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RED HERRING PROSPECTUS
August 7, 2009
Please read Section 60B of the Companies Act, 1956
100% Book Building Issue

JINDAL COTEX LIMITED

(Our Company was incorporated as 'Jindal Cotex Limited' under the provisions of the Companies Act, 1956 on February 18, 1998 and obtained Certificate for Commencement of Business on February 20, 1998.

Registered Office: V.P.O. Jugiana, G. T. Road, Ludhiana - 141 420, Punjab, India
Tel No: +91 161 2511840 / 41 / 42; **Fax No**: +91 161 2511843; **E-mail**: ipo@jindalcotex.com; **Website**: www.jindalcotex.com
Contact Person: Mr. Ashish Jain, Chief Financial Officer

PUBLIC ISSUE OF 1,24,53,894 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING Rs. [●] LACS ("THE ISSUE") COMPRISING OF PROMOTERS' CONTRIBUTION OF 12,03,894 EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS. [●] FOR CASH AGGREGATING RS. [●] LACS (REFERRED TO AS THE "PROMOTERS' CONTRIBUTION") AND RESERVATION FOR ELIGIBLE EMPLOYEES OF OUR COMPANY OF 5,00,000 EQUITY SHARES RS. 10 EACH AT A PRICE OF RS. [●] FOR CASH AGGREGATING RS. [●] LACS (REFERRED TO AS THE ("EMPLOYEE RESERVATION PORTION"). THE NET ISSUE TO THE PUBLIC IS OF 1,07,50,000 EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS. [●] FOR CASH AGGREGATING RS. [●] LACS (REFERRED TO AS THE "NET ISSUE"). THE NET ISSUE SHALL CONSTITUTE 43.00% OF THE POST ISSUE PAID UP CAPITAL OF OUR COMPANY.

Price Band: Rs. 70 To Rs. 75 Per Equity Share of Face Value of Rs. 10 Each

The Issue Price is 7 times of the Face Value at the Lower End of the Price Band and 7.5 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 10 working days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE), whose online IPO system will be available for bidding, by issuing a press release and by indicating the change on the websites of the Book Running Lead Manager (BRLM) and the terminals of the members of the Syndicate.

This Issue is being made through a 100% Book Building Process wherein upto 50% of the Issue will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Fund Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, upto 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and upto 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

IPO Grading

The Issue has been graded by Brickwork Ratings India Private Limited and has been assigned a grade of 3/5 indicating average fundamentals. The IPO Grading is assigned on a 5 point scale from 1 to 5 with an 'IPO Grade 5' indicating strong fundamentals and an 'IPO Grade 1' indicating poor fundamentals. For further details and grading rationale, please refer to page no 43 of this Red Herring Prospectus under the section 'General Information'.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of shares is Rs.10/- and the Issue Price of Rs. [●]/- per share is [●] times of the face value. The Issue Price (as determined and justified by the BRLM and our Company on basis of assessment of market demand for the Equity Shares by way of Book Building as stated in chapter titled 'Basis for Issue Price' beginning on page 87 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risk involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. **Specific attention of the investors is invited to the statement of Risk Factors beginning on Page 10 of this Red Herring Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

Jindal Cotex Limited, having made all reasonable enquiries, accepts responsibility for, and confirms that this Red Herring Prospectus contains all information with regard to our 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 document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING ARRANGEMENT

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and on the National Stock Exchange of India Limited (NSE). In-principle approvals have been received from BSE and NSE for the listing of the Equity Shares vide their letters dated September 24, 2008 and October 24, 2008 respectively. For the purposes of this Issue, BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
SAFFRON • • • • • energising ideas	BSS
Saffron Capital Advisors Private Limited 204, Vishwananak, Gurunanakwadi, Andheri Ghatkoper Link Road Andheri (East), Mumbai - 400 099 **Tel No:** +91 22 4082 0906/0903 **Fax No:** +91 22 4082 0999 **Website:** www.saffronadvisor.com **Email:** jindal.ipo@saffronadvisor.com **Contact Person:** Mr. Saurabh Vijay **SEBI Registration No:** INM000011211	**Bigshare Services Private Limited** E/2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (East), Mumbai - 400 072. **Tel No**: +91 22 2847 0652 **Fax No**: +91 22 2847 5207 **Website**: www.bigshareonline.com **Email**: ipo@bigshareonline.com **Contact Person**: Mr. Ashok Shetty **SEBI Registration No:** INR000001385

ISSUE PROGRAMME

BID / ISSUE OPENS ON : THURSDAY, AUGUST 27, 2009	BID / ISSUE CLOSES ON : TUESDAY, SEPTEMBER 1, 2009

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TABLE OF CONTENTS

SECTION I - DEFINITIONS AND ABBREVIATIONS

Term	Description
"The Issuer" or "Our Company" or "Jindal Cotex Limited" or " Jindal" or "JCL" "We" or "us" or "our"	Unless otherwise specified, these references mean Jindal Cotex Limited, a public limited company incorporated under the Companies Act, 1956
Subsidiaries of Our Company	1. Jindal Medicot Limited 2. Jindal Specialty Textiles Limited
Group Concerns	The following are the Group Concerns of our Company ***Group Companies*** 1. Jindal Cycles Private Limited 2. Jindal Info Media Private Limited ***Proprietorship / Partnership Concerns*** 1. M/s Jindal Fine Industries 2. M/s Poonam Enterprises

COMPANY RELATED TERMS

Term	Description
Articles/ Articles of Association	The Articles of Association of Jindal Cotex Limited
Auditors	The Statutory Auditors of our Company namely, M/s. Aggarwal Garg & Co., Chartered Accountants
Board / Board of Directors	Board of Directors of Jindal Cotex Limited unless otherwise specified
Memorandum/ Memorandum of Association	The Memorandum of Association of Jindal Cotex Limited
Project	The Objects of the Issue are to 1. Setting up a new facility for manufacturing of Cotton Yarn, Yarn Dyeing and Garments 2. Investment in subsidiaries a. Jindal Medicot Limited b. Jindal Specialty Textiles Limited 3. Meeting the public issue expenses
Registered Office of our Company	V.P.O. Jugiana, G. T. Road, Ludhiana - 141 420, Punjab, India
RoC	Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh situated at Jalandhar

ISSUE RELATED TERMS

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, Allotment of Equity Shares pursuant to this Issue
Allottee	The successful Bidder to whom the Equity Shares are being/have been allotted
ASBA	An application for subscribing to an issue, containing an authorisation to block the application money in a bank account.
ASBA Investor	An Investor who intends to apply through ASBA process and (a) is a "Resident Retail Individual Investor; (b) is bidding at cut-off, with single bid option as to the number of shares bid for; (c) is applying through blocking of funds in a bank account with the SCSB;

Term	Description
	(d) has agreed not to revise his/her bid
ASBA Form	Bid cum Application form for Resident Retail Individual Investor intending tosubscribe through ASBA
Banker(s) to the Issue / Escrow Collection Banks	The banks which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened and in this case being HDFC Bank Limited, ICICI Bank Limited and Standard Chartered Bank
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including 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 for this Issue
Bid/ Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, Hindi national newspaper, and a regional language newspaper.
Bid-cum-Application Form / Bid Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus
Bid/ Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in widely circulated English national newspaper, Hindi national newspaper and a regional language newspaper.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bid/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids including any revisions thereof.
Book Building Process	Book Building Process as provided under Chapter XI of the SEBI DIP Guidelines, in terms of which this Issue is being made
Brokers to this Issue	Brokers registered with any recognized Stock Exchange, appointed by the Members of the Syndicate
BRLM	Book Running Lead Manager to this Issue, in this case being and Saffron Capital Advisors Private Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted in this case being Rs. 75
Cut-off	The Issue Price finalized by our Company in consultation with the BRLMs
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996
Designated Date	The date on which funds are transferred from the Escrow Account of our Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders
Designated Stock Exchange	Bombay Stock Exchange Limited (BSE)
Draft Red Herring Prospectus/ DRHP	Means the Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are being issued and the Isue size. Upon filling with RoC at least three days before the Bid/Issue opening date it will become the Red Herring Prospectus. It will become the Prospectus after filing with the RoC after

Term	Description
	the pricing and allocation
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer
Eligible Employees	Means permanent employees of our Company who are Indian Nationals, are based in India and are physically present in India on the date of submission of the bid-cum-application form
Employee Reservation Portion	5,00,000 Equity Shares of Rs.10 each available for allocation to Eligible Employees on a competitive basis at the Issue Price.
Equity Shares	Equity shares of our Company of face value of Rs. 10/- each unless otherwise specified in the context thereof
Escrow Account	An Account opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Banks, the BRLMs and the Syndicate Member(s) in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted in this case being Rs. 70
Issue	Public Issue of 1,24,53,894 Equity Shares of Face Value of Rs. 10/- each (“Equity Shares”) for Cash at a Price of Rs. [●] per Equity Share (including a Premium of Rs. [●] per Equity Share) aggregating Rs. [●] Lacs (“The Issue”) comprising of Promoters’ Contribution of 12,03,894 Equity Shares of Rs. 10 each at a Price of Rs. [●] for cash aggregating Rs. [●] Lacs (referred to as the “Promoters’ Contribution”) and Reservation for Eligible Employees of our Company of 5,00,000 Equity Shares of Rs. 10 Each at a Price of Rs. [●] for Cash Aggregating Rs. [●] Lacs (reffered to as the (“Employee Reservation Portion”). The Net Issue to the Public is of 1,07,50,000 Equity Shares of Rs. 10 Each at a Price of Rs. [●] for Cash Aggregating Rs. [●] Lacs (referred to as the “Net Issue”). The Net Issue shall constitute 43.00 % of the post Issue Paid up Capital of our Company.
Issue Management Team	The team managing this Issue as set out in the section titled ‘General Information’ in this Red Herring Prospectus
Issue Price	The final price at which Equity Shares will be issued and allotted in term of this Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date
Issue Period	The Issue period shall be August 27, 2009 being the Bid/Issue Opening date, to September 1, 2009 being the Bid/Issue Closing date
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may range from 10% to 100% of the Bid Amount.
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Mutual Fund Portion	5% of the QIB Portion or 2,68,750 Equity Shares shall be available for allocation for Mutual Funds only, 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.1,00,000
Non Institutional Portion	The portion of this Issue being not less than 15% of the Issue i.e.16,12,500 Equity Shares of Rs.10 each available for allocation to Non Institutional Bidders
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% Margin Amount at the time of bidding, as applicable
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and

Term	Description
	extending until the Bid/Issue Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date as specified in the CAN
Price Band	Being the price band of a minimum price (Floor Price) of Rs. 70 and the maximum price (Cap Price) of Rs. 75 and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue Price
Promoter(s)	1. Mr. Sandeep Jindal 2. Mr. Yash Paul Jindal 3. Mr. Ramesh Jindal 4. Mr. Rajinder Jindal
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 Banker(s) to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institution as defined in section 4A of the Companies Act, 1956; scheduled commercial banks; mutual funds; foreign institutional investor 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 the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of Rs. 2500 Lacs, pension funds with minimum corpus of Rs. 2500 Lacs and National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India.
QIB Portion	The portion of this Issue being at least 50% of the Issue, i.e. 53,75,000 Equity Shares of Rs 10 each available for allocation on proportionate basis to QIBs of which 5% shall be available for allocation on proportionate basis to Mutual Funds registered with SEBI.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for an amount more than Rs. 1,00,000/- in any of the bidding options in this Issue
Retail Portion	The portion of this Issue being upto 35% of the Issue i.e. 37,62,500 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)
Red Herring Prospectus/ RHP	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which will not have complete particular of the price at which the equity shares are offered and the size of the Issue. The Red herring prospectus will be files with the RoC at least three days before the bid/ Issue Opening date and will become Prospectus after filing with the RoC after determination of the Issue Price
Registrar to the Issue or Registrar	In this case being, Bigshare Services Private Limited
Self Certified Syndicate Bank (SCSB)	Self Certified Syndicate Bank (SCSB) is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Syndicate	The BRLM and the Syndicate Member(s)
Syndicate Agreement	The agreement to be entered into between our Company, BRLMs and the Syndicate Member(s), in relation to the collection of Bids in this Issue
Syndicate Member(s)	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Member(s) are appointed by the BRLM in this case being Saffron Global Markets

Term	Description
	Private Limited and Enam Securities Private Limited
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Member(s) to the Bidder as proof of registration of the Bid on the online system of BSE/NSE
Underwriters	The BRLM and the Syndicate Member(s)
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

INDUSTRY RELATED TERMS

Term	Description
CFM	Cubic Feet Per Minute
DG Sets	Diesel Gensets
DFIA	Duty Free Import Authorisation
ETP	Effluent Treatment Plant
EPCG	Export Promotion Capital Goods Scheme
JML	Jindal Medicot Limited
JSTL	Jindal Specialty Textiles Limited
LAN	Local Area Network
LCV	Light Commercial Vehicles
LDO	Light Diesel Oil
LPG	Liquefied Petroleum Gas
MFA	Multi-Fibre Arrangement
MMF	Man Made Fibres
MUV	Multi Utility Vehicle
NCCD	National Calamity Contingent Duty
Ne	English Cotton Count
PVC	Poly Vinyl Chloride
RONW	Return on Net Worth
SITP	Scheme for Integrated Textile Park
Sq. Mtrs.	Square Meters
SSI	Small Scale Industry
TPA	Tonnes Per Annum
TPD	Tonnes Per Day
TUFS	Technology Upgradation Funds Scheme
WAN	Wide Area Network

CONVENTIONAL/GENERAL TERMS

Term	Description
Act/ Companies Act	The Companies Act, 1956, as amended from time to time
Directors	The Directors of our Company, unless the context otherwise requires
Equity Shares	The Equity Shares of face value of Rs. 10/- each of our Company
Indian GAAP	Generally Accepted Accounting Principles in India
Non Resident	A person who is not an NRI, an FII and is not a person resident in India
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Quarter	A period of three continuous months
RBI Act	The Reserve Bank of India Act, 1934
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI (DIP) Guidelines	Means the extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and

Term	Description
	Exchange Board of India Act, 1992 (as amended), called SEBI (DIP) Guidelines, 2000 and the circulars and notifications issued thereunder.
Stock Exchanges	Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)

ABBREVIATIONS

Term	Description
A.Y./ AY	Assessment Year
A/c	Account
AGM	Annual General Meeting of our Company
AS	Accounting Standards
ASBA	Applications Supported by Blocked Amount
BP	British Pharmaceutical Standards
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CBDT	Central Board of Direct Taxes
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CLB	Company Law Board
DCA	Department of Company Affairs
DTA	Domestic Tariff Area
DP	Depository Participant
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EP	European Pharmaceutical Standards
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
ESI	Employee State Insurance
ESOS/ESPS	Employee Stock Option Scheme / Employee Stock Purchase Scheme
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations issued there under.
FI	Financial Institution
FIIs	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI as required under FEMA (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and other applicable laws in India.
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
FVCI	Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GIR Number	General Index Register Number
GoI	Government of India
IT	Infromation Technology
I.T. Act	The Income Tax Act, 1961
ITAT	Income Tax Appellate Tribunal
IPO	Initial Public Offer
ISO	International Standards Organization
Ldh.	Ludhiana
MAT	Minimum Alternate Tax

MF	Mutual Fund
Mn.	Million
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NRI	Non Resident Indian
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
PBDIT	Profit Before Depreciation, Interest and Tax
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
PE Ratio	Price Earning Ratio
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SBI	State Bank of India
SEBI	Securities and Exchange Board of India
SIA	Secretariat for Industry Assistance
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended.
TAN	Tax Deduction Account Number
TIN	Tax Identification Number
TNW	Total Net Worth
T.P. Act	Transfer of Property Act, 1882
TRS	Transaction Receipt Slip
USD/US$	United States Dollar
VAT	Value Added Tax
WDV	Written Down Value
w.e.f.	With effect from
W.H.O	World Health Organisation
WTO	World Trade Organisation

SECTION II - GENERAL

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Red Herring Prospectus, the terms 'we', 'us', 'our', the 'Company', 'our Company', 'Jindal Cotex Limited', 'Jindal Cotex, 'Jindal' unless the context otherwise indicates or implies, refers to Jindal Cotex Limited. In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word 'Lac/Lakh' means 'one hundred thousand', the word 'million (mn)' means 'ten lac /lakh', the word 'Crore' means 'ten million' and the word 'billion (bn)' means 'one hundred crore'. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off. Throughout this Red Herring Prospectus, all figures have been expressed in Lacs.

Unless indicated otherwise, the financial data in this Red Herring Prospectus is derived from our restated standalone and consolidated financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. Unless indicated otherwise, the operational data in this Red Herring Prospectus is presented on standalone and consolidated basis and refers to the operations of our Company and our Subsidiaries. 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.

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

For additional definitions used in this Red Herring Prospectus, see the section Definitions and Abbreviations on page 1 of this Red Herring Prospectus. In the section entitled 'Main Provisions of Articles of Association', defined terms have the meaning given to such terms in the Articles of Association of our Company.

Market Data

Unless stated otherwise, market data used throughout this Red Herring Prospectus has been obtained from internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us 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 like ‘will’, ‘aim’, ‘will likely result’, ‘believe’, ‘expect’, ‘will continue’, ‘anticipate’, ‘estimate’, ‘intend’, ‘plan’, ‘contemplate’, ‘seek to’, ‘future’, ‘objective’, ‘goal’, ‘project’, ‘should’, ‘will pursue’ and similar expressions or variations of such expressions, that are ‘forward looking statements’. Similarly, the statements that describe our objectives, plans or goals are also forward-looking statements.

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

For further discussion of factors that could cause our actual results to differ, see ‘Risk Factors’ beginning on page 10 of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLMs, 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, our Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

RISK FACTORS

An investment in equity shares involves a high degree of financial risk. You should carefully consider all information in this Red Herring Prospectus, including the risks described below, before making an investment in our Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our business. Any of the following risks, as well as the other risks and uncertainties discussed in this Red Herring Prospectus, could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline. In addition, the risks set out in this Red Herring Prospectus may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

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 impact in future.*

RISK IN RELATION TO OUR BUSINESS AND INTERNAL RISK

1. ***We are involved in a number of legal proceedings which, if determined against us, could adversely affect our business and financial condition.***

Our Company, our Directors, and the Promoter Group concerns are parties to certain legal proceedings. No assurances can be given as to whether these matters will be settled in our favour or against us. A summary of the pending proceedings is set forth below:

Outstanding Litigations of our Company and Group Companies

<u>LITIGATION FILED BY AND AGAINST OUR COMPANY</u>

(Rs. In Lacs)

Sr. No.	Particulars	No. of cases / disputes	Amount involved where quantifiable
LITIGATIONS AGAINST OUR COMPANY			
A) Labour Matters			
1.	Labour matters against our Company	2	0.05
B) Indirect Tax (Sales Tax) Proceedings			
2.	Sales tax cases against our Company	2	521.65
3.	Notice issued by Service Tax Authorities	3	1.03
LITIGATION AGAINST OUR DIRECTORS			
A) Litigation filed against our Directors			
1.	Civil matter against our Director	1	607.83

<u>LITIGATION FILED BY AND AGAINST THE GROUP COMPANIES</u>

1. <u>JINDAL FINE INDUSTRIES (JFI)</u>

(Rs. In Lacs)

No.	Particulars	No. of cases /	Amount involved

		disputes	where quantifiable
LITIGATIONS AGAINST JFI			
A) Civil Matters			
B) Indirect Tax (Customs) Proceedings			
2.	Notice issued by Customs Authorities	1	0.22
C) Indirect Tax (Service Tax) Proceedings			
3.	Notice issued by Service Tax Authorities	1	0.60
D) Direct Tax (Income Tax) Proceedings			
4.	Income tax cases against JFI*	9	43.31
LITIGATIONS AGAINST A PARTNER OF JFI			
1.	Civil matter against a Partner of JFI	1	607.83
CLAIMS FILED BY JFI			
A) Civil Matters			
1.	Civil cases filed by JFI	3	0.76
B) Compliant filed under Section 138 of the Negotiable Instrument Act, 1881			
1.	Criminal Complaint under section 138 of Negotiable Instrument Act, 1881	1	0.43

** JFI has received two (2) Notices under Section 148 for re-assessment of income for the A.Y. 2000 – 2001 & A.Y. 2001 – 2002. Though these matters have been included in the total cases, since notice has been issued for re-assessment there is no potential tax liability as of the date of this Red Herring Prospectus shown above.*

2. JINDAL INFO MEDIA PRIVATE LIMITED ("JMPL")

(Rs. In Lacs)

No.	Particulars	No. of cases / disputes	Amount involved where quantifiable
DISPUTES AGAINST JMPL			
A) Notice for Copyright Infringement			
1.	Notice against JMPL for infringement of copyright	1	100.00

Any adverse decision may have a significant effect on the Company's business and results of operations. For further details, please refer to the section titled "Outstanding Litigations and Other Material Developments" on page 225 of this Red Herring Prospectus.

2. ***Our business requires us to renew, maintain or obtain statutory and regulatory permits and licenses as required to operate our business and any delay or inability to obtain the same may have an adverse impact on our business.***

   Being manufacturing business, we require several statutory and regulatory permits, licenses and approvals to operate our business. Many of these approvals are granted for a fixed period of time and need renewal from time to time. We are required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue such permits or approvals to our Company or that they may be issued in time.

3. ***There are certain pending government/statutory approvals which are required to operate our business and our failure to obtain any or all of these approvals or licenses may have an adverse impact on our business operations.***

   Statutory Approvals/Licenses for Jindal Cotex Limited, for which we have applied for renewal:

   The Environmental Engineer, Punjab Pollution Control Board has on November 13, 2007 issued a letter for extension of validity of the consent no. LDH-II/APC/2006/R-1506 to operate an industrial plant, granted under section 21 of the Air (Prevention & Control Pollution), Act, 1981 for the manufacturing unit situated at Jugiana. The consent was valid until November 12, 2008. Our company has applied for renewal vide our letter dated February 10, 2009 and the application is under process.

Following are the Statutory Approvals/Licenses required for the proposed expansion and setting up of manufacturing units by our Subsidiaries for which we have not yet applied:

- Acknowledgement of Industrial Entrepreneurs Memorandum for Industrial Approvals Entrepreneurial Assistance Unit for the units of the Subsidiaries for manufacturing of the products proposed to be manufactured by them.
- License from the Inspector of Factories under Factories Act, 1948.
- VAT Registration
- Central Excise Registration
- Service Tax Registration
- Registration with Provident Fund and E.S.I. authorities
- Pollution Control Board clearance under section 25 of the Water (Prevention and Control of Pollution) Act, 1974, and consent issued under section 21 of the Air (Prevention and Control of Pollution) Act, 1981.
- Sanction for power connection from the Division Officer.
- Importer Exporter Code from The Assistant Director General of Foreign Trade (for JSTL only).
- Registration with the concerned Textile Commissioner
- Sanction from Irrigation Department for ground water extraction.

We have not yet applied for the aforesaid approvals and majority of these approvals/licences will be applied in the due course of time after completion of land acquisition. If we do not apply or fail to apply within the prescribed time or fail to obtain any of the aforesaid licenses, approvals and permissions, our ability to carry on business, including but not limited to our new Project may be materially affected. Our Company and our officials may be subject to fines and penalties under the relevant laws, and consequently our turnover and profitability may be adversely affected.

4. ***The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in "Objects of the Issue". Any revision in the estimates may require us to reschedule our Project expenditure and may have a bearing on our expected revenues and earnings.***

   Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. Our estimates for the Project may exceed the value that would have been determined by third party appraisals, which may require us to reschedule our project expenditure and have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our audit committee.

5. ***Substantial portions of our Sales have been dependent upon a few customers. The loss of any one or more of our major customers would have a material adverse effect on our business operations and profitability.***

   Our top 3 customers contributed approximately 51.94% of our sales for the year ended March 31, 2009. Further, our top ten customers contributed approximately 76.32% of our our sales for the year ended March 31, 2009. Any decline in our quality standards and growing competition and any change in the demand for our product by these customers may adversely impair our ability to retain these customers. The loss of our major customers or a decrease in the volume of products sourced from us may adversely affect our revenues and profitability. We cannot assure you that we shall generate the same quantum of business, or any business at all, from these customers, and loss of business from one or more of them may adversely affect our operations and profitability.

6. ***We are dependent upon few suppliers for our raw material for our current manufacturing facilities. In an eventuality where our suppliers are unable to deliver us the required materials in a time-bound manner it may have a material adverse effect on our business operations and profitability.***

About 52.10% of our purchases depend upon our top 3 suppliers for the year ended March 31, 2009. Further our top 10 suppliers contribute about 85.02% of our total purchases for the year ended March 31, 2009. Any problems faced by our suppliers in their manufacturing facilities resulting in delays or non-adherence to quality requirements could adversely impact our ability to meet our customer's requirements in time and our operations would be affected to the extent we are unable to line up supplies from alternate suppliers.

7. ***Some of our Group Concerns have incurred losses in the last three years. Sustained financial losses by our Group Companies may adversely impact the financial position of our group and may also create a negative image amongst external parties such customers, bankers, suppliers etc.***

The following group concerns have incurred losses in one of the last three years:

(Rs. in Lacs)

Sr. No	Name of the Company	2006	2007	2008
1.	Jindal Cycles Private Limited	(4.17)		(57.59)
2.	Poonam Enterprises			(0.21)

8. ***Currently, we have an aggregate outstanding export obligation of US$ 1.51 mn which needs to be fulfilled. Failure to meet export obligation would entail payment of the amount of duty saved together with interest.***

Currently, we have an outstanding export obligation of US$ 1.51 mn which needs to be fulfilled. This amount pertains to various EPCG Licences. The detail of the licences and outstanding export obligations is as follows:

Sr. No.	Licence No.	Issue Date	Duty Saved (Rs. in Lacs)	Export Obligation (in US$)	Export Obligation completed (in US $)	Balance Export obligation to be completed (in US $)	Period upto which Export Obligation need to be completed
1	3030004020	12.05.08	41.98	938,226.00	0.00	938,226.00	8 years
2	3030004656	21.10.08	3.75	64,254.31	0.00	64,254.31	8 years
3	3030005231	29.04.09	1.80	28,245.70	0.00	28,245.70	8 years
4	3030004744	20.11.08	8.66	1,37,501.52	0.00	1,37,501.52	8 years
5	3030004863	31.12.08	30.49	4,85,485.86	1,41,172.67	3,44,313.19	8 years
	Total		**86.68**	**16,53,713.39**	**1,41,172.67**	**15,12,540.72**	

As per the EPCG scheme, we are required to export goods aggregating in value to eight times of the custom duty saved, failing which an amount equivalent to the duty amount saved along with interest at applicable rates would be required to be paid to the Government of India.

In case our Company does not fulfil the export obligation the company shall be liable to pay Rs. 77.81 lacs being duty saved with interest @ 15% p.a. on the amount saved from the date of first consignment till the date of payment. Our profitability will be affected to the extent of the amount paid to the Government on account of our failure to meet the export obligations.

9. ***We have certain contingent liabilities, which have not been provided for. Crystallization of any of these contingent liabilities may adversely affect our financial condition.***

The Contingent liabilities of our Company not provided for, as certified by our statutory auditors are as under:

(Rs. In Lacs)

Sr. No.	Nature of Liability	30.06.09	31.03.09
1)	Bonds Executed in favour of Custom Authorities and DGFT	1108.12	1044.67
2)	Sales Tax Demand Year 2005-06 disputed by the company	104.36	104.36
3)	VAT not charged in sales invoices to customer due to dispute in sales tax exemption	417.29	354.87

In the event any of these contingent liabilities gets crystallized, our financial condition may be adversely affected. For further information please see section titled "Financial Statements" beginning on page 157 of this Red Herring Prospectus.

10. ***We have rolled over short term loan of Rs. 500 Lacs.***

Our Company has availed the short term loan of Rs.500.00 lacs from Punjab & Sind Bank, Ludhiana. The same was been due for payment on May 14, 2009 and the same has been rolled over on due date for another six months by the bank on our request, and the loan is now due for repayment on November 14, 2009.

11. ***The Price Earning (PE) Ratio of our Company at the lower end of the price band is 20.23 times and at the upper end of the price band is 21.68 times. Our PE Ratio, both at upper end of the price band and at the lower end of the price band is higher than industry average PE ratio of 9.10 times. For further details please refer to the section titled "Basis for Issue Price" beginning on page 87 of this Red Herring Prospectus***

12. ***Covenants with institutional lenders may restrict our operations and expansion ability, which may affect our business and results of operations and financial condition.***

As per our current financing arrangements with banks, we are subject to certain restrictive covenants which require us to obtain the prior consent of the respective lenders before undertaking certain actions such as:

i. effect any change in the capital structure
ii. formulate any scheme of amalgamation or reconstruction.
iii. implement any scheme of expansion or acquire fixed assets.
iv. make investments/ advances or deposit amounts with any other concern.
v. enter into borrowing arrangements with any bank/FI/company.
vi. undertake guarantee obligations on behalf of any other company.
vii. declare dividends for any year except out of profits relating to that year

In the event that such lenders, in the future decline to consent or delay in granting the consent to our plans of expansion/modernization/diversification of our business, such declination or delay as the case may be may have adverse bearing on our future growth plan.

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

We operate in a technologically intensive environment, where we compete on a global scale, especially in the export market. Players of the Textile industry are largely dependent on the technology adopted. The manufacturing process in the Textile Industry is prone to technological and process changes. Technology by its very nature is dynamic and ever-changing, and we may not be able to keep pace with the rapidly changing technological environment. Any such failure on our part could adversely affect our ability to compete efficiently, our cost-competitiveness and the quality of our products, which could consequentially adversely affect our sales and profitability.

14. ***Mishaps or accidents in the manufacturing facilities could result in a loss or shutdown of operations and could also cause damage to life and property.***

The manufacturing facilities of our Company are subject to operating risks, including but not limited to, breakdown or accidents & mishaps. While, till date, there have not been any incidents involving mishaps or major accidents, we cannot assure that these may not occur in the future. Any consequential losses arising due to such events will affect our operations and financial condition.

15. ***Our success depends largely upon the services of our Promoters, Executive Directors and other key managerial personnel and our ability to attract and retain them. Our inability to attract and retain key managerial personnel may adversely affect the operations of our Company.***

Our Promoters have over the years built relations with suppliers, customers and other persons who are connected with us. Further, most of the key managerial personal of our Company have been known to and working with our Company for many years. Accordingly, our Company's performance is dependent upon the services of our Promoters, our Executive Directors and other key managerial personnel. Our future performance will depend upon the continued services of these persons. Demand for key managerial personnel in the industry is intense and our inability to attract and retain key managerial personnel may affect the operations of our Company.

16. ***Our Company's employees are not a part of any trade union. In the event they form a union it may be lead to industrial unrest, slowdowns and increased wage costs.***

India has stringent labour legislations that protect the interests of workers, including legislations that set forth procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Our Company's employees have not formed any union till date; however, there can be no assurance that they will not form a union in the future. If the employees form a union, it may become difficult for our Company to maintain flexible labour policies, and our Company's business may be adversely affected.

17. ***If our Company cannot manage its growth effectively, the business, operations and financial results of our Company will suffer.***

Our Company is expanding its operations and expects to continue to do so in the future, including by expanding its work force and production capabilities. At the same time, it continues to seek to refine its operations in order to reduce costs while maintaining and improving the quality of its products. The growth in our Total Income, PBDIT and PAT for last three years is detailed below:

Particulars	**For the year ended March 31,**		
	2007	**2008**	**2009**
Total Income	**7,459.93**	**9,958.72**	**13,825.52**

Increase/ Decrease%	19.13%	33.50%	38.83%
PBDIT	**631.07**	**967.26**	**1,014.11**
Increase/ Decrease%	17.35%	53.27%	4.84%
PAT	**87.98**	**423.78**	**433.80**
Increase/ Decrease%	12.19%	381.68%	2.36%

Managing such growth and change is likely to pose complex challenges, as it would for any company. Management resources and operational, financial and other management information systems could possibly be strained, perhaps on a regular basis. If our Company cannot manage its growth successfully, the business, operations and financial results of our Company will suffer.

18. Any changes in regulations or applicable government incentives would materially affect our Company’s operations and growth prospects.

Our Company is also subject to various regulations and textile policies, primarily in India. For details please refer to the section titled “Key Industrial Regulations and Policies" beginning on page 128 of this Red Herring Prospects. Our Company’s business and prospects could be adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite regulatory approvals in the future for its operations or that compliance issues will not be raised in respect of its operations, either of which would have a material adverse affect on our Company’s operations and financial results.

Government of India has provided several incentives to the textile sector, from which our Company currently benefits, including the TUFS interest and capital subsidies, "duty entitlement pass book scheme" and "duty drawback scheme". Our Company also enjoys tax benefits due to the installation of wind energy generators under the Income Tax Act, 1961. These incentives could be modified or removed at any time, or new regulations could be introduced applicable to our Company’s business, which could affect our Company’s operations and financial results.

19. Failure to comply with the conditions applicable under TUFS, being availed by us, may render our Company ineligible for interest or capital subsidies.

Our Company presently avails term loan facilities under the TUFS. As on June 30, 2009 the total sanctioned term loan under TUFS is Rs. 9800 Lacs, of which we have availed term loans aggregating Rs. 2144.91 lacs. These loans are eligible for 5% interest subsidy. Such interest or capital subsidies are allowed subject to fulfilment of conditions provided therein. If we fail to comply with the conditions stipulated under the TUFS, our Company may be denied the interest or capital subsidy, making its operations less cost effective.

20. Our Company may face risks arising from any disproportionate increase in labour costs including in relation to increased wage demands, labour unrest, or claims arising from industrial accidents.

Currently, our Company has manpower strength of 543 employees, of which 19 are of management cadre, 45 officer/clerks and 475 workers. The number of our employees is likely to increase with our proposed expansion plans. Currently, our Company’s workmen are not represented by any labour unions. While we consider our labour relations to be good, there is no assurance that it will not experience future disruptions to its operations due to problems with its workforce. In Fiscal 2009, the staff cost constituted about 2.50% of our Company’s cost of production. In the event the cost of labour continues to increase, we may be unable to pass on the additional increase to our customers due to market conditions and pricing pressure from our competitors. This would result in our Company being required to absorb the additional increase in cost, which may have a material adverse effect on our profitability. Any upward revision of the prescribed minimum wage or other benefits required to be paid to its workers (*including in the event of injuries or death sustained in course of employment, dismissal or retrenchment*), or unavailability of the required number of labour in future, may adversely affect the revenues and operations of our Company. Although, we endeavour to provide adequate insurance coverage and a safe working environment to all our employees, we cannot rule out the possibility of future industrial accidents. A claim brought against us may have a material adverse effect on its financial position.

21. ***Any disruption affecting the production facilities could have a material adverse effect on our Company's business, financial position and results of operations.***

Any significant interruption to the operations as a result of industrial accidents, severe weather or other natural disasters could materially and adversely affect our Company's business, financial condition and results of operations. There can be no assurance that such events may not occur and that if they do occur, the production capacity would not be materially and adversely impacted. Our Company is also subject to mechanical failure and equipment shutdowns. In the event that our Company is forced to shut down any of its production facilities for a significant period of time, it would have a material adverse effect on its earnings, other results of operations and its financial condition as a whole.

As a manufacturing business our Company's success depends on the smooth supply and transportation of the products from its plants to their customers, which are subject to various uncertainties and risks. Disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair its ability to supply products to its customers. Although our Company has not encountered any significant disruptions in the supply of its products, our Company cannot provide any assurance that such disruptions due to occurrence of any of the factors cited above will not occur in the future.

22. ***Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender's approvals and other factors. There can be no assurance that we shall have distributable funds after we commence commercial operations of the Project.***

Till date our company has not paid any dividends. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender's approvals and other factors. There can be no assurance that we shall have distributable funds or that we will declare dividends in the future.

23. ***The prices we are able to obtain for the yarns that we produce depend largely on prevailing market prices. Any decrease in yarn prices may adversely affect our profitability.***

The wholesale price of cotton has a significant impact on our profits. Cotton is subject to price fluctuations resulting from weather, natural disasters, domestic and foreign trade policies, shifts in supply and demand and other factors beyond our control. As a result, any prolonged decrