applied for following licenses for the proposed 4 new plants:

| Sl. No. | Name of Registration  | Date of application   | Name of Authority/Department to whom applied       |
|---------|---|-----------------------|--|
| 1.      | Manufacturing License for Multi Micronutrient Mixture of Fertilizers and Single Micronutrient Fertilizers at Lucknow unit | Applied on 11.5.2007  | Directorate of Agriculture, Lucknow, UP            |
| 2.      | Pollution control Consent for Establishment for Lucknow unit  | Applied on 13.11.2007 | U.P. Pollution Control Board Lucknow Uttar Pradesh |

We would apply for following licenses at various stages of implementation for the proposed 4 new plants

- Provisional SSI for Maharashtra unit.
- Building Drawing approval for Ahmedabad, Lucknow and Maharashtra units.
- Power Sanction for Lucknow & Maharashtra unit.
- Factory License for all units.
- Agricultural Dept. Manufacturing License for all units.
- Agricultural Dept. Marketing Permission for all units.
- Permanent SSI for all units.
- Pollution Control consent for Maharashtra unit.
- Manufacturing License for Ahmedabad,, Medak (Andhra Pradesh) and Maharashtra units.

As the Consent for Establishment for Medak (Andhra Pradesh) unit from Andhra Pradesh Pollution Control Board is only for capacity of 8,000 TPA, we have applied for enhancement of capacity from 8,000 TPA to 32,400 TPA.

We have already applied for renewal for following Trademarks from the Registrar of Trademarks, Mumbai:

| Sl. No. | Trademark       | Trademark No. | Class | Date of Approval | Date of Expiry |
|---------|-----------------|---------------|-------|------------------|----------------|
| 1.      | ARIES CHELA FER | 355493        | 01    | 19-Feb-01        | * 19-Nov-07    |
| 2.      | ARIES CHELACOP  | 355494        | 01    | 19-Feb-01        | * 19-Nov-07    |
| 3.      | ARIES CHELAMAG  | 355495        | 01    | 19-Feb-01        | * 20-Nov-07    |

\* Applied for renewal.

The details of trademarks for which applications have been made to the Registrar of Trademarks, Mumbai are given below:

| Sl. No. | Trademarks         | Trademark / Application No. | Class       | Date of Application |
|---------|--------------------|-----------------------------|-------------|---------------------|
| 1.      | PROT-O-LIV         | 279413B                     | 31          | 01.11.2004          |
| 2.      | B G FERTILISER     | 1414962                     | 01          | 19.01.2006          |
| 3.      | FERRO MIX          | 1414960                     | 01          | 19.01.2006          |
| 4.      | CALBOR             | 1414961                     | 01          | 19.01.2006          |
| 5.      | SULFONITE          | 1467716                     | 01          | 07.07.2006          |
| 6.      | TUGGY              | 1467719                     | 12          | 07.07.2006          |
| 7.      | ANOKHI             | 1486720                     | 05          | 13.09.2006          |
| 8.      | JAHAN              | 1486719                     | 05          | 13.09.2006          |
| 9.      | HAASIL             | 1483948                     | 05          | 04.09.2006          |
| 10.     | NIRBHAY- PLUS      | 1483947                     | 05          | 04.09.2006          |
| 11.     | MOHAR              | 1504195                     | 05          | 15.11.2006          |
| 12.     | NOOPUR             | 1504196                     | 05          | 15.11.2006          |
| 13.     | ASHRAY             | 1504197                     | 05          | 15.11.2006          |
| 14.     | ARIES BOROSOIL     | 1191018                     | 01          | 10.04.2003          |
| 15.     | AGROFER+           | 1491430                     | 01          | 27.09.2006          |
| 16.     | BOON-O-MILK        | 1539851                     | 31          | 14.03.2007          |
| 17.     | ORGAFERT           | 1539853                     | 01          | 14.03.2007          |
| 18.     | CRACKGUARD         | 1539852                     | 01          | 14.03.2007          |
| 19.     | CALCOP             | 1539854                     | 01          | 14.03.2007          |
| 20.     | Aries Agro Limited | -                           | Logo & Font | 10.06.2006          |
| 21.     | Zinco Mix          | 1576518                     | 01          | 06.07.2007          |
| 22.     | Tetrabor           | 1576519                     | 01          | 06.07.2007          |
| 23.     | Aquazin            | 1592061                     | 01          | 20.08.2007          |
| 24.     | Mag Mix            | 1592062                     | 01          | 20.08.2007          |

## SECTION VII : OTHER REGULATORY AND STATUTORY DISCLOSURES

### 1. Authority for the Issue

The issue of Equity Shares by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on 22<sup>nd</sup> December, 2006 subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. Subsequently, on 30<sup>th</sup> January, 2007 the shareholders approved the Issue at the EGM of the Company held at Mumbai.

### 2. Prohibition by SEBI/RBI/Any other Authority

We, our directors, our promoters, Promoter Group, the Group Companies, other companies with which the promoters/directors are associated as directors or as promoters are not prohibited from accessing/operating the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority.

Neither we nor its directors, associates, promoters, Group companies or relatives of the Promoters have been detained as wilful defaulter by the RBI or government authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

### 3. Eligibility of the Company to enter the capital market

The Company is eligible for the issue as per Clause 2.2.1 of the SEBI (DIP) Guidelines as confirmed by the Auditors of the Company:

- The Company has net tangible assets of at least Rs. 3 crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- The Company has had a track record of distributable profits as per Section 205 of Companies Act for at least three out of the immediately preceding five years;
- The Company has had a pre-Issue net worth of not less than Rs. 1 crore in each of the three preceding full years;
- The Company has not changed its name within the last one year.
- The proposed Issue size would not exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2007;

The distributable profits as per Section 205 of the Companies Act and net worth for the last five years as per Company's restated financial statements are as under:

| Particulars                                   | (Rs. in lakhs)                            |         |         |        |        |
|---|---|---------|---------|--------|--------|
|   | For the Year Ended 31 <sup>st</sup> March |         |         |        |        |
|   | 2007                                      | 2006    | 2005    | 2004   | 2003   |
| Net Tangible Assets <sup>3</sup>              | 3095.49                                   | 2171.03 | 1087.58 | 925.64 | 925.92 |
| Monetary Assets <sup>4</sup>                  | 75.03                                     | 173.36  | 40.40   | 25.23  | 64.97  |
| Monetary Assets as a % of Net Tangible Assets | 2.42                                      | 7.99    | 3.71    | 2.73   | 7.02   |
| Distributable Profits <sup>1</sup>            | 869.42                                    | 667.41  | 70.55   | 9.75   | 44.15  |
| Net Worth <sup>2</sup>                        | 2465.71                                   | 1640.20 | 993.04  | 886.19 | 888.56 |

#### Notes :

<sup>1</sup>Distributable profits have been defined in terms of section 205 of the Companies Act.

<sup>2</sup>Net worth has been defined as the aggregate of equity share capital and reserves excluding revaluation reserves and excluding miscellaneous expenditures, if any.

<sup>3</sup>Net tangible assets means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.

<sup>4</sup>Monetary assets comprise of cash and bank balances, public deposit account with the Government.

We undertake that the number of allottees (i.e., Persons receiving Allotment in the Issue) shall be at least

1000, otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay, subject to and in accordance with, applicable law.

#### **4. Disclaimers**

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA.**

**SEBI DISCLAIMER CLAUSE:**

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, SREI CAPITAL MARKETS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES 2000, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, SREI CAPITAL MARKETS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 27.03.2007 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS:**

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

**WE CONFIRM THAT:**

- a. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;**
  - b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - c. THE DISCLOSURES MADE IN THE DRAFT 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.**
- III. WE CONFIRM THAT, BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;**
  - IV. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE**

**UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS; AND**

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

**THE FILING OF 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 AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.**

**5. CAUTION STATEMENT /DISCLAIMER STATEMENT FROM THE ISSUER AND BOOK RUNNING LEAD MANAGER:**

We, our Directors, BRLM accept no responsibility for statements made otherwise than in the Red Herring Prospectus or the advertisements or any other material issued by or at the instance of the above mentioned entities and any one placing reliance on any other source of information, including our website "www.ariesagro.com" would be doing so at his or her own risk.

The BRLM do not accept any responsibility, save to the limited extent as provided in terms of the Memorandum of Understanding entered into between the Company and the BRLM and the Underwriting Agreement, if any to be entered into amongst the Underwriters and the Company.

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

The Issuer and Book Running Lead Manager are obliged to update the Red Herring Prospectus and keep the public informed of any material changes till the listing and trading commencement.

Neither we nor the BRLM and the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

**6. Disclaimer in respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India), who are majors, HUF, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or Trusts under the applicable Trust Law and who are authorised under their constitution to hold and invest in shares, permitted Insurance Companies and Pension Funds and to permitted non residents including FIIs, NRIs and other eligible Foreign investors. This Red Herring Prospectus does not, however, constitute an offer to sell or, an invitation to subscribe to or purchase Equity Shares offered 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 Red Herring Prospectus comes is required to inform himself or herself about it, and to observe, any such restrictions. Any dispute arising out of this Issue shall be subject to the exclusive jurisdiction of appropriate court(s) in, Mumbai, India only.

No action has been or will be taken to permit a public Issue in any jurisdiction where action would be required for that purpose, except that the Red Herring Prospectus has been filed with SEBI for observations and the SEBI has given its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this 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 Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.



## 7. Disclaimer Clause of the Stock Exchanges

### **Disclaimer Clause of the Bombay Stock Exchange Limited (BSE) – The Designated Stock Exchange**

"Bombay Stock Exchange Limited ('the Exchange') has given vide its letter dated May 22, 2007 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinised this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

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

### **Disclaimer Clause of the National Stock Exchange of India Limited (NSE)**

"As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.: NSE/LIST/53368-A dated August 13, 2007 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

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

## 8. Filing of Red Herring Prospectus with the Board and The Registrar of Companies

A copy of the Red Herring Prospectus, along with the documents as required has been filed with SEBI at SEBI Bhavan, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra(East), Mumbai 400051. A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the Registrar of the Companies, Maharashtra, Mumbai located at Office of the Registrar of Companies, 2nd Floor, Hakoba Mills Compound, Dattaram Lad Marg, Kalachowki, Mumbai.

## 9. Listing

Initial listing applications have been made by us to the Bombay Stock Exchange Limited (BSE) (Designated Stock Exchange) and the National Stock Exchange of India Limited (NSE) for permission to list the equity shares and for an official quotation of the Equity Shares of the Company.

In case the permission to deal in and for official quotation of the Equity Shares are not granted by the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all monies



received from applicants in pursuance of this Red Herring Prospectus. If such money is not paid within eight days after the Company becomes liable to repay it (i.e., from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier), then the Company and every Director of the Company who is an officer in default shall, on and from the date the expiry of 8 days, will be jointly and severally liable to repay the money with interest as prescribed under section 73 of the Companies Act, 1956.

We 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 seven working days of finalisation of the basis of allotment for the Issue.

#### 10. Impersonation

**Attention of 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 of 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.”**

#### 11. Consents

Consents, in writing, of the Directors, Company Secretary, Compliance Officer, Statutory Auditors, Bankers to the Company, Bankers to the Issue, Book Running Lead Manager to the Issue, Legal Advisor to the Issue, Registrar to the Issue, Syndicate Members, Escrow Collection Bankers and Underwriters to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the Registrar of Companies, Mumbai 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 the Red Herring Prospectus for registration with the RoC.

M/s Kirti D Shah & Associates, Chartered Accountants, the Company's statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s Kirti D Shah & Associates, Chartered Accountants, the Company's statutory auditors have given their written consent to the inclusion of their report on the tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

#### 12. Expert Opinion

Except as stated elsewhere in this Red Herring Prospectus, we have not obtained any expert opinions.

#### 13. Expenses of the Issue

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

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

| Sl. No. | Activity                       | Estimated Expenses* (Rs. in lakhs) | % of Total Expenses | % of Total Issue size |
|---------|--------------------------------|------------------------------------|---------------------|-----------------------|
| 1.      | Fees of BRLM                   | [•]                                | [•]                 | [•]                   |
| 2.      | Underwriting commission        | [•]                                | [•]                 | [•]                   |
| 3.      | Brokerage & Selling commission | [•]                                | [•]                 | [•]                   |

|    |  |     |     |     |
|----|--|-----|-----|-----|
| 4. | Advertisement & Marketing expenses   | [.] | [.] | [.] |
| 5. | Printing and Stationery, Distribution, postage etc                                       | [.] | [.] | [.] |
| 6. | Fees of Registrar to the issue   | [.] | [.] | [.] |
| 7. | Other Expenses (including legal fees, filing fees, listing fees, depository charges etc) | [.] | [.] | [.] |
| 8. | Contingencies  | [.] | [.] | [.] |
|    | <b>Total</b>   | [.] | [.] | [.] |

\* Will be incorporated after finalization of Issue price

#### **Fees Payable to the BRLM**

The total fees payable to the Book Running Lead Manager (including underwriting commission if any, and brokerage and selling commission) for the issue will be as per the Memorandum of Understanding entered into with SREI Capital Markets Ltd, dated 27<sup>th</sup> March, 2007 a copy of which is available for inspection at the Registered Office of the Company.

#### **Fees Payable to the Registrar to the Issue**

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding dated 23<sup>rd</sup> February, 2007 signed with the Registrar, a copy of which is available for inspection at our Registered Office. The Registrar will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post or speed post or under certificate of posting

#### **Others**

The total fees payable to the Legal Advisor, Auditors and Tax Auditors will be as per the terms of their respective engagement letters.

#### **14. Underwriting Commission, Brokerage And Selling Commission**

The Underwriting commission for the Issue would be set out in the Underwriting Agreement, copy of which would be available for inspection at the Registered Office of the Company. Brokerage will be paid on the basis of allotment made against application bearing the stamp of a member of any recognized exchange in India in the brokers columns. Brokerage at the same rate shall also be payable to the bankers to the issue in respect of allotment made against applications bearing their respective stamps in the brokers columns.

In case of tampering or over stamping of broker/agents codes on the application form, Issuers decision to pay brokerage in respect will be final and no further correspondence will be entertained in the matter.

#### **15. Previous Rights and Public Issues, if any**

We have not made any previous rights and public issues since inception.

#### **16. Previous issues of shares otherwise than for cash**

Except as stated in the section titled "Capital Structure" on page 19, our Company has not made any previous issues of shares for consideration otherwise than for cash.

#### **17. Commission and Brokerage on Previous Issues**

We have not made any previous public or right issue since inception and as such no amount has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription of the equity shares.

#### **18. PARTICULARS IN REGARD TO ARIES AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1)(B) OF THE COMPANIES ACT, 1956 THAT MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS**

The following company has been declared to be under the same management within the meaning of

Section 370 (1B) of the Companies Act, 1956:

1. Aries Marketing Limited
2. Aries East West Nutrients Pvt Ltd
3. Mirabelle International
4. Blossoms International Ltd
5. Sreeni Agro Chemicals Pvt. Limited
6. Golden Harvest Middle East (FZC)
7. Aries Agro Care Private Limited
8. Aries Agro Equipments Private Limited

For more details, please refer to the section titled “Financial and Other Information of Companies, Firms Promoted/Controlled by the Promoters” beginning on page no.244 of this Red Herring Prospectus.

There have been no capital issues during last three years either by the Company or any other company under the same management within the meaning of Sec. 370(1)(B) of the Act.

#### **19. Promise Vis-À-Vis Performance – The Company**

This is the first public issue of the Company. Hence Promise vis-à-vis performance is not applicable to us.

##### **Listed Ventures of Promoters**

The promoters do not have any listed venture and hence not applicable.

#### **20. Outstanding Debentures Or Bonds**

We do not have any outstanding debentures or bonds.

#### **21. Outstanding Preference Shares**

We do not have any outstanding preference shares.

#### **22. Stock Market Data**

This being our first public issue, our Equity Shares are not listed on any stock exchange hence no stock market data is available.

#### **23. Mechanism for Redressal of Investor Grievance**

The Memorandum of Understanding between the Company and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue, Aarthi Consultants Private Limited for a period of at least one year from the last date of dispatch of 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 to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository participant and the respective Syndicate member or collection center where the application was submitted.

We have constituted a Shareholder's/Investors Grievance Committee on 22.12.2006 comprising of One (*Independent Director*) as the Chairman and two non-independent Directors as members.

We have also appointed Mr. S Ramamurthy, Chief Financial Officer as the Compliance Officer of the Company.

All investor complaints that cannot be resolved by the Company Secretary and the Compliance Officer would be placed before the Investors Grievance Committee for resolution. We will settle investor grievances expeditiously and satisfactorily.

##### **Disposal of Investor Grievances by the Company**

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine

investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the Company or the Registrars will seek to redress these complaints as expeditiously as possible.

The company has appointed, Mr S Ramamurthy as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue related problems such as non-receipt of allotment advice, refund orders and demat credit, etc. He can be contacted at:

**Address of the Compliance Officer:**

Mr. S Ramamurthy, CFO  
**Aries Agro Limited**  
Aries House, Plot No.24,  
Deonar, Govandi (East),  
Mumbai 400 043  
Tel No: +91 22 25564052/53  
Fax No: +91 22 2556 4054/2550 2753  
e-mail: investorrelations@ariesagro.com  
Website: www.ariesagro.com

**24. Changes in Auditors during last 3 years and reasons thereof**

The auditors of our company are appointed (and reappointed) in accordance with provisions of the Companies Act and their remuneration, rights and duties are regulated by section 224 to 233 of the Companies Act.

M/s Kirti D. Shah & Associates, Chartered Accountants were appointed as Statutory Auditors of the Company at the AGM held on 28<sup>th</sup> September, 2000 and there is no change in the Auditors during last 3 years.

**25. Capitalisation of Reserves Or Profits**

We had issued 4,90,000 bonus shares of face value of Rs.100 each by capitalization of revaluation reserves to the extent of Rs. 490.00 lakhs on 5<sup>th</sup> August, 1994. The accounts post bonus issue was approved by the Shareholders at their AGM held on 29<sup>th</sup> December, 1995. Further, we have issued 17,00,700 bonus shares on 8<sup>th</sup> May, 2006 by capitalization of share premium of Rs. 91,46,250.

**26. Revaluation of assets**

We have not revalued our Fixed Assets during last 5 accounting years. However, we had revalued our assets consisting of Factory Building at Govandi, Bombay as at 18<sup>th</sup> July, 1994. On account of the revaluation, the gross block of the Factory Building was increased by Rs. 17,60,00,000. The above amount was credited to Revaluation reserves. We had also issued bonus shares by capitalization of revaluation reserves to the extent of Rs. 490.00 lakhs. The accounts post revaluation of assets and bonus issue were approved by the Shareholders at their AGM held on 29<sup>th</sup> December, 1995. The same was adopted in the Company's books.

## SECTION VIII : ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

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

### Authority for the Issue

The issue of Equity Shares by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on 22<sup>nd</sup> December, 2006, which is subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81 (1A) of the Companies Act. Subsequently, on 30<sup>th</sup> January, 2007, the shareholders approved the Issue at the Extraordinary General Meeting of the Company.

### Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of the Company and shall rank pari passu in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. The allottees will be entitled to dividends and other corporate benefits, if any, declared by the company after the date of allotment. For a description of our Articles of Association, please refer to "Main Provisions of our Articles of Association" on page 321 of this Red Herring Prospectus.

### Mode of payment of dividend

The declaration and payment of dividends will be recommended by our Board of Directors and shareholders, at their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. Dividend shall be paid to the shareholders as per provisions of the Companies Act.

### Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in terms of this Red Herring Prospectus at a price band of Rs. 120/- at the lower end of the price band and Rs. 130/- at the higher end of the price band. At any given point of time, there shall be only one denomination for the Equity Shares of the Company.

### Compliance with SEBI DIP Guidelines

We will comply with all disclosure and accounting norms as specified by SEBI from time to time. In this regard we have appointed Mr S. Ramamurthy, CFO as the Compliance Officer of the Company. Mr. Prasad A Oak is the Company Secretary of the company.

### Rights of the Equity Shareholder

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, the Equity shareholders shall have the following rights: -

- Right to receive dividend, if declared
- Right to attend general meetings and exercise voting powers, unless prohibited by law
- Right to vote on a poll either in person or by proxy
- Right to receive offers for rights shares and be allotted bonus shares, if announced.
- Right to receive surplus on liquidation.
- Right of free transferability and

- Such other rights, as may be available to a shareholder of a listed public Company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation / splitting of Shares, refer to the section titled "Main Provisions of The Articles Of Association" on page 321 of this Red Herring Prospectus.

### **Market Lot & Trading Lot**

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. Under existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares of the Company will be in dematerialised mode, the tradable lot is one Equity Share.

Allotment of Equity shares through this Issue will be done only in electronic form in multiples of one Equity Share, subject to a minimum allotment of 50 Equity Shares to the successful bidders.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with competent courts / authorities in Mumbai, Maharashtra, India.

### **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s) may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, becoming 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 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/her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of the Company and the Registrars and Transfer Agents of the Company.

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

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to elect / choose either to register himself or herself or to transfer the Equity Shares, and if the notice is not complied 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 / transfer of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to changing of the nomination, they are requested to inform their respective depository participant.**

### **Minimum Subscription**

"If the company does not receive the minimum subscription of 90% of the Issue size including devolvment of underwriters, , within 60 days from the bid / Issue closing date the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act, 1956."

Further, in accordance with clause 2.2.2 A of the SEBI Guidelines, we shall ensure that the number of

prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

#### **Arrangements for disposal of odd lots**

Our shares will be traded in dematerialized form only and the marketable lot is one share. Therefore there is no possibility of odd lots.

#### **Letters of Allotment or Refund Orders**

We shall give credit to the beneficiary account with depository participants within 2 working days of finalization of the basis of allotment of Equity Shares. In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- Refunds shall be made in the following manner:
  - ❑ In case of applicants residing in any of the centres specified by the SEBI – by crediting of refunds to the bank accounts of applicants through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India;
  - ❑ In case of other applicants – by despatch of refund orders by registered post, where the value is Rs. 1500/- or more, or under certificate of posting in other cases, (subject however to postal rules); and
  - ❑ In case of any category of applicants specified by the SEBI – crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by the SEBI from time to time.

We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day prescribed time period as mentioned above (or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner) within 15 days from the date of the closure of the issue.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

#### **Restrictions, if any, on Transfer and Transmission of Shares and on their Consolidation/Splitting**

Nothing contained in the Articles of the Company shall prejudice any power of the Company to refuse to register the transfer of any share.

No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer sub-heading "Main Provisions of the Articles of Association of the Company" starting from page no. 321 of this Red Herring Prospectus.

#### **Application by Eligible NRIs/FIIs registered with SEBI and FVCIs registered with SEBI**

It is to be distinctly understood that there is no reservation for Eligible NRIs and 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 as other categories for the purpose of allocation.

As per the policy of the RBI, OCBs cannot participate in this Issue.



## ISSUE STRUCTURE

Public Issue of 45,00,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per equity share for cash aggregating Rs. [•] Lakhs, through a 100% book building process. The Issue would constitute 34.16% of the fully diluted post issue paid up Equity Capital of the Company.

Details of the issue structures are tabulated below:

|  | QIBs   | Non Institutional Bidders  | Retail Individual Bidders   |
|--|--|--|---|
| Number of Equity Shares  | Upto 22,50,000 equity shares   | Not less than 6,75,000 equity shares   | Not less than 15,75,000 equity shares   |
| Percentage of Issue size available for allocation                      | Upto 50% of the Issue size shall be available for QIBs out of which 5% shall be available for Mutual Funds   | Not less than 15% of the Issue size  | Not less than 35% of the Issue size   |
| Basis of Allocation or Allotment if Respective category Oversubscribed | Proportionate 5% to Mutual Funds on proportionate basis Balance to QIBs including Mutual Funds   | Proportionate  | Proportionate   |
| Minimum Bid  | Such number of Equity Shares, that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 50 Equity Shares thereafter   | Such number of Equity Shares, that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 50 Equity Shares thereafter   | 50 Equity Shares and thereafter in multiples of 50  |
| Maximum Bid  | Such number of equity shares not exceeding the size of the Issue, subject to applicable limits   | Such number of equity shares not exceeding the size of the Issue, subject to applicable limits   | Such number of Equity Shares whereby the Bid Amount does not exceed Rs.1,00,000   |
| Mode of Allotment  | Compulsory in Dematerialised form  | Compulsory in Dematerialised form  | Compulsory in Dematerialised form   |
| Trading Lot/ Market Lot  | One Equity Share   | One Equity Share   | One Equity Share  |
| Bidding Lot  | 50 Equity Shares and thereafter in multiples of 50   | 50 Equity Shares and thereafter in multiples of 50   | 50 Equity Shares and thereafter in multiples of 50  |
| Who can apply  | Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI multilateral and bilateral development Financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 Lakhs and pension funds with minimum corpus of Rs. 2,500 Lakhs in accordance with applicable Law. | Companies, Corporate Bodies, Scientific Institutions Societies and Trusts<br>Resident Indian individuals, HUF (in the name of Karta) and NRIs (applying for an amount exceeding Rs.1,00,000) | Resident Indian Individuals, HUF (in the name of the Karta) and eligible NRIs applying for an amount up to Rs.1, 00,000.                    |
| Terms of Payment   | Margin amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate  | Margin Amount applicable to non institutional Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate  | Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate |
| Margin Amount  | at least 10% of the Bid amount on bidding  | Full Bid Amount on bidding   | Full Bid Amount on bidding  |



## ISSUE PROCEDURE

### 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 the Company, the terms of this Red Herring Prospectus, Bid cum Application Form, the Revision Form, and other terms and conditions as may be incorporated in the CAN, Allotment Advice, and any other documents/certificates that may be executed in respect of the Issue. In addition the Equity Shares shall also be subject to laws as applicable, guidelines, notifications, rules and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Registrar of Companies, Stock Exchanges, and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### Book Building Procedure

This Issue is being made through the 100% Book Building Process wherein upto 50% of the Issue size shall be allotted to Qualified Institutional Buyers (QIBs) on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue size would be available for allocation to Non-Institutional Bidders and not less than 35% of the Issue size would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. QIB Bids can be submitted only through Syndicate members. In the case of QIB Bidders, the Company in consultation with BRLM may reject any Bid at the time of acceptance of the Bid cum Application Form, provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of, Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful bidders, only in the dematerialised form. Bidders will not have the option of getting allotment of the security shares in physical form. The equity shares on allotment shall be traded only in dematerialised segment of the Stock Exchange.

### Illustration of Book Building and Price Discovery Process

*(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs.20 to 24 per share, issue size of 3000 equity shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs.24 per share while another has bid for 1,500 shares @ Rs. 22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for shares of the company at various prices and is collated from bids from various investors.

| Number of Equity shares Bid For | Bid Price (Rs.) | Cumulative Equity Shares | Subscription Shares bid for |
|---------------------------------|-----------------|--------------------------|-----------------------------|
| 500                             | 24              | 500                      | 16.67%                      |
| 1000                            | 23              | 1500                     | 50.00%                      |
| 1500                            | 22              | 3000                     | 100.00%                     |
| 2000                            | 21              | 5000                     | 166.67%                     |
| 2500                            | 20              | 7500                     | 250.00%                     |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 22 per share 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 Rs.22 per share. All bids at or above this Issue price and cut-off bids are valid bids and are considered for allocation in respective category.

### Bid-cum-Application Form

Bidders shall only use the specified Bid- cum- Application Form bearing the stamp of a member of the

Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in their Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, despatch of the Confirmation of Allocation Note and filing of Red Herring Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the application form. Upon completing and submitting of the Bid-cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Red Herring Prospectus and Bid-cum-Application Form as would be required for filing the Red Herring Prospectus with ROC and as would be required by the ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

| CATEGORY  | COLOUR OF BID CUM APPLICATION FORM |
|---|------------------------------------|
| Indian public, including resident QIBs, Non Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis | White                              |
| Eligible NRIs or FIIs applying on a repatriation basis  | Blue                               |

### Who can Bid?

Persons eligible to invest under all applicable laws, rules, regulation and guidelines;

- (i) Indian nationals resident in India who are majors, or in the names of minor as natural/legal guardians in single or joint names (not more than three);
- (ii) Hindu Undivided Families or HUFs, in the individual name of 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;
- (iii) Companies, corporate bodies and societies registered under the applicable laws in India; and authorised to invest in the Equity Shares;
- (iv) Indian mutual funds registered with SEBI;
- (v) Indian financial institutions, schedule commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI guidelines, as applicable);
- (vi) Venture Capital Funds registered with SEBI;
- (vii) Foreign Venture Capital Investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- (viii) State Industrial Development Corporations;
- (ix) Trust/society registered under the Societies Registration Act, 1860, as amended or under any other law relating to trusts/society and who are authorised under their constitution to hold and invest in Equity Shares);
- (x) Eligible NRIs on repatriation basis or a non-repatriation basis subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- (xi) FIIs registered with SEBI on repatriation basis subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- (xii) Scientific and / or industrial research organizations authorised under their constitution to invest in Equity Shares;
- (xiii) Insurance companies registered with Insurance Regulatory and Development Authority.
- (xiv) Provident funds with minimum corpus of Rs. 2,500 Lakhs and who are authorized under their constitution to hold and invest in Equity Shares
- (xv) Pension funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to hold and invest in Equity Shares.
- (xvi) Multilateral and bilateral development financial institutions
- (xvii) Any other QIBs permitted to invest in the issue under applicable laws and regulations.

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

**Note:** The BRLM and Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM, and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where allocation is on a proportionate basis. Such bidding or subscription may be on their own or their client's account.

**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, rules, regulations, guidelines and approvals or statutory guidelines.**

**Application by Mutual Funds**

*(As per the current regulations, the following restrictions are applicable for investments by mutual funds):*

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 1,12,500 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIB bidders, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by 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. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In terms of SEBI Guidelines, 5% of the QIB Portion (i.e. 1,12,500 Equity Shares) shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

**Application 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 the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual. The aggregate holding by FIIs as of now in a company cannot exceed 24% of the total issued share capital of the Company. However, this limit of 24% may be increased up to the applicable sectoral cap by passing a board resolution and a special resolution of the shareholders authorizing such an increase.

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, an FII or its sub-account may issue, deal or hold, off-shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. 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.

**Bids by Eligible NRIs**

Bid cum application forms have been made available for NRIs at the registered office of the Company, members of the Syndicate and the Registrar to the Issue.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (White in colour) All instruments accompanying bids shall be payable in Mumbai only.

**Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**

*(As per the current regulations, the following restrictions are applicable for investments by SEBI registered venture capital funds and foreign venture capital funds):*

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 respectively. 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 or the Foreign Venture Capital Investor.

In terms of Clause 4.14.2 sub-clause (i) of the SEBI DIP Guidelines, the one year lock-in requirement of entire pre-issue share capital, other than that locked-in as minimum promoters contribution, shall not be applicable to the pre-issue shares held by a Venture Capital Fund or a Foreign Venture Capital Investor provided the shares have been held by the Venture Capital Fund or the Foreign Venture Capital Investor, as the case may be, for a period of at least one year as on the date of filing the Draft Red Herring Prospectus with SEBI.

**The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen 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 limits under applicable laws or regulations.**

#### **Maximum and Minimum Bid size**

##### **a) For Retail Individual Bidders:**

The Bid must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter so as to ensure that the Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed Rs 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The option to bid at Cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

##### **b) For Non-institutional Bidders and QIBs Bidders:**

The Bid must be for a minimum of such number of Equity Shares that the minimum Bid Amount exceeds Rs. 100,000 and in multiples of 50 equity shares. 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 applicable laws. Under the existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-institutional portion. In case the Bid Amount reduces to Rs. 100,000 or less due to revision in Bids or revision in the price band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation in the Retail Portion. Non- Institutional Bidders and QIB Bidders are not allowed the option of bidding at the Cut-off Price.

**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 Red Herring Prospectus.**

#### **Information for the Bidders**

- The Company will file the Red Herring Prospectus with the ROC at least three days before the Bid/Issue Opening Date.
- The Syndicate Members will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining the Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the Registered office of the Company or from the BRLM or from a Syndicate Member or from their websites.
- Investors who are interested in subscribing to the Company's Equity Shares should approach any of the BRLM/ Syndicate Members or their authorized agent(s) to register their bid.
- The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the Syndicate Member. The Bid-cum-Application Forms, which do not bear the stamp of the Syndicate Member, will be rejected.

## Method and Process of Bidding

1. The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with ROC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper (Marathi). This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines as amended by SEBI Circular no SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
2. The Bidding Period shall be open for at least 3 working days and not more than 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding ten working days.
3. During the Bidding Period, the Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red herring Prospectus.
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page no. 299 of the Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after his or her Bids on one Bid-cum-Application Form has been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph 'Build up of the Book and Revision of bids' on page no. 302 of the Red Herring Prospectus.
6. The members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.
7. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Collection Account" on page no. 301 of the Red Herring Prospectus.
8. Investors who are interested in subscribing for the Equity Shares of the Company should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.
9. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the section titled "Issue Procedure - Terms of Payment" beginning on page 301 of this Red Herring Prospectus.

## Bids at Different Price Levels

1. The price band has been fixed at Rs. 120/- to Rs.130/- per Equity Share of Rs.10 each, Rs. 120/- being the floor of the price band and Rs. 130/- being the cap of the price band. The bidders can bid at any price within the price band in multiples of Re.1
2. In accordance with the SEBI guidelines, the Company, in consultation with the BRLM, can revise the Price Band during the Bidding/Issue period, by informing the stock exchanges and issuing a press release and notification on the terminal of the Syndicate Members, in which case the Bidding Period shall be extended

further for a period of three additional working days, subject to the total Bidding / Issue Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

3. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/Issue period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two widely circulated newspapers (one each in English and Hindi), and one regional newspaper (Marathi) and also indicating the change on the relevant websites of the BRLM and the websites and the terminals of the Syndicate Members.
4. The Company, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder can bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of Bidding Options not exceeding upto Rs 100,000 may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders bidding for more than Rs.100,000 and such Bids from QIBs, Non Institutional Bidders will be rejected.
6. Retail Individual Bidders who bid at the Cut-Off price agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which would be a price within the Price Band. Retail Individual Bidder bidding at Cut-Off price shall submit bid – cum – application form along with a cheque / demand draft for the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), who bid at Cut-off price, shall receive the refund of the excess amounts from the respective refund or Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to Bid at 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 Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this 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 downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective refund or Escrow Account, as the case may be.
9. The minimum application value shall be within the range of Rs. 5000/- to Rs. 7000/-. The issuer company, in consultation with the BRLM, shall stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range of minimum application value and make upfront disclosures in this regard, in the offer document. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 50 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5000/- to Rs. 7000/-.

### **Application in the Issue**

Equity Shares being issued through the Red Herring Prospectus can be applied for in the dematerialized form only.

### **Escrow Mechanism**

We and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidder 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 / Margin Amount from Bidders



in a certain category would be deposited in the Escrow Account of the Company. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank shall not exercise any lien whatsoever over the monies deposited therein, and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account and the Refund Account with the Bankers to the Issue in terms of the Escrow Agreement with the Company and as per Red Herring Prospectus.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrars to the Issue and the BRLM to facilitate collections from the Bidders.

### **Terms of Payment and payment into the Escrow Collection Account**

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph entitled "Payment Instructions" on page 309 of this Red Herring Prospectus and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash / stock investments / money order shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds be transferred to the Refund Account. On the Designated Date, and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the section entitled "Issue Structure" on page 294 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. QIBs will be required to deposit a margin of 10% at the time of submitting of their Bids. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated/allotted lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation/allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

### **Electronic Registration of Bids**

- a) The Syndicate Member will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city where a stock exchange is located in India, and where bids are accepted.
- b) The BSE and NSE will offer a screen-based facility for registering bids for the Issue. This facility will be available on the terminals of Syndicate Members and their authorised agents during the Bidding / Issue Period. Syndicate Members can also set up facilities for off-line electronic registration of bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid / Issue Closing Date, the Syndicate Member will upload the Bids until such time as permitted by the Stock Exchanges.
- c) The aggregate demand and price for bids registered on each of the electronic facilities of the BSE and

the NSE will be downloaded on a regular half-hourly basis, consolidated and displayed online at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period. This information can be accessed on BSE's website at "[www.bseindia.com](http://www.bseindia.com)" or on NSE's website at "[www.nseindia.com](http://www.nseindia.com)".

- d) At the time of registering each bid, the Syndicate Members shall enter the following details of the investor in the online system:
  - o Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)
  - o Investor category – Individual / Corporate / NRI / FII / Mutual Funds etc.
  - o Number of Equity Shares bid for
  - o Bid Price
  - o Bid-cum-Application Form number
  - o Whether payment is made upon submission of Bid-cum-Application Form.
  - o Whether Margin Amount/ Bid Amount has been paid upon submission of Bid cum Application Form; and
  - o Depository Participant Identification no. and client identification no. of the dematerialized account of the Bidder
- e) A system generated Transaction Registration Slip (TRS) (or the Order Confirmation Note) will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the Syndicate Members. The registration of the bid by the Syndicate Members does not guarantee that the Equity Shares shall be allocated either by the Syndicate Members or the Company.
- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g) In case of QIB Bidders, members of the Syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of non-institutional Bidders, and Retail Bidders, Bids would not be rejected except on the technical grounds listed page no. 312 in the Red Herring Prospectus.
- h) It is to be distinctly understood that the permission given by the BSE and NSE to use their network and the software of the online IPO system shall not in any way be deemed or construed that the compliance with various statutory and other requirements by the Company, BRLM etc. are cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company
- i) It is also to be distinctly understood that the approval given by the BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or continued to be on the BSE and NSE.

#### **Build Up of the Book and Revision of Bids**

- a) Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on an online basis in accordance with the market practice.
- b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- c) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- d) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.



- e) The Bidder can make this revision any number of times during the Bidding 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 he or she had placed the original Bid.
- f) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- g) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin 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.
- h) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- i) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of a discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.
- j) Price Discovery and Allocation/Allotment
- k) After the Bid Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss the pricing strategy with the Company.
- l) The Company, in consultation with the BRLM will finalize the Issue Price and the number of equity shares to be allocated in each investor category.
- m) The allotment to QIB Bidders of upto 50% of the issue size (including 5% specifically reserved for mutual funds) would be on a proportionate basis in consultation with the Designated Stock Exchange subject to valid bids being received at or above the issue price, in the manner as described in the section entitled "Basis of Allotment – Allotment to QIB Bidders" on page no 313 of this Red Herring Prospectus. The allocation to Non-Institutional Bidders of not less than 15% of the issue size and Retail Individual Bidders of not less than 35% of the issue size would be on a proportionate basis in a manner specified in the SEBI Guidelines, in consultation with Bombay Stock Exchange Limited, designated stock exchange, and subject to valid bids being received at or above the Issue Price.
- n) Under-subscription, if any, in any category, would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company in consultation with the BRLM and the Designated Stock Exchange. However if the aggregate demand by mutual funds is less than [•] shares, the balance equity shares available for allocation in the mutual fund portion will be first added to the QIB portion and be allotted proportionately to the QIB bidders.
- o) Allocation to all investors including eligible NRIs, FIIs and foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.
- p) The BRLM and the Company shall intimate the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- q) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before the allotment without assigning reasons therefore. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

#### **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 uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment,

which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt 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, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, 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 to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

### **Signing of Underwriting Agreement and ROC Filing**

- a) The Company, the BRLM, and other Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s)/allotment to the Bidders.
- b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Red Herring Prospectus'. The Red Herring Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

### **Filing of the Prospectus with the ROC**

We will file a copy of the Prospectus with the Registrar of Companies, Mumbai, Maharashtra in terms of Section 56, Section 60 and Section 60B of the Companies Act.

### **Announcement of Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on this Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in an English national daily with wide circulation, one Hindi National newspaper and a regional language newspaper (Marathi) with wide circulation at Maharashtra.

### **Advertisement Regarding Issue Price and Prospectus**

We will issue a statutory advertisement after the filing of this Red Herring Prospectus with the ROC in an English national daily with wide circulation, one Hindi National newspaper and a regional language newspaper (Marathi) with wide circulation at Mumbai. This advertisement, in addition to the information (in the format and containing the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

### **Issuance of Confirmation of Allocation Note (CAN) and Allotment for the Issue**

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
2. The BRLM or members of the Syndicate would dispatch a CAN to their 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 the entire Bid Amount 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.
3. Bidders who have been allocated/allotted 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 realisation of his or her 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 the allotment to such Bidder.

4. The Issuance of CAN is subject to "Allotment Reconciliation and Revised CANs" as set forth under the chapter "Terms of Issue" of this Red Herring Prospectus.

#### **Designated Date and Transfer of Funds to Public Issue Account**

1. We will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within fifteen days of the date of Allotment. Allotment of the Equity Shares to the allottees would be made within two working days of the date of Allotment.
2. As per SEBI Guidelines, 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, as per provisions of the Companies Act and the Depositories Act, rules, regulations and byelaws of the Depositories.
3. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, we will allot the Equity Shares to the Allottees.
4. Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

#### **GENERAL INSTRUCTIONS**

##### **Do's:**

- a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;
- b) Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or non resident Bid-cum-Application Form (blue in colour) as the case may be,
- c) Ensure that you Bid only in the Price Band.
- d) Ensure that the details about your depository participant and beneficiary account are correct as shares will be allotted in the dematerialised form only.
- e) Ensure that the DP account is activated;
- f) Investor must ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the beneficiary account is held with the Depository participant. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the beneficiary 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.
- g) Ensure Bids are submitted only on forms bearing stamp of the Syndicate Member at the Bidding Centres.
- h) Ensure that you have been given a TRS for all your bid options.
- i) Submit Revised Bid to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS.
- j) Submit the Bid with the applicable Margin Amount. Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act and ensure that you have attached copies of your PAN card or PAN allotment letter with the Bid cum Application Form, where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more. In case the PAN has not been allotted, mention "Not allotted" in the appropriate place. and attach a copy of Form 60 or 61 as the case may be, together with permissible documents as address proof.
- k) QIBs shall submit their bids only to the BRLM or Syndicate Members duly appointed in this regard.
- l) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

##### **Don'ts:**

- a) Do not Bid for lower than minimum Bid size.
- b) Do not Bid or revise the Bid to a Price that is less than the floor of the Price Band or higher than the cap of the Price Band.
- c) Do not Bid on another Bid-cum-Application Form after you have submitted the Bid to a Syndicate Member.
- d) Do not Pay Bid amount in cash or by money order or by postal order or by stock invest.
- e) Do not Send Bid-cum-Application Forms by post; instead hand them over to a Syndicate Member only.
- f) Do not Bid at cut off price (for QIB Bidder and Non-Institutional Bidders, for whom the bid amount exceeds Rs. 1 Lac).
- g) Do not Fill up the Bid cum Application Form for an amount that exceeds the issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus
- h) Do not Bid at Bid Amount exceeding Rs 100,000 (for Retail Individual Bidders );
- i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

#### **Instructions for Filling Up the Bid-cum-Application Form**

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the Syndicate Members.

#### **Bids and Revision of Bids**

Bids and revisions to Bids must be:

- a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and eligible NRIs applying on non-repatriation basis and blue colour for Non Residents including eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis.
- b) Made in 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 herein, 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) For Retail Individual Bidders, the Bids must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter subject to a maximum Bid amount of Rs. 1 Lac.
- e) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity shares that the Bid amount exceeds Rs. 100,000 and in multiples of 50 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.
- f) Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a magistrate or a notary public or a special executive magistrate under official seal.

#### **Bidder's Bank Account Details**

Bidders should 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 Depository the Bidders bank account details.

These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit or ECS. 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 to Bidders at the Bidders sole risk and neither the BRLM nor the Bank shall have any responsibility and undertake any liability for the same.

#### **Bidder's Depository Account Details**

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP-ID NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. **INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.** IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, DP's name, Depository Participant-Identification Number and Beneficiary Account Number will be provided by them in the Bid cum application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (herein after referred to as Demographic Details.) 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 to Bidders at the Bidders sole risk and neither the BRLM, nor the Company shall have any responsibility and undertake any liability for the same.**

These Demographic Details would be used for all correspondence with the bidders including mailing of the refund orders/CANS/Allocation Advice and printing of Bank particulars on the refund order and the demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their DPs.

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 the records.

Refund orders / Allocation Advice / CANS would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice 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 Bidders' sole risk and neither Bank 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 match three parameters, namely names of the Bidders (including the order of names of joint holders), the DP's identity and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANS/allocation advice or refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the depositories.

#### **Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Investors registered with SEBI on a repatriation basis**

Bids and revision to Bids must be made:

1. 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.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details)
3. By eligible NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Individual

Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation;

4. By other eligible non-resident Bidders for a minimum of such number of Equity Shares and in multiples of 50 thereafter such that the Bid Price exceeds Rs. 100,000.
5. By FIIs /FVCIs registered with SEBI – for a minimum of such number of Equity Shares and in multiples of 50 thereafter that the Bid Amount exceeds Rs. 100,000.
6. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
7. 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.

We do not require approvals from FIPB or RBI for the Issue of Equity Shares to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

#### **Bids under Power of Attorney**

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney 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 lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

#### **Bids made by Insurance Companies**

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified true copy of the certificate of registration issued by with the Insurance Regulatory and Development Authority must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof

#### **Bids made by Provident Funds**

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified true copy of a certificate from a chartered accountant, certifying the corpus of the provident fund/pension fund must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

#### **Bids made by Mutual Funds**

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and



foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions that the Company/the BRLM may deem fit.

#### **Bids and revision to Bids must be made:**

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).
- **By NRIs** – For a minimum of 50 Equity Shares and in multiples of 50 thereafter subject to a maximum Bid amount of Rs.1,00,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs.1,00,000 would be considered under Non Institutional Category for the purposes of allocation. For further details see “Maximum and Minimum Bid Size” on page no. 298 of this Red Herring Prospectus.
- **By FIIs** – for a minimum of such number of Equity Shares and in multiples of 50 that the Bid Amount exceeds Rs. 1,00,000. For further details see section titled “Maximum and Minimum Bid Size” on page no. 298
- In the names of individuals or in the names of FIIs or in the names of FVCIs, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCBs.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

We do not require approvals from FIPB or RBI for the transfer of Equity Shares in this Issue to eligible NRI's, FIIs, FVCIs registered with SEBI and multilateral and bilateral institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non-Residents, NRIs, FIIs and FVCIs and all Non-Residents, NRIs, FIIs and FVCIs applicants will be treated on the same basis with other categories for the purpose of allocation.

#### **PAYMENT INSTRUCTIONS**

We shall open an Escrow Accounts of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/allotment in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

##### **Payment into Escrow Account of the Company**

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member(s) of the Syndicate.
2. In case the above margin amount paid by the Bidders during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by

the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.

3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
  - In case of Resident Retail and Non Institutional Bidders: "Escrow Account – Aries Public Issue - R"
  - In case of Non-Resident Retail and Non Institutional Bidders: "Escrow Account – Aries Public Issue - NR"
  - In case of Resident QIB Bidders: "Escrow Account – Aries Public Issue – QIB -R"
  - In case of Non-Resident QIB Bidders: "Escrow Account – Aries Public Issue – QIB - NR"
4. In case of Bids by eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) account of a Non-Resident bidder bidding on a 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 Account.
5. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made out of a NRO Account.
6. In case of Bids by FIIs, FVCIs registered with SEBI and the ,multilateral and bilateral financial institutions the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of the Company.
8. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the public issue account with the Bankers to the Issue.
10. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders
11. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stock invest/Money Orders/Postal orders will not be accepted

#### **Payment by Stockinvest**

In terms of RBI circular no. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003; the option to use the Stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through Stock invest has been withdrawn.

#### **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 Syndicate Member at the time of submitting the Bid-Cum Application Form.



No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

## OTHER INSTRUCTIONS

### Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his/her address.

### Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole/First Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple masters.
2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of 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. Application with the same name and same address will be treated as multiple applications.
4. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.
5. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also fathers/husbands names. On completion of this, the applications will be identified as multiple applications

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The BRLM reserve the right to reject, in their absolute discretion, all or any of the multiple Bids in any or all categories.

### Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.**

Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has

mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address:

- a) Ration Card
- b) Passport
- c) Driving License
- d) Identity Card issued by any institution
- e) Copy of the electricity bill or telephone bill showing residential address
- f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address
- g) Any other documentary evidence in support of address given in the declaration.

It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.

#### **UNIQUE IDENTIFICATION NUMBER - MAPIN**

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular bearing number MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of this Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

#### **OUR RIGHT TO REJECT BIDS**

We and the members of the Syndicate reserve the right to reject any Bid without assigning any reason thereof in case of QIBs provided the reasons for rejecting the same shall be provided to such bidders in writing. In case of Non Institutional Bidders and Retail Bidders, the Company would have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

#### **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected on *inter-alias*, the following technical grounds:

- 1) Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for,
- 2) Bank account details (for refund) are not given;
- 3) Age of First Bidder not given;
- 4) 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;
- 5) Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- 6) PAN photocopy/PAN communication/Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
- 7) GIR number furnished instead of PAN;
- 8) Bids for lower number of Equity Shares than specified for that category of investor;

- 9) Bids at a price less than the floor of the Price Band or higher than the cap of the Price Band,
- 10) Bids at cut-off price by a QIB bidder or a Non Institutional Bidder, whose bid amount exceeds Rs. 100,000;
- 11) Bids for number of Equity Shares, which are not multiples of 50;
- 12) Category not ticked;
- 13) Multiple Bids;
- 14) In case of Bid under Power of Attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- 15) Bids accompanied by Stockinvest/ money order/ postal order/ cash;
- 16) Signature of sole and / or joint Bidders missing;
- 17) Bid-cum-Application Form does not have the stamp of the member of the Syndicate;
- 18) Bid-cum-Application Form does not have the Bidder's depository account details;
- 19) Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;
- 20) In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- 21) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- 22) Bids by OCBs or
- 23) Bids by person who is not eligible to acquire Equity shares of our Company in terms of all applicable laws, rules, regulations, guidelines and approvals.
- 24) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure – Bids at Different Price Levels" beginning on page 299 of this Red Herring Prospectus
- 25) Bids by U.S. persons other than entities that are both "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act, 1933 and "qualified purchasers" under the Investment Companies Act;
- 26) Bids by QIBs not submitted through members of the Syndicate;

## **Basis of Allotment**

### **A. For Retail Individual Bidders:**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 15,75,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 15,75,000 Equity Shares at or above the Issue

Price, the allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares and in multiples of one equity shares thereafter. The method of proportionate basis of allotment is stated below.

#### **B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allotment to QIBs Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 6,75,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 6,75,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares and in multiples of one equity shares thereafter. The method of proportionate basis of allotment is stated below.

#### **C. For QIB Bidders**

- 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.
- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - 1) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
    - a) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - b) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
    - c) 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;
  - 2) In the second instance allotment to all QIBs shall be determined as follows:
    - a) The number of Equity Shares available for this category shall be the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.
    - b) The subscription level for this category shall be determined based on the overall subscription in the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.
    - c) Based on the above, the level of the subscription shall be determined and proportionate allocation to all QIBs including Mutual Funds in this category shall be made.

The aggregate allotment to QIB Bidders shall be upto 22,50,000 Equity Shares.

**Under-subscription**, if any, in any category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLM.

The BRLM, Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of allotment is finalized in a fair and proper manner in accordance with SEBI Guidelines. The drawal of lots (where

required) to finalise the basis of allotment, shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

### **Procedure and Time Schedule for Allotment of Equity Shares**

The Syndicate Members have the right to reject the Bid received from QIB at the time of receipt of the Bids. However, the Syndicate Members shall disclose the reasons for not accepting the Bid to the Bidder. In case of Non- Institutional Bidders and Retail Individual Bidders, the Company has a right to reject bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure allotment/transfer of the Equity Shares within 15 days from the Bid/Issue Closing Date, and the Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

### **Method of Proportionate Basis of Allotment**

In the event of the Issue being over-subscribed, the Company shall finalize the basis of allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM, and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

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

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the oversubscription ratio.
- d) In all Bids where the proportionate allotment is less than 50 Equity Shares per Bidder, the allotment shall be made as follows:
  - Each successful Bidder shall be allotted a minimum of 50 Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- e) If the proportionate allotment to a Bidder is a number that is more than 50 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares. The basis of allocation on a proportionate basis shall be finalised in consultation with the Designated Stock Exchange.

### **EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

In terms 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 electronic mode.)

In this context, the following two tripartite agreements have been signed between (Registrars of the Company), the Depositories and the Company:

- a) An Agreement dated 23<sup>rd</sup> May, 2007 among NSDL, the Company and the Registrar to the Issue.
- b) An Agreement dated 22<sup>nd</sup> May, 2007, among CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
- 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/transferred to a 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 depository account of the Bidders).
- e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form.
- f) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- g) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
- h) The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the dematerialized segment of the respective Stock Exchanges.

## **COMMUNICATIONS**

All future communications in connection with Bid made in the Issue should be addressed to the Registrars to the Issue quoting full name of the sole/first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch alongwith details of Depository Participant, where the Bid-cum-Application was submitted and cheque /draft number and issuing bank thereof.

## **PRE-ISSUE AND POST ISSUE RELATED PROBLEMS**

Investors can contact the Compliance Officer Mr. S Ramamurthy, Chief Finance Officer and/or the Registrar to the Issue Aarthi Consultants Private Ltd. in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

### **Address of the Compliance Officer:**

Mr. S Ramamurthy, CFO  
**Aries Agro Limited**  
Aries House, Plot No.24,  
Deonar, Govandi (East),  
Mumbai 400 043  
Tel No: +91 22 25564052/53  
Fax No: +91 22 2556 4054/2550 2753  
e-mail: investorrelations@ariesagro.com  
Website: www.ariesagro.com

**Address of the Registrar:**

Mr. G. Bhaskar  
**Aarthi Consultants Private Limited**  
1-2-285, Domalguda,  
Hyderabad – 500 029  
Tel : +91-40-27634445 / 27642217  
Fax: +91-40-27632184  
E-mail: aries@arthiconsultants.com  
Website: www.arthiconsultants.com

**DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY**

The Company shall ensure dispatch of allotment advice, transfer advice or 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 working days of date of finalisation of allotment of Equity Shares. The Company shall dispatch refund above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.

The Company shall put in its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Refunds will be done within 15 days from the Bid/Issue Closing Date at the sole or First Bidder's sole risk and
- The Company shall pay interest @15% per annum 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, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from Bid/Issue Closing Date.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by 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 where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the record of the Bidder.

**MODES OF REFUND**

The Company shall make refunds to applicants using the following modes :

- a. In case of applicants residing in any of the centres specified by SEBI, the refunds shall be credited to the bank accounts of applicants through electronic transfer of funds by using Electronic Clearing Service (ECS) Direct Credit, Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT), as is for the time being permitted by the Reserve Bank of India.
- b. In case of other applicants – by dispatch of refund orders by registered post , where the value is Rs. 1500/- or more, or under certificate of posting in other cases, ( subject however to postal rules) and



- c. In case of any category of applicants specified by SEBI- crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by SEBI from time to time.

#### **DISPATCH OF REFUND ORDERS**

**The Company shall make refunds to applicants in case of over subscription using the following modes.**

- a. In case of applicants not residing in any of the centres specified by the SEBI, the refunds shall be credited to the bank accounts of applicants through electronic transfer of funds by using Electronic Clearing Service (ECS) Direct Credit, Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT), as is for the time being permitted by the Reserve Bank of India.
- b. In case of other applicants – by dispatch of refund orders by registered post , where the value is Rs. 1500/- or more, or under certificate of posting in other cases, (subject however to postal rules) and
- c. In case of any category of applicants specified by SEBI- crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by SEBI from time to time.

#### **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.”

#### **Interest in case of delay in dispatch of allotment letters/refund orders**

The Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of Public Issue. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been 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 to the clearing system in the disclosed manner) within 15 days from the date of the closure of the Issue.

However, applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscription requirement shall not be entitled for the said interest.

Refund orders shall be payable at par at all centres where Bidding terminals were set up to receive Bids from Bidders.

#### **UNDERTAKINGS BY THE COMPANY**

The Company undertakes as follows:

- a) that the complaints received in respect of this Issue shall be attended by us expeditiously and satisfactorily;
- b) that all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are to be listed within seven working days of finalization of the basis of allotment;
- c) adequate funds required for making refunds to the unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Company.
- d) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, as the case may be, giving details of the



bank where refunds shall be credited along with the amount and expected date of electronic credit of refund

- e) that the refund orders or allotment advice to the successful bidders shall be despatched within specified time; and
- f) that no further Issue of Equity Shares shall be made until the Equity Shares issued through this Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under subscription, etc.

#### **UTILIZATION OF ISSUE PROCEEDS**

The Board of Directors of the Company certifies that:

- a) All monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- b) Details of all monies utilized out of the Fresh Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- c) Details of all unutilized monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.
- d) The Company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received.

Pending utilization for the purposes described above, the company intends to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, bank deposits and similar securities

#### **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investments.

#### **Subscription by NRIs/ FIIs**

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs, FIIs foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis as other categories for the purpose of allocation.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

#### **As per the current regulations, the following restrictions are applicable for investments by FIIs:**

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account

shall not exceed 10% of our total issued capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual.

With the approval of the board of directors and the shareholders by way of a special resolution, the aggregate FII holding limit may be increased to 100%.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15(A)(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. 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.

## SECTION IX : MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

The regulations contained in Table 'A' in Schedule I of the Companies Act shall not apply to our Company, except in so far as the same are repeated, contained or expressly made applicable in the Articles or by the said Act. The main provisions of the Articles of Association of our Company are detailed below.

The Articles of Association, which were adopted on 27.11.1969 and amended on 16.06.2006 contain, inter alia, the following provisions (capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association):

### INCREASE AND REDUCTION OF CAPITAL

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| Increase of Capital by the Company, and how carried into effect | 5. The Company in General Meeting may from time to time, by resolution increase the capital by creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with or without a right of voting at General Meetings of the Company in conformity with Sections 86 and 87 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act. |
| New capital same as existing capital                            | 6. 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 and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.  |
| Issue of shares with differential rights                        | 7. Except so far as otherwise provided by the conditions of the issue, the Company may subject to the provisions of Section 86, of the Act, issue from time to time, such Equity Shares, with or without voting rights, or with differential rights as regards to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed.  |
| Reduction of Capital  | 8. The Company may (subject to the provisions of Sections 78, 80 and 100 to 105 of the Act) from time to time, by resolution, reduce its capital, any Capital Redemption Reserve Account and Share Premium Account in any manner for the time being authorised by law, and, in particular, capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power that the Company would have if it were omitted.   |
| Sub-division consolidation and cancellation of shares           | 9. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided or consolidated may determine that, as between the holders of the shares resulting from such sub-division or consolidation, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid, the Company in General Meeting by resolution may also cancel shares, which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.  |
| Powers to issue share warrants                                  | <b>SHARE WARRANT</b><br>10. The Company may issue share warrant subject to, and in accordance with, the provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board from time to time, requires as to identity of the person signing the application on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant  |

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| Deposit of share warrant                                   | <p>(a) The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposits, as if his name was inserted in the register of members as the holder of the share included in the deposited warrant.</p> <p>Not more than one person shall be recognized as depositor of the share warrant. The Company shall, on two days' written notice, return the deposited share warrant to the depositor.</p>   |
| Bearer of share warrants to entitle for certain rights etc | <p>12. (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notices from the Company.</p> <p>(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holders of the Share included in the warrant and he shall be a member of the Company.</p>  |
| Issue of new share warrants or coupon                      | <p>13. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.</p>  |
| Register and Index of Members                              | <p><b>REGISTERS</b></p> <p>14. (a) The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act and the Depositories Act, 1996. The details of shares held in physical and dematerialised forms may be maintained in a media as permitted by law including in any form of electronic media.</p> <p>(b) Notwithstanding anything contained in the Act or these Articles, where Securities are held by a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs or any such other means.</p> <p>(c) Every depository shall maintain a register and an Index of beneficial owner provided in Sections 150, 151 and 152 of the Act.</p> <p>(d) The Register and index of Beneficial Owners maintained by a depository under Section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of Members for the purposes of the Act and these Articles.</p>  |
| Branch Register of Members and Security holders            | <p>15. The Company shall be entitled to keep in any state or country outside India a branch Register (foreign register) of Members and security holders resident in that state or country.</p>  |
| Further issue of capital                                   | <p><b>SHARE AND CERTIFICATES</b></p> <p>17. (a) The Board may, at any time increase the subscribed capital of the company by issue or allotment of further shares, whether out of unissued share capital or out of increased share capital, then, such further shares shall be offered to the persons who at the date of the offer, are holders of the Equity Shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on these shares at that date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose them of in such manner as they think most beneficial to the Company.</p> <p>(b) Notwithstanding anything contained in sub-clause (a) hereof, the further shares aforesaid may be offered to any persons (whether or not these persons include the persons referred to in clause (a) hereof) in any manner whatsoever:-</p> <p>(i) if a special resolution to that effect is passed by the Company in General Meeting; or</p> <p>(ii) where no such special resolution 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 that General Meeting (including the casting vote, if any,</p> |

of the Chairman) by Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(c) Notwithstanding anything contained in sub-clause (a) above, but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares, in the Company.

Power also to  
Company in  
General Meeting  
to issue shares

18. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 17 and 21, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether a Member or not), in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

Directors may allot  
shares for  
consideration other  
than cash.

19. Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the capital of the Company as payment or part payment for any property or assets of any kind whatsoever (including goodwill of any business) sold or transferred, goods or machinery or know how supplied or for services rendered to the company or the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than in cash.

Powers to issue  
shares outside  
India

20. (a) Pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, permissions and sanctions as may be necessary from the Government of India, Reserve Bank of India and/or any other authorities or institutions as may be relevant (hereinafter collectively referred to as "the Appropriate Authorities") and subject to such terms and conditions or such modifications thereto as may be prescribed by them in granting such approvals, permissions and sanctions, the Company will be entitled to issue and allot in the international capital markets, Equity Shares and/or any instruments or securities (including Global Depository Receipts) representing Equity Shares, any such instruments or securities being either with or without detachable Warrants attached thereto entitling the Warrant holder to Equity Shares/instruments or securities (including Global Depository Receipts) representing Equity Shares, (hereinafter collectively referred to as "the Securities") to be subscribed to in foreign currency / currencies by foreign investors (whether individuals and/or bodies corporate and/or institutions and whether shareholders of the Company or not) for an amount, inclusive of such premium as may be determined by the Board. Such issue and allotment to be made on such occasion or occasions, at such value or values, at a discount or at a premium and in such form and manner and on such terms and conditions or such modifications thereto as the Board may determine in consultation with Lead Manager and/or Underwriters and/or Legal or other Advisors, or as may be prescribed by the Appropriate Authorities while granting their approvals, permissions and sanctions as aforesaid which the Board be and is hereby authorized to accept at its sole discretion.

(b) Subject to the rights of the holders of any other shares issued under Article 20(a) entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the 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.

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| Shares under Control of Directors                            | 21. Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors, who may issue, allot or otherwise dispose of the same to such persons in such proportion, on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit.  |
| Return of Allotment  | 22. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.   |
| Board power to Demat or Remat shares                         | 23. Notwithstanding anything contained in the Act or these Articles, the Board of Directors are empowered without any prior sanction of the members to dematerialise and rematerialise the securities of the Company and issue/allot fresh securities in dematerialised form. The Board of Directors is also empowered to determine the terms and conditions thereof pursuant to the provisions of the Depositories Act, 1996 and Rules framed there under.  |
| Redeemable Preference Shares                                 | 24. (a) Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are, or at the option of the Company are liable, to be redeemed.   |
| Cumulative Convertible Preference Shares                     | (b) The Company subject otherwise to the provisions of Section 80 and 80A of the Act and the guidelines of the Government of India in that behalf, shall have the power to issue Cumulative Convertible Preference Shares or any similar kind of Preference Shares as may be permitted by law.<br>(c) The resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.  |
| Provisions to apply on issue of Redeemable Preference Shares | 25. On the issue of the Redeemable Preference Shares under the provisions of Article 18 hereof, the following provisions shall take effect: -<br><br>(a) 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;<br>(b) no such shares shall be redeemed unless they are fully paid;<br>(c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed;<br>(d) 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. |
| Modification of rights                                       | 26. Whenever the capital, by reason of the issue of equity shares with or without differential rights, Preference Shares or any other securities or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be varied with the consent in writing of holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate General Meeting of the holders of the issued shares of that class and all the provisions hereinafter contained as to General Meeting shall, mutates mutandis, apply to every such meeting. This article is not to derogate from any power of the company would have if these articles were omitted.   |
| Acceptance of shares   | 27. Any 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 purposes of these Articles be a Member.   |



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| Deposit and call etc. to be a debt payable immediately | 28. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Member 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.   |
| Liability of Members                                   | 29. Every Member, or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.  |
| Share Certificates                                     | 30. (a) Every Member or allottee of shares shall be entitled, without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of the letter of allotment or the fractional coupons of requisite value, save in case of issues against letters of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors, or persons acting on behalf of the Directors under a duly registered power of attorney, and the Secretary or some other person appointed by the Board for the purpose, and the two Directors or their attorneys and the Secretary or some other persons shall sign the share certificate: PROVIDED THAT if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or a Whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue. For any further certificate the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding Rupee two or such sums as prescribed under the Act. The Company shall comply with the provisions of Section 113 of the Act. |
| Renewal of Share Certificates                          | 31. (a) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfers have been duly utilised, unless the certificate in lieu of which it is issued is surrendered to the Company.   |
| Joint holders  | 32. (a) Where two or more persons are registered as the holders of any share, they shall be deemed to hold the same jointly with benefits of survivorship subject to the following and other provisions contained in these Articles.<br>(b) The Company shall be entitled to decline to register more than four persons as the holders of any share.<br>(c) The joint holders of any share shall be liable, severally as well as jointly, for and in respect of all calls and other payments which ought to be made in respect of such shares.<br>(d) On the death of any such joint holder, the survivor or survivors or the nominee appointed by the joint holder shall be the only person or persons recognised by the Company as having any title to the share, but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of the deceased joint holder from any liability on shares held by him jointly with any other person.<br>(e) Any one of such joint holders may give effectual receipts for any dividends or other moneys payable in respect of such share.<br>(f) Only the person whose name stands first in the Register of Members as one of the joint holders of any shares shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company, and any notice given to such person shall be deemed proper notice to all joint holders.  |

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|  | <p>(g) Any one of two or more joint holders may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto, and if more than one of such joint holders be present at any meeting personally or by proxy, the holder whose name stands first or higher (as the case may be) on the Register of Members in respect of such share shall alone be entitled to vote in respect thereof:</p> <p>PROVIDED always that a member present at any meeting personally shall be entitled to vote in preference to a person present by proxy.</p>  |
| Company not bound to recognise any interest in shares other than that of registered holder | <p>33. Except as ordered by a court of competent jurisdiction or as required by law, the Company shall not be bound to recognise any, equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof; but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.</p>  |
|  | <p><b>BUY BACK OF THE SHARES/SECURITIES OF THE COMPANY</b></p>   |
| Funds etc. of Company may not be applied in purchase of shares of the Company              | <p>34. The Company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company except in conformity with the provisions of Section 77 of the Act.</p>   |
| Purchase of Own Securities   | <p>35. The Company shall have power, subject to the provisions of Sections 77A, 77AA, 77B and other applicable provisions of the Act, to purchase any of its equity shares or other specified securities as may be permitted by law on such terms, conditions and in such manner as may be prescribed by law from time to time in respect of such purchase.</p>  |
|  | <p><b>UNDERWRITING AND BROKERAGE</b></p>   |
| Commission for Share and Debentures or securities  | <p>36. Subject to the provisions of Section 76 of the Act and guidelines issued by SEBI, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or securities in or debentures of the Company, but so that the commission shall not exceed in the case of shares, five per cent of the price at which the shares or securities are issued, and in the case of debentures, two and a half per cent of the price at which the debentures are issued or at such rates as may be fixed by the Board within the overall limit prescribed under the Act or Securities and Exchange Board of India Act, 1992. Such commission may be satisfied by payment in cash or by allotment of fully or partly paid shares, securities or debentures or partly in one way and partly in the other.</p> |
| Brokerage  | <p>37. The Company may also, on any issue of shares, securities or debentures, pay such brokerage as may be lawful.</p>  |
|  | <p><b>INTEREST OUT OF CAPITAL</b></p>  |
| Interest may be paid out of capital  | <p>38. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.</p>  |
|  | <p><b>CALLS</b></p>  |



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| Directors may make calls  | <p>39. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by resolution by circulation) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and which are not, by the conditions of the allotment, made payable at fixed times and each member shall pay the amount of every call so made on him to the company or where payable to the person or persons and at the times and places appointed by the Board. A call may be made payable by instalments.</p>   |
| Company to have lien on shares                                    | <p><b>LIEN</b></p> <p>50. The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the condition that Article 33 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. The Directors may at any time declare any shares to be exempt, wholly or partially from the provisions of this Articles.</p>   |
| Enforcing lien by sale  | <p>51. For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as the Directors shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their number to execute a transfer thereof in favour of purchaser and the purchaser shall be registered as the holder of the shares comprise in any such transfer. No sale shall be made unless the sum in respect of which the lien exists is present payable and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators or his committee or his representative as the case may be 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. Upon issue of a duplicate certificate or certificates, the certificate or certificates originally issued shall stand cancelled and become null and void and of no effect.</p> |
| Application of proceeds of sale                                   | <p>52. 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 at the date of the sale.</p>  |
| Money payable on shares if not paid notice to be given to Members | <p><b>FORFEITURE OF SHARES</b></p> <p>53. If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same 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.</p>   |
| Form of Notice  | <p>54. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest thereon at such rate as the Directors shall determine from the day on which such call or instalment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.</p>  |
| Default of payment, shares to be forfeited                        | <p>55. If the requirements of any such notice as aforesaid are not complied with, every or any share in respect of which such notice has been given may, at any time thereafter, but before payment of all calls or instalments, interest, expenses and other moneys due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.</p>  |

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| Notice of forfeiture to a Member  | 56. When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.  |
| Forfeited share to be property of the Company and may be sold, etc.           | 57. Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.   |
| Member still liable to pay calls owing at the time of forfeiture and interest | 58. Any member whose shares have been forfeited shall, notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company, on demand, all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine, and the Board may enforce the payment thereof, if it thinks fit.  |
| Effect of forfeiture  | 59. The forfeiture of a share shall involve extinction, of all interest in and of all claims and demands against the Company of the Member in respect of the share and all other rights of the Member incidental to the share, except only such of those rights as by these Articles are expressly saved.  |
| Evidence of forfeiture  | 60. A declaration in writing that the declarant is a Director or Secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration, and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares, and the person to whom the shares are sold shall be registered as the holder of such shares and shall not be bound to see to the application of the purchase money, nor shall his title to such shares be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition. |
| Validity of sale under Articles 51 and 57                                     | 61. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares 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 in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.   |
| Cancellation of share certificates in respect of forfeited shares             | 62. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.  |
| Power to annul forfeiture   | 63. The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit. The provisions of Articles 29 to 52 shall apply mutatis mutandis to debentures.  |
| Surrender of shares   | 64. The Director may, subject to the provisions of the Act accept a surrender of any share from or by member desirous of surrendering them on such terms as they think fit.  |
| Provisions to apply to debentures   | 65. The provisions of Articles 39 to 64 shall apply mutatis mutandis to debentures.  |
| Register of Transfers   | <p><b>TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES</b></p> <p>66. (a) The Company shall maintain a Register of Transfers and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share or debenture.</p>   |

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|   | <p>(b) The company shall not be required to maintain Register of Transfers for entering particulars of transfer and transmission of securities in dematerialised form.</p> <p>(c) Register of Transfer may be maintained in a media as permitted by law including in any for of electronic media.</p>  |
| Form of transfer  | <p>67. (a) The instrument of transfer shall be in writing and in the usual common form of transfer as prescribed under Companies (Central Government's) General Rules and Forms, 1956 or any statutory amendments thereof. All the provisions of Section 108 of the Act shall be duly complied with in respect of all transfers and of the registration thereof. The Company shall not charge any fee for registration of a transfer of shares or debentures.</p> <p>(b) Notwithstanding anything contained in these Articles, in the case of transfer or transmission of Securities where the Company has not issued any certificates and where such Securities are being held in an electronic and fungible form by a Depository, the provisions of the Depositories Act, 1996 shall apply.</p>  |
| Instrument of Transfer to be completed and presented to the Company | <p>68. (a) The Instrument of Transfer duly stamped (if required to be stamped) and executed by the transferor and the transferee shall be delivered to the Company in accordance with the provisions of the Act. The Instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. Any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same.</p> <p>(b) Every depository shall, on receipt of intimation from a participant, register the transfer of security in the name of the transferee.</p> <p>(c) Nothing contained in section 108 of the Companies Act or the Articles which are inconsistent with the provisions of Depositories Act, 1996 shall apply to a transfer of shares effected by a transferor or transferee both of whom are entered as beneficial owners in the records of a depository.</p>   |
| Transferor deemed to be holder                                      | <p>69. The transferor shall be deemed to be the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.</p>   |
| No transfer to Insolvent  | <p>70. No transfer shall be made to a person of unsound mind or to an insolvent. No share other than fully paid share shall in any circumstances be transferred to any minor.</p>  |
| Closure of Register of Members or Debenture holders                 | <p>71. The Directors shall have power, on giving seven days' previous notice by advertisement as required by Section 154 of the Act, to close the transfer books, Register of Members or Register of Debenture holders of the Company for such period of time not exceeding in the whole 45 days in each year (but not exceeding 30 days at a time) as they may determine.</p>   |
| Directors' powers to refuse to register a transfer                  | <p>72. Subject to the provisions of Section 111A of the Act, the Directors may at their absolute and uncontrolled discretion and without assigning any reason decline to register any transfer of shares to a person of whom they do not approve notwithstanding that the proposed transferee is already a member of the Company and may also decline to register any transfer of shares on which the Company has a lien. The Directors may decline to recognise any instrument of transfer unless it is accompanied by the certificate of shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. If the Directors refuse to register a transfer of any shares, they shall within two month after the date on which the transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal. Registration of a transfer shall not be refused on the ground of the transferor being either or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Company has exercised its right of lien on the shares.</p> |

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| Directors to recognise beneficial owners of securities | <p>73. (a) Notwithstanding anything contained in the Act or in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Securities on behalf of a Beneficial Owner. Save as otherwise provided hereinabove, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it, and the Beneficial Owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of its Securities held by a Depository.</p> <p>(b) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the Securities in the records of the Depository as the absolute owner thereof and accordingly the Company shall not be bound to recognise any benami, trust or equitable, contingent, future or partial interest in any Security or (except otherwise expressly provided by the Articles) any right in respect of a Security other than an absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall have express or implied notice thereof.</p> |
| Title to shares of deceased holder                     | <p>74. Subject to Provisions of Article 76 hereof, the executors or administrators of a deceased Member or the holder of a Succession Certificate in respect of the shares of a deceased Member (not being one of two or more joint holders) shall be the only persons whom the Company will be bound to recognise as having any title to the shares registered in the name of such Member, and the Company shall not be bound to recognise such executors or administrators or holders unless such executors, administrators or holders shall have first obtained probate or Letters of Administration or Succession Certificate as the case may be, from a duly constituted Court in India: PROVIDED THAT the Directors may, at their absolute discretion dispense with production of Probate, Letters of Administration or Succession Certificate upon such terms as to indemnity or otherwise as they think fit and may enter the name of the person who claims to be absolutely entitled to the shares standing in the name of a deceased Member, as a Member. The Company shall not charge any fee for registration of any Power of Attorney, Probate, Letters of Administration or similar document.</p>  |
| Transmission Clause                                    | <p>75. Any person becoming entitled to any share in consequence of the death, lunacy or insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Directors (which they shall be under no obligation to give) and upon producing such evidence that he sustains the character in respect of which he proposes to act under this article or of his title as the Directors may require, and upon giving such indemnity as the Directors may require, either be registered as a Member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a Member in respect of such shares: PROVIDED THAT if such persons shall elect to have his nominee registered, he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with these Articles, and until he does so he shall not be freed from any liability in respect of such shares.</p>   |
| Nomination by Shareholder/debentureholder              | <p>76. On the death of a shareholder / debenture holder of the Company, the Company shall confer the shares/debentures or interest of the deceased shareholder/debentureholder to a person or persons nominated by the shareholder / debenture holder in accordance with the Rules framed by the Board of Directors or if no such person is nominated as may appear to the Board of Directors, to the heir, legal Representative of the deceased shareholder / debenture holder. Provided that such nominee or heir or legal representative of the deceased as the case may be is or duly admitted as a shareholder / debenture holder of the Company in accordance with the provisions herein contained shall be valid and effective against any demand made upon the company by any other person.</p> <p>Nomination and Transmission of shares and debentures will be governed by the provisions of Section 109A and 109B of the Act as amended from time to time.</p>   |
| Nomination regulations to apply to deposits            | <p>77. The provisions of the Article No. 76 shall apply mutatis mutandis to a deposit of money made with the Company as per Section 58A of the Act</p>   |
| Refusal to register in case of transmission            | <p>78. The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in the case of a transfer of shares presented for registration.</p>   |

The Company is not liable for disregard of notice prohibiting registration of transfer

79. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purported to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred to it in any book, or attended or given effect to any notice which may have been given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

Rights of successors

80. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a Member in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company: PROVIDED THAT the Directors shall, at any time, give notice requiring any such person to elect either to be registered himself/ herself or to transfer the shares, and if the notice is not complied within ninety days, the Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares until the requirements of the notice have been complied with.

#### **COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS**

Copies of Memorandum and Articles of Association to be sent by the Company

81. Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every Member at his request within seven days of the request on payment of the sum of Rupee one for each copy or on payment of such other sums as prescribed under the Act.

#### **BORROWING POWERS**

Borrowing powers

82. Subject to the provisions of Sections 292 and 293 and other applicable provisions of the Act, the Board of Directors may, from time to time at its discretion, by resolution at a meeting of the Board, accept deposits from Members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company. Provided however, where the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such moneys without the consent of the Company in General Meeting.

Payment or repayment of borrowed money

83. Subject to the provisions of Article 82, the payment and repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, by resolutions passed at a meeting of the Board and in particular, by the issue of bonds, debentures or debenture stock of the Company either unsecured or secured by a mortgage or charge over all or any part of the property of the Company (both present and future) including its uncalled capital for the time being, and debentures, debenture stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.



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| Indemnity may be given                             | 84. If the Directors or any one of them, the Managing Director or wholetime time Director or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or the Managing Director or whole time Director or person so becoming liable as aforesaid from any loss in respect of such liability, and may pay to such Directors or the Managing Director or whole time Director or such persons guaranteeing commission at such rate as may be fixed by the Board on the maximum amount guaranteed as may be agreed by him or them with the Board. |
| Terms of issue of Debentures                       | 85. 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 and attending (but not voting) at General Meetings, 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 General Meeting accorded by a special resolution.   |
| Register of Mortgages etc. to be kept              | 86. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company; and shall cause the requirements of Sections 118, 125, and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with, so far as they are required to be complied with by the Board.  |
| Register and Index of Debenture holders            | 87. (a) The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any State or country outside India a branch Register of Debenture holders resident in that State or country.<br>(b) The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of Debenture-holders for the purposes of the Act and these Articles.   |
| Shares may be converted into stock                 | <b>CONVERSION OF SHARES INTO STOCK AND RECONVERSION</b><br>88. The Company in General Meeting may convert any paid-up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations, as and subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid-up shares of any denomination.   |
| Rights of stock holders                            | 89. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.  |
| Annual General Meeting                             | <b>MEETINGS OF MEMBERS</b><br>90. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year.   |
| Extra Ordinary General Meeting                     | 91. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.   |
| When Annual General Meeting to be held             | 92. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year: PROVIDED THAT not more than fifteen months shall elapse between the date of the one Annual General Meeting and that of the next.  |
| Documents to be laid at the Annual General Meeting | 97. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts) and the Register of Directors' Shareholdings which shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.  |

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| Filing of Annual Return                                      | 98. The Board shall cause to be prepared the Annual Return, 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.  |
| Extraordinary General Meeting                                | 99. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall also do so upon a requisition in writing by a Member or Members holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.  |
| Quorum at General Meeting                                    | 109. Five members present in person shall be a quorum for a General Meeting.  |
| Quorum if not present, meeting to be dissolved or adjourned  | 110. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if convened by or upon the requisition of Members, shall stand dissolved, but in any other case, the meeting shall stand adjourned to the same day in the next week or, if that day is a public holiday, until the next succeeding day which is not a public holiday, at the same time and place, or to such other day and at such other time and place in the city or town in which the Office of the Company is for the time being situate, as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the Members present shall be a quorum, and may transact the business for which the meeting was called. |
| Chairman of General Meeting                                  | 111. The Chairman (if any) of the Board of Directors or in his absence the Vice-Chairman (if any) and in his absence the Managing Director (if any) of the Company shall be entitled to take the Chair at every General Meeting whether Annual or Extraordinary. If at any meeting such Chairman shall not be present within fifteen minutes of the time appointed for holding such meeting, or if such Chairman shall be unable or unwilling to take the Chair then the Directors present shall elect one of their number to be the Chairman of the Meeting and if no Director be present or if all the Directors present decline to take the Chair, then the Members present shall elect one of their number to be Chairman.  |
| Poll to be taken, if demanded                                | 116. If a poll is demanded as aforesaid, the same shall, subject to Article 95 be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the city or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.   |
| Scrutineers at poll  | 117. 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. One of the scrutineers so appointed 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. The Chairman shall have the power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.  |
| Cases when poll to be taken without adjournment              | 118. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.   |
| Demand for poll not to prevent transaction of other business | 119. The demand for a poll except on the questions of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.  |
| Chairman's Casting vote                                      | 120. In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any) have a second or a casting vote in addition to the vote or votes to which he may be entitled.   |

#### **POSTAL BALLOT**

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| Certain resolutions to be passed by postal ballot           | <p>121. Notwithstanding anything contained in the preceding Articles, the Board or the Company may and in the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot shall get such resolution passed by means of postal ballot instead of transacting the business in a General Meeting of the Company. When the company requires to, or decides to, as the case may be, get a resolution passed by means of a postal ballot, the provisions of Section 192A of the Act and such other rules and regulations framed there under from time to time shall be complied with.</p>  |
|   | <p><b>VOTES OF MEMBERS</b></p>   |
| Members in arrears not to vote                              | <p>122. No member shall be entitled to vote either personally or through postal ballot or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll 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.</p>   |
| Number of votes to which Member is entitled                 | <p>123. (i) Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every Member shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every Member present in person shall have one vote irrespective of the number of shares held by a member;</p> <p>(ii) and upon a poll at a meeting or through postal ballot if stipulated under the Act or these articles, every member entitled to vote and present in person (including a body corporate present as aforesaid) or by attorney or by proxy shall be entitled to vote and shall have the following rights:</p> <p>(a) In respect of every equity share his voting right shall be in the same proportion as the capital paid-up on such equity share bears to the total paid up equity capital of the Company.</p> <p>(b) In respect of every fully paid Cumulative Convertible Preference (CCP) share and preference share his voting right shall be as provided in the Act.</p> <p>(c) In respect of every other shares with or without voting rights or with disproportionate voting rights his voting right shall be as mentioned in the said class of shares.</p> |
| Casting of votes by a Member entitled to more than one vote | <p>124. On a poll taken at a meeting of the Company or upon a postal ballot, a Member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.</p>   |
| Vote of Member of unsound mind or who is a minor            | <p>125. 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 or through postal ballot, by his committee or other legal guardian; and any such committee or guardian may, on poll, vote by proxy. If any shareholder be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.</p>   |
| Votes of joint Members                                      | <p>126. If there be joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint holders be present at any meeting, than one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Provided always that a joint holder present at any meeting personally shall be entitled to vote in Preference to a joint holder present by an attorney duly authorized or by a proxy although the name of such joint holder present by an attorney or by proxy stands first or higher in the Register in respect of such shares. Several executors or administrators of a deceased Member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.</p>   |



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| Voting in person or by proxy  | 127. Subject to the provisions of these Articles, votes may be given either personally or by proxy or through postal ballot. A body corporate being a Member may vote either by proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.   |
| Votes in respect of shares of deceased and insolvent Member         | 128. Any person entitled under the Transmission Clause (Article 75) to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares: PROVIDED THAT forty-eight hours at least 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 transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. |
|   | <b>PROXIES</b>  |
| Members right to appoint proxy                                      | 129. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself.   |
| Appointment of proxy  | 130. Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointor or his attorney, or if such appointor is a body corporate under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.   |
| Proxy either for specified meeting or for a period                  | 131. A Member may appoint a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or a Member may appoint for the purpose of every meeting of the Company, or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.   |
| Proxy to vote both on show of hands and on a poll                   | 132. A member present by proxy shall be entitled to vote both on a show of hands and on a poll.   |
| Deposit of instrument of appointment                                | 133. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default, the instrument of proxy shall not be treated as valid.  |
| Form of proxy   | 134. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.   |
| Validity of votes given by proxy notwithstanding death of Member    | 135. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or the revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given: PROVIDED THAT no intimation in writing of the death or insanity, revocation or transfer shall have been received at the Office before the meeting.   |
| Time for objection to vote  | 136. No objection shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever. Objection as regards to voting by postal ballot should be raised before the scrutinizer submits its report.  |
| Chairman of the Meeting to be the judge of the validity of any Vote | 137. (a) 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.<br>(b) As regards to the validity of votes through postal ballot the scrutinizer shall be the sole judge and his decision shall be final and binding on the Chairman who declares the result of the postal ballots.  |

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| Inspection of Proxies                                     | <p>138. Every member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved there at shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days notice in writing of the intention so to inspect is given to the Company.</p>   |
| Number of Directors                                       | <p><b>DIRECTORS</b></p> <p>140. (a) Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors (excluding Directors appointed under Article 143) shall not be less than three nor more than twelve.</p> <p>140(b) Followings were the Directors of the Company at the time of adoption of these Articles :-<br/> Dr. T. B. Mirchandani<br/> Dr. Jimmy Mirchandani<br/> Mr. Rahul Mirchandani<br/> Dr. D. S. Jadhav<br/> Prof. R. S. S. Mani<br/> Dr. S. R. Ganesh</p>   |
| Nominee Directors   | <p>142. (i) Notwithstanding anything to the contrary contained in these Articles, if any moneys shall be owing by the company to any public financial institutions (hereinafter collectively or individually referred to as "the Corporation"), or if the Corporation holds any shares/debentures in the Company as a result of underwriting, or subscri-ption pursuant to such underwriting or conversion of loan/debentures into equity capital of the Company or if any guarantee given by the Corporation in respect of any financial obligation or commitment of the Company remains outstanding, the Company may by an agreement specifically entered into between itself and the Corporation give the Corporation a right to appoint one or more persons as Director(s) on the Board of Directors of the Company (each such director is hereinafter referred to as "the Nominee Director")</p> <p>(ii) The Corporation may at any time and from time to time remove the Nominee Director appointed by itself and may, in the event of such removal and also in case of death or resignation of the Nominee Director, appoint another in his place and also fill any vacancy which may occur as a result of the Nominee Director ceasing to hold office for any reason whatsoever. Such appointment or removal shall be made in writing by the Corporation and shall be delivered to the Company at its office.</p> <p>(iii) The Board of Directors of the Company shall have no power to remove the Nominee Director from office.</p> <p>(iv) Each such Nominee Director shall be entitled to attend all general meetings, Board meetings and meetings of the Committees of which he is a member, and he and the Corporation appointing him shall also be entitled to receive notices of all such meetings.</p> <p>(v) The nominee Directors so appointed is exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the company to the Corporation is paid off or on the Corporation ceasing to hold Debentures / Shares in the company or on the satisfaction of the liability of the company arising out of any guarantee furnished by the Corporation.</p> <p>(vi) Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligation as any other Directors of the Company.</p> |
| Appointment of Directors proportion to retire by rotation | <p>144. (1) Not less than two-thirds of the total number of Directors of the Company shall:<br/> be persons whose period of office is liable to determination by retirement of Directors by rotation; and<br/> save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.</p> <p>(2) The remaining Directors of the Company shall also be appointed by the Company in General Meeting except to the extent that the Articles otherwise provide or permit.</p>  |

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| Appointment of Additional Director  | 146. Subject to the provisions of Sections 260 and 264, the Board shall have power at any time and from time to time to appoint any person not being disqualified from being appointed as Director under Section 274 of the Act to be an Additional Director, but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 140. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting, but shall be eligible for appointment by the Company at that meeting as a Director.  |
| Directors' power to fill casual vacancies   | 147. Subject to the provisions of Sections 262 and 264, the Board shall have power at any time and from time to time to appoint any person not being disqualified from being appointed as director under Section 274 of the Act to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated by him.  |
| Qualification of Directors  | 148. A Director shall not be required to hold any qualification share, but shall be entitled to attend and speak at General Meetings.   |
| Remuneration of Directors   | 149. (a) Subject to the provisions of the Act, a Director, who is neither in the Whole-time employment nor a Managing Director, may be paid remuneration either: -<br>(i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or<br>(ii) by way of commission if the Company by a special resolution authorises such payment.<br>(b) The fee payable to a Director for attending a meeting of the Board or Committee thereof shall be decided by the Board, from time to time, within the maximum limit of such fees that may be prescribed under the Act or if not so prescribed, in such manner as the Company in General Meeting may from time to time determine.  |
| Travelling expenses incurred by Director not a bonafide resident or by Director going out on Company's business | 150. The Board may allow and pay to any Director who is not a bonafide resident of the place where the meetings of the Board or committee or general body are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as specified above; and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be paid and reimbursed any travelling or other expenses incurred in connection with the business of the Company.   |
| Remuneration for extra services to Directors  | 151. Subject to the provisions of the Act and these articles, if any director be called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as a member of any committee formed by the Directors), the Board may arrange with such director for special remuneration for such extra services or special exertions or efforts, either by a fixed sum or otherwise, as may be determined by the Board, and such remuneration may be either in addition to or in substitution for his remuneration above provided.   |
| Loans to Directors  | 156. Subject to the provisions of the Act, the Company may with the approval of the Board of Directors make loans to or give any guarantee or provide any security in connection with the loan made by any other person to Directors including managing director and who time director and other employees.   |
| Disclosure of interest by Directors   | 157. (1) Every Director of the Company, who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of Directors in the manner set out in Section 299 of the Act.<br>(2) Nothing in sub-clause (1) of this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company, where any of the Directors of the Company or two or more of the Directors together holds or hold not more than two per cent of the paid-up share capital in the other company. |

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| Interested Directors not to participate or vote in Board's proceedings           | <p>158. No Director shall, as a Director, take any part in the discussion of, or vote on any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void: PROVIDED, however, that nothing herein contained shall apply to:-</p> <p>(a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;</p> <p>(b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely:-</p> <p>(i) in his being -</p> <p>(a) a Director of such company; and</p> <p>(b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company; or</p> <p>(ii) in his being a Member holding not more than two per cent of its paid-up share capital.</p> |
| Register of Contracts in which Directors are interested                          | <p>159. The Company shall keep a Register in accordance with Section 301(1) and shall within the time specified in Section 301(2) enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or 299 of the Act as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company the names of the bodies corporate and firms of which notice has been given by him under Section 299. The Register shall be kept at the Office of the Company and shall be open to inspection at such Office, and extracts may be taken therefrom and copies thereof may be required by any Member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.</p>   |
| Directors may be Directors of Companies promoted by the Company                  | <p>160. A Director may be or become a Director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as Director or shareholder of such company except in so far as Section 309(6) or Section 314 of the Act may be applicable.</p>   |
| Company may increase or reduce the number of Directors                           | <p>161. Subject to Section 259 of the Act, the Company may, by ordinary resolution, from time to time, increase or reduce the number of Directors.</p>   |
| Register of Directors etc. and notification of change to Registrar               | <p>162. (a) The Company shall keep at its Office a Register containing the particulars of its Directors, Managers, Secretaries and other persons mentioned in Section 303 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.</p>  |
| Register of shares or debentures held by Directors                               | <p>(b) The Company shall in respect of each of its Directors keep at its Office a Register, as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.</p>  |
| Disclosure by Director of appointment to any other body corporate                | <p>163. Every Director (including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act), Managing Director, Wholetime Director, Manager or Secretary of the Company shall, within twenty days of his appointment to, or as the case may be, relinquishment of any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.</p>   |
| Disclosure by a Director of his holdings of shares and debentures of the Company | <p>164. Every Director, and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.</p>   |

## MANAGING DIRECTOR

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| Board may appoint Managing Director or Managing Directors                            | 165. Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any Director or Directors as Managing Director or Managing Directors or Wholetime Directors of the Company for such period and upon such terms and conditions as the Board thinks fit, and subject to the provisions of Article 167, the Board may by resolution vest in such Managing Director or Managing Directors or Wholetime Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of a Managing Director or Wholetime Directors may be by way of monthly payment, fee for each meeting or participation in profits, bonus, commission, or by any or all these modes, or any other mode not expressly prohibited by the Act. |
| Remuneration to Managing Director/ Whole time Director                               | 166. Subject to the provisions of the Act, a Managing Director or Managing Directors, and any other Directors who is/are in the Whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.   |
| Restriction on Management  | 167. The Managing Director shall not exercise the powers to :-<br><br>(a) make calls on shareholders in respect of money unpaid on the shares in the Company;<br>(b) issue debentures;<br>and except to the extent mentioned in the resolution passed at the Board Meeting under Section 292 of the Act, shall also not exercise the powers to -<br>(c) borrow moneys, otherwise than on debentures;<br>(d) invest the funds of the Company; an<br>(e) make loans.  |
| Certain persons not to be appointed Managing Directors                               | 168. The Company shall not appoint or employ, or continue the appointment or employment of, a person as its Managing or Whole-time Director who -<br><br>(a) is an undischarged insolvent, or has at any time been adjudged an insolvent;<br>(b) suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made, a composition with them; or<br>(c) is, or has at any time been, convicted by a Court of an offence involving moral turpitude.   |
| Special position of Managing Director  | 169. A Managing Director's and/or Wholetime Director's shall not while he/she continues to hold that office be subject to retirement by rotation and he/she shall not be taken into account in determining the rotation of retirement of Directors or the number of Directors to retire but he/she shall, subject to terms of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of Director from any cause shall ipso facto and immediately cease to be a Managing Director or Wholetime Director.   |
| Manager to be appointed if Managing Director or Whole-time Director is not appointed | <b>MANAGER</b><br>170. Subject to the provisions of the Act, if a Managing Director or Whole time Director has not been appointed as provided for in the Articles, the Board may appoint a Manager for such term and on such remuneration, which will be subject to the approval of Members, if required and upon such conditions as it may deem fit; and any manager so appointed may be removed by the Board.   |
| Powers of the Manager  | 171. The Manager shall exercise such power or powers and for such period or periods and upon such conditions and subject to such restrictions as the Board may determine.   |

## PROCEEDINGS OF THE BOARD OF DIRECTORS

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| Meeting of Directors                            | 172. The Directors may meet together as a Board for the despatch of business from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit. The provisions of this articles shall not be deemed to be contravened nearly by reason of the fact that a meeting of the Board which has been called in compliance with the terms herein mentioned could not be held for want of quorum.  |
| Quorum at Board meeting                         | 176. Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one, or two directors, whichever is higher: PROVIDED THAT where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time.   |
| Adjournment of meeting for want of quorum       | 177. If a meeting of the Board cannot be held for want of quorum, then the meeting shall stand adjourned to such other day, time and place as the Director or Directors present at the meeting may fix thereof.   |
| When meeting to be convened                     | 178. A Director may, at any time, and the Secretary shall, as and when directed by a Director to do so, convene a meeting of the Board by giving a notice in writing to every Director as provided in Article 173.  |
| Chairman  | 179. The Board may elect a Chairman of their meetings and determine the period for which he is to hold office. If no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, or is unwilling to preside, the Directors present may choose one of their numbers to be Chairman of such meeting.   |
| Questions at Board Meetings how to be decided   | 180. Questions arising at meetings of the Board of Directors or a Committee thereof shall be decided by a majority of the votes and in the case of an equality of votes the Chairman shall have a casting vote.   |
| Powers of Board Meeting                         | 181. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.   |
| Directors may appoint Committee                 | 182. Subject to the restrictions contained in Sections 292 and 292A of the Act, the Board may delegate any of their powers to Committees of the Board consisting of such member or members of its body as it thinks fit: and it may, from time to time, revoke and discharge any such Committee of the Board either wholly or in part and either as to persons or purposes. Every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.   |
| Minutes of proceedings of meetings of the Board | 187. (a) The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.<br>(b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.<br>(c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.<br>(d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.<br>(e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.<br>(f) The minutes shall also contain -<br>(i) the names of the Directors present at the meeting; and |



(ii) in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from, or not concurring with the resolution.

(g) Nothing contained in sub-clauses (a) to (f) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting -

(i) is, or could reasonably be regarded as, defamatory of any person;

(ii) is irrelevant or immaterial to the proceedings; or

(iii) is detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

(h) The Board or Committee of Directors shall have power to maintain or record proceedings of the meetings in digital form or electronic form and to authenticate the same by digital signatures as may be allowed under the Act or Information Technology Act or any other law.

(i) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

#### Powers of Directors

188. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act, or by the Memorandum or Articles of the Company, required to be exercised or done by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations or provisions, as may be prescribed by the Company in General Meeting: but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made: PROVIDED THAT the Board shall not, except with the consent of the Company in General Meeting :-

(a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking;

(b) remit, or give time for the repayment of, any debt due by a Director;

(c) invest otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertakings as is referred to in clause (a), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

(d) borrow moneys where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose;

(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees, or five per cent of the average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years, immediately preceding, whichever is greater.

#### Certain powers of the Board

189. Without prejudice to the general powers conferred by the preceding Articles and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles, it is hereby declared that the Directors shall have the following powers, that is to say, power -

(1) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereout under the provisions of Sections 76 and 208 of the Act;

(2) Subject to Sections 292 and 297 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;

(3) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by, or services rendered to, the Company either wholly or partially, in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

(4) To secure the fulfilment of any contract or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;

(5) To accept from any Member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;

(6) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trust or trustees.

(7) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound, compromise and allow time for payment or satisfaction of any debts due and of any claim or demand by or against the Company and to refer any differences to arbitration, and observe and perform any awards made thereon;

(8) To act on behalf of the Company in all matters relating to bankrupts and insolvents;

(9) To make and give receipts, releases, and other discharges for moneys payable to the Company and for the claims and demands of the Company;

(10) Subject to the provisions of Sections 292, 295, 372A of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name. Notwithstanding anything contained in the Act or these

Articles, the company can hold investments in the name of a Depository when such investments are in the form of securities held by the Company as a beneficial owner.

(11) To execute, in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions covenants and agreements as shall be agreed upon;

(12) To determine from time to time who shall be entitled to sign, on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose;

(13) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expense of the Company;



(14) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwellings or chawls, or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating, and from time to time subscribing or contributing to provident and other funds, associations, institutions or trusts and by providing or subscribing or contributing towards places of instruction educational Institutions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;

(15) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to a Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund or Sinking Fund or any Special Fund to meet contingencies or to repay redeemable preference shares, debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as

the Board, in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Debentures or debenture stock, and without being bound to keep the same separate from the other assets, and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper;

(16) To appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remunerations, and to require security in such instances and to such amounts as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in the three next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause;

(17) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Board and to fix their remuneration;

(18) Subject to the provisions of the Act, from time to time and at any time, to delegate to any such local Board, or any member or members thereof or any managers or agents so appointed any of the powers, authorities, and discretions for the time being vested in the Board, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies, therein and to act notwithstanding vacancies and any such appointment or delegation under the preceding and this sub-clause may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation;

(19) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also, except in their limits authorised by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as

the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the members of any local Board, established as aforesaid or in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorney as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them;

(20) Subject to Sections 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company, to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts deeds and things in the name and on behalf of the Company as they may consider expedient;

(21) From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.

#### **DIVIDENDS**

Division of profits and dividends in proportion to amount paid-up

190. (a) The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the Members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.

(b) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

The Company in General Meeting may declare a dividend

191. The Company in General Meeting may declare dividends to be paid to Members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

Dividend at Extra-Ordinary General Meeting.

192. The Board may declare dividend in relation to any year by an Extraordinary General meeting in addition to what has already been declared in the last Annual General meeting.

Dividends only to be paid out of profits

193. (a) No dividend shall be declared or paid by the Company for any financial year except out of its profits or any other undistributed profits except as provided in Section 205 of the Act.

(b) Where, owing to inadequacy or absence of profits in any year, the Company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred to reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made in that behalf by the Government and under the Act.

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| Interim dividend   | 194. The Board may, from time to time, pay to the Members such interim dividend as in their judgement the position of the Company justifies.  |
| Capital paid-up in advance at interest not to earn dividend  | 195. Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.  |
| Retention of dividends until completion of transfer under Articles 61 and 62                               | 196. The Board may retain the dividends payable upon shares in respect of which any persons is, under Articles 74 and 75 entitled to become a Member, or which any person under those Articles is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transferred the same.   |
| Dividend etc. to joint holders   | 197. Any one of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.  |
| No Member to receive dividend whilst indebted to the Company and Company's right of re-imbursement thereof | 198. No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons; and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.   |
| Transfer of shares must be registered  | 199. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.<br><br>Provided that where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the Company, it shall -<br>(a) transfer the dividend in relation to such shares to the special account referred to in Section 205A of the Act unless the Company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer, and<br>(b) keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub-section (1) of Section 81 of the Act and any issue of fully paid-up bonus shares in pursuance of sub-section (3) of Section 205 of the Act. |
| Dividends how remitted   | 200. (a) Unless otherwise directed, any dividend may be paid by cheque or warrant or by a payslip or receipt having the force of a cheque or warrant sent through the post or courier to the registered address of the Member or person entitled or in case of joint holders to that one of them first named in the Register. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.<br>(b) The Company shall not be liable or responsible for any cheque or warrant or payslip or receipt lost in transmission, or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any payslip or receipt or the fraudulent recovery of the dividend by any other means.   |
| Payment of dividend, interests or other monies through electronic transfer                                 | 201. Notwithstanding anything contained in Article 200, the Company may pay dividend, interest or other monies payable to the member's by electronic transfer of funds to the bank account of the members entitled to the dividend, interest or other monies or according to the order of such member.  |
| No interest on dividends   | 202. No unpaid dividend shall bear interest as against the Company subject to the provisions of Companies Act, 1956.  |
| Dividend and call together   | 203. Any General Meeting declaring a dividend, may, on the recommendation of the Directors, make a call on the Members of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend, and the dividend may, if so resolved by the Company in general Meeting, be set off against the Calls.   |
| Unclaimed dividend   | 204. Subject to Article 55, no unclaimed or unpaid dividend shall be forfeited by the Board and all unclaimed dividends shall be dealt with in accordance with the provisions of Section 205A of the Act.   |

Special provisions in reference to dividends.

205. Subject to the provisions of Section 205 of the Act and if and in so far as may not be prohibited by that Section or any other provision of the Act, any General Meeting sanctioning or declaring a dividend in terms of these Articles may direct payment of such dividend wholly or in part, by the distribution of (a) partly or fully paid-up shares, (b) debenture-stock (c) any specific assets or property of the Company, or in any one or more of such direction and where any difficulty arises in regard to the distribution they may settle the same as they think expedient, and in particular may issue fractional certificates and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payment shall be made to any members upon the footing of the value so fixed, or that fractions of value less than Rupee one may be disregarded, in order to adjust the

rights of the parties and may vest any such shares, debentures, debenture-stock or specific assets in trustees upon such trust for the persons entitled to the dividends as may seem expedient to the Directors, where required the Directors shall comply with Section 75 of the Act and the Directors may appoint any person to sign any contract thereby required on behalf of the persons entitled to the dividend and such appointment shall be effective.

#### **CAPITALISATION**

Capitalisation

206. (1) Any General Meeting of the Company may resolve that any amounts standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or Capital Reserve Account or any moneys, investments or other assets forming part of the undivided profits including profits or surplus moneys arising from the realisation and (where permitted by the law) from the appreciation in value of any capital assets of the Company standing to the credit of the General Reserve or any other Reserve or Reserve Fund or any other Fund of the Company or in the hands of the Company and available for dividend be capitalised: -

(a) by the issue and distribution, as fully paid-up shares and to the extent permitted by the Act, debentures, debenture stock, bonds or other obligations of the Company; or

(b) by crediting shares of the Company, which may have been issued and are not fully paid-up, with the whole or any part of the sum remaining unpaid thereon : PROVIDED THAT any amounts standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account shall be applied only in crediting the payment of capital on shares to be issued to Members as fully paid bonus shares.

(2) Such issue and distribution under sub-clause (1)(a) of this Article and payment to the credit of unpaid share capital under sub-clause (1)(b) of this Article shall be made to among and in favour of the Members or any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid-up on the shares held by them respectively in respect of which such distribution or payment shall be made, on the footing that such Members become entitled thereto as capital.

(3) The Directors shall give effect to any such resolution and shall apply such profits, General Reserve, other Reserve or any other Fund or account as aforesaid as may be required for the purpose of making payment in full of the shares, debentures, debenture stock, bonds or other obligations of the Company so distributed under sub-clause (1)(a) of this Article or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (1)(b) above : PROVIDED THAT no such distribution or payment shall be made unless recommended by the Directors, and, if so recommended, such distribution and payment shall be accepted by such Members as aforesaid in full satisfaction of their interest in the said capitalised fund.

(4) For the purpose of giving effect to any such resolution, the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient, and, in particular, they may issue fractional certificates and may fix the value for distribution of any specific asset and may determine that any cash payment be made to any Members on the footing of the value so fixed and may vest any such cash, shares, debentures, debenture stock, bonds or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors, and generally may make arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or otherwise as they may think fit.

(5) When deemed requisite, a proper contract shall be filed in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the Members entitled as aforesaid and such appointment shall be effective.

(6) Subject to the provisions of the Act and these Articles, in cases where some of the shares of the Company are fully paid and others are partly paid, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares and by crediting the partly paid shares with the whole or part of the unpaid liability thereon, but so that as between the holders of the fully paid shares and the partly paid shares, the sums so applied in the payment of such further shares and in the extinguishments or diminution of the liability on the partly paid shares shall be applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

#### ACCOUNTS

Directors to keep true accounts

207. (a) The Company shall keep at the Office or at such other place in India as the Board thinks fit proper Books of Accounts in accordance with Section 209 of the Act with respect to -

(i) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;

(ii) all sales and purchases of goods by the Company;

(iii) the assets and liabilities of the Company.

(b) Where the Board decides to keep all or any of the Books of Account at any place other than the Office of the Company, the Company shall within seven days of the decision or such time as may be permissible under the Act, file with the Registrar a Notice in writing giving the full address of that other place.

(c) The Company shall preserve in good order the Books of Account relating to a period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such Books of Account.

(d) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns, made up-to-date at intervals of not more than three months, are sent by the branch office to the Company at its Office or other place in India, at which the Company's Books of Accounts are kept as aforesaid.

(e) The Books of Account shall give a true and fair view of the state of the affairs of the Company or branch office, as the case may be, and explain its transactions. The Books of Account and other books and papers shall be open to inspection by any Director during business hours.

Statement of Accounts to be furnished to General Meeting

208. The Directors shall, from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit and Loss Accounts and Reports as are required by these Sections.

Copies shall be sent to each Member

209. Subject to the provisions of section 219 of the Act, a copy of every Profit and Loss Account and Balance Sheet (including the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet) or a Statement containing the salient features of such documents in the prescribed form under the Act shall at least twenty-one days before the meeting at which the same are to be laid before the members, be sent to the members of the Company, to every trustee for the holders of any debentures issued by the Company.

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| Books of accounts open to the inspection of the Directors                          | 210. Books of accounts maintained and kept at the Office or Branch Office or any place shall be open to the inspection of the Directors during business hours upon the intimation in writing to the Company.  |
| <b>AUDIT</b>   |   |
| Appointment of Auditors  | 211. The Auditors of the Company shall be appointed, their remuneration shall be fixed, their rights, duties and liabilities shall be regulated, and their qualifications and disqualifications shall be in accordance with the provisions of Sections 224 to 233 of the Act.   |
| Accounts when audited and approved to be conclusive except as to errors discovered | 212. Every account of the Company when audited and adopted by a General Meeting shall be conclusive except as regards any error discovered therein after the adoption thereof. When any such error is discovered the account shall forthwith be corrected and thenceforth shall be conclusive.  |
| <b>THE SECRETARY</b>   |   |
| Appointment of Secretary   | 213. (1) The Managing director or whole time Director or the board of Directors may from time to time appoint a Secretary and may from time to time remove or dismiss him from office and appoint another in his place, and fix the remuneration of such Secretary, which may be by way of salary, or commission or participation in profits, or by any or all of these modes and may also from time to time appoint a temporary substitute for the Secretary, who shall be deemed to be the Secretary during the term of his appointment. The Secretary may be one of the Directors of the Company.<br>(2) The Secretary for the time being shall exercise and perform all powers, authorities, discretions, and duties as may from time to time be vested in, conferred upon assigned to him by the Directors appointing him, or by these presents.   |
| <b>THE SEAL</b>  |   |
| The Seal its custody and use   | 214. (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power, from time to time, to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the seal shall never be used except by the authority of the Board or a Committee of the Board previously given.<br>(b) The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.  |
| Deeds how executed   | 215. Every deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose : PROVIDED THAT in respect of the Share Certificate, the Seal shall be affixed in accordance with Article 30(a).   |
| <b>RECONSTRUCTION</b>  |   |
| Reconstruction   | 225. On any sale of the undertaking of the Company the Board or Liquidator on a winding –up may, if authorised by a Special Resolution, accept fully paid or partly paid-up shares, debentures, or securities of any other Company, whether incorporated in India or not, either the existing or to be formed for the purchase, in whole or in part of the property of the Company, and the Board (in a winding-up ) may distribute such shares or securities or any other property of the Company amongst the members without realization, or vest the same in trustees for them, and by Special Resolution may provide for the distribution or appropriation of cash, shares or other securities, benefit or property otherwise than in accordance with the strict legal rights of the members or contributories of the Company and for the valuation of such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights, if any, under Section 494 of the Act as are incapable of being varied or excluded by these Articles. |
| <b>AUTHENTICATION OF DOCUMENTS</b>   |   |



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| Authentication of documents and proceedings                   | 226. Save as otherwise expressly provided in the Act or these Articles documents or proceedings requiring authentication by the Company may be signed by a Managing Director, Executive Director, Manager or Secretary or an authorized officer of the Company and need not be under its seal.   |
|   | <b>WINDING UP</b>  |
| Distribution of Assets  | 227. If upon the winding up of the Company, the surplus assets shall be more than sufficient to repay the whole of the paid up capital the excess shall be distributed amongst the members in proportion to the capital paid or which ought to have been paid on the shares at the commencement of the winding up held by them respectively, other than the amounts paid in advance of calls. If the surplus assets shall be insufficient to repay the whole of the paid-up-capital, such surplus 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 or which ought to have been paid-up at the commencement of the winding up on the shares held by them respectively other than the amounts paid by them in advance of calls. But this Article is without prejudice to the rights of the holders of any shares issued upon special terms and conditions and shall not be construed so as to or be deemed to confer upon them any right greater than those conferred by the terms and conditions of issues.   |
| Distribution of Assets in specie                              | 228. If the Company shall be wound-up whether voluntarily or otherwise, the following provisions shall take effect.<br>(1) The liquidator may, with the sanction of a Special Resolution divide among the contributories in specie or kind any part of the assets of the Company and may with the like sanction, vest any part of the assets of in trustees upon such trust for the benefit of the contributories or any of them, as the Liquidator with the like sanction shall think fit.<br>(2) If thought fit any such division may be otherwise than in accordance with the legal rights of the contributories (except where unalterable fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on, any contributory who would be prejudiced thereby shall have the right to dissent and shall have ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 or 507 of the said Act.<br>(3) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares, may, within seven days after passing of the Special Resolution by notice in writing, direct the Liquidator to sell his proportion and pay him the net proceeds, and the Liquidator shall, if practicable, act accordingly. |
| Liquidator may sell undertaking for shares in another company | 229. Any such Liquidator may irrespective of the powers conferred upon him by the said Act, and as an additional power conferring a general or special authority, sell the undertaking of the Company or the whole or any part of its assets for share fully or partly paid up, or the obligations of or other interest in any other company; and may by the contract of the sale, agree for the allotment to the members directly of the proceeds of sale in proportion to their respective interests in the company, and in case the shares of this Company shall be of different classes, may arrange for the allotment in respect of preference shares of the Company, or obligations of the purchasing company, or of shares of the purchasing company with preference or priority over or with a large amount paid up than the shares allotted in respect of ordinary shares of this Company, and may further by the contract; limit a time at the expiration of which shares obligations or other interests not accepted or required to be sold, shall be deemed to have been refused and be at the disposal of the Liquidator.   |
| Sale under Section 494 and 507 of the Companies Act, 1956     | 230. Upon any sale under the last preceding Article, or under the powers given by sections 494 and 507 of the said Act, no member shall be entitled to require the Liquidator either to abstain from carrying into effect the sale or the resolution authorising the same, or to purchase such member's interest in this Company, but in case any member shall be unwilling to accept the share, obligations or interest to which under such sale he would be entitled, he may; within seven days of the passing of the resolution authorising the sale, by notice in writing to the Liquidator, require him to sell such shares, obligations or interest and thereupon the same shall be sold in such manner as the Liquidator may think fit, and the proceeds shall be paid over the members requiring such sale   |

## INDEMNITY AND RESPONSIBILITY

### Indemnity

231. (a) Subject to the provisions of the Act every Director of the Company or the Managing Director, whole time Director, Manager, Secretary and other officer or employee of the Company and the Trustee (if any) for the time being acting in relation to any of the affairs of the Company and every one of them shall be Indemnified by the Company against, and it shall be the duty of the Directors to pay out of the funds of the Company, all reasonable costs, losses and expenses ( including travelling expenses ) which any such Director, Managing Director, Manager, Secretary or other officers or employee and the Trustees (if any) for the time being acting in relation to any of the affairs of the Company, may incur or become liable to by reason of any contract entered into or any act, deed or thing done or omitted to be done by him as such

Director, officer, employee or Trustee or in any way in the discharge of his duties except such as they may incur or sustain by or through their own negligence or default or misfeasance or breach of duty or breach of trust.

(b) Every Officer or duly authorised Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings arising out of his position as an Officer or as such Agent of the Company, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

### Directors and other not responsible for acts of others.

232. Subject to the provisions of the Act no Director, Managing Director or other officer of the Company shall be liable for the acts, omissions, neglects or defaults of any other Director or officers or for joining in any omission or other act for conformity, or for any loss or expenses suffered by the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, to whom any monies, securities or effect shall be entrusted or deposited for any loss occasioned by any error of judgement or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty, willful neglect, omission or default.



## SECTION X : OTHER INFORMATION

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following Contracts (not being contracts entered into in the ordinary course of business carried on by Aries entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material contracts have been entered into or to be entered into by the us. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, shall be delivered to the Registrar of Companies, Mumbai, Maharashtra, for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of Aries Agro Limited, "Aries House", Plot No.24, Deonar, Govandi (East), Mumbai 400 043, between 11.00 a.m. to 5.00 p.m. on any working day from the date of the Red Herring Prospectus till the Closing Date of the Issue.

#### **Material Contracts**

- i) Memorandum of Understanding dated 27<sup>th</sup> March, 2007 entered into by us with SREI Capital Markets Ltd., to act as Book Running Lead Manager to the Issue.
- ii) Letter of Appointment dated 18<sup>th</sup> April, 2006 from us appointing SREI Capital Markets Limited as Book Running Lead Manager to the Issue.
- iii) Memorandum of Understanding dated 23.02.2007 entered into by us with Aarthi Consultants Private Limited, to act as Registrar to the Issue.
- iv) Letter of Appointment dated 23.02.2007 from us appointing Aarthi Consultants Private Limited as Registrar to the Issue.
- v) Engagement Letter dated 15<sup>th</sup> February, 2007 to M/s JurisPrudent Consulting Partners appointing them as Legal Advisor to the Issue.
- vi) Escrow Agreement dated 27<sup>th</sup> Novemeber, 2007 between us, the BRLM, the Escrow Collection Banks and the Registrar to the Issue.
- vii) Syndicate Agreement dated 27<sup>th</sup> Novemeber, 2007 between us, the BRLM, and the Syndicate members
- viii) Underwriting Agreement dated [•] between us, the BRLM, and the Syndicate Members.
- ix) Tripartite Agreement dated 23<sup>rd</sup> May, 2007 between us, NSDL and Aarthi Consultants Private Limited as Registrar to the Issue.
- x) Tripartite Agreement dated 22<sup>nd</sup> May, 2007 between us, CDSL and Aarthi Consultants Private Limited as Registrar to the Issue.

#### **Documents for Inspection**

- i) Memorandum and Articles of Association of Aries Agro Limited as amended from time to time.
- ii) Certificate of Incorporation dated 27<sup>th</sup> November 1969 in the name of the Aries Agro-Vet Industries Private Limited.
- iii) Fresh Certificate of Incorporation dated 30th December, 1994 consequent upon conversion into public limited Company from Aries Agro-Vet Industries Private Limited to Aries Agro-Vet Industries Limited
- iv) Fresh Certificate of Incorporation dated 27<sup>th</sup> October, 2006 consequent to change in name from Aries Agro-Vet Industries Limited to Aries Agro Limited.
- v) Copies of form along with relevant resolutions regarding increase in the Authorised Share Capital.
- vi) Resolution Passed by the Board of Directors at their meeting held on 22<sup>nd</sup> December, 2006 for the proposed Public Issue.
- vii) Memorandum of Association and Regulation for Golden Harvest Middle East (FZC) dated 1<sup>st</sup> February, 2007 regulating the relationship between Aries, Dr. Jimmy Mirchandani, Dr. Rahul Mirchandani, Mr. Akshay Mirchandani and Mr. C. S. Shankaranarayan.
- viii) Special Resolution passed by the shareholders of the Company at the EGM held on 30<sup>th</sup> January, 2007, pursuant to Section 81 (1A) of the Companies Act, 1956.
- ix) Copies of the Resolutions passed at the Annual General Meeting of the shareholders held on 29<sup>th</sup> September, 2004 confirming the reappointment of Dr. T. B. Mirchandani as Chairman and Managing Director, Dr. Jimmy Mirchandani as Joint Managing Director and Dr. Rahul Mirchandani as Executive Director.
- x) General Power of Attorney dated 27<sup>th</sup> February, 2007 executed by Directors in favour of Dr. Jimmy Mirchandani and / or Dr. Rahul Mirchandani for signing and making necessary changes in the Red Herring Prospectus.
- xi) Resolution of the Members of the Company passed at the AGM held on September 7, 2007 appointing M/s Kirti D Shah & Associates, Chartered Accountants, Mumbai, as statutory auditors.
- xii) Initial listing applications dated April 2, 2007 filed with BSE and NSE.
- xiii) In-principle listing approvals from BSE vide ref.: DCS/IPO/SC/IPO-IP/0289/2007-08 dated May 22,

- 2007, and from NSE vide ref.: NSE/LIST/53368-A dated August 13, 2007.
- xiv) Copies of Audited Financial Results of Aries Agro Ltd. for the years ended 31<sup>st</sup> March, 2003, 2004, 2005, 2006, 2007 and Four Months ended 31<sup>st</sup> July, 2007.
  - xv) Copies of Audited Financial Results of Group Companies for the last three years ended 31<sup>st</sup> March, 2004, 2005, 2006 except for Golden Harvest whose accounts are given for the period ended 31<sup>st</sup> December, 2005 and 31<sup>st</sup> March, 2007.
  - xvi) Auditor's Report on the Restated financial statements of us dated 5<sup>th</sup> November, 2007 and included in the Red Herring Prospectus.
  - xvii) Tax Benefit Certificate dated 5<sup>th</sup> November, 2007 from M/s Kirti D. Shah & Associates, Chartered Accountants, Statutory Auditors of the Company.
  - xviii) Copies of Quotations obtained for purchase of equipments.
  - xix) Extracts of industry information used in this Red Herring Prospectus.
  - xx) Copy of the Auditors Certificate dated 5<sup>th</sup> November, 2007 from M/s Kirti D. Shah & Associates, Chartered Accountants regarding the Sources and Deployment of Funds as 31<sup>st</sup> October, 2007.
  - xxi) Consents of the Directors, Company Secretary & Compliance Officer, Auditors, Book Running Lead Manager, Syndicate Members, Registrar to the Issue, Bankers to the Issue, Bankers to the Company, and Legal Advisor to the Issue, as referred to, to act in their respective capacities.
  - xxii) Legal Advisor's Certificate dated 27<sup>th</sup> March, 2007.
  - xxiii) Due Diligence Certificate dated 27<sup>th</sup> March, 2007 to SEBI from SREI Capital Markets Ltd.
  - xxiv) SEBI Observation Letter no. CFD/DIL/ISSUES/SM/106838/2007 dated October 23, 2007.
  - xxv) Reply to SEBI's observations vide letter dated 22<sup>nd</sup> November, 2007.
  - xxvi) Copy of the Board Resolution approving the Draft Red Herring Prospectus dated 28<sup>th</sup> March, 2007 and this Red Herring Prospectus dated 27<sup>th</sup> November, 2007.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

**DECLARATION**

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures made in this Red Herring Prospectus are true and correct.

**SIGNED BY ALL THE DIRECTORS**

Dr. T B Mirchandani, Chairman and Managing Director

Dr. Jimmy Mirchandani, Joint Managing Director

Dr. Rahul Mirchandani, Executive Director

Dr. D S Jadhav, Independent Director

Dr. S R Ganesh, Independent Director

Prof. R S S Mani, Independent Director

Signed by Mr. S. Ramamurthy, Chief Financial Officer & Compliance Officer

Place: Mumbai

Date: 27<sup>th</sup> November, 2007

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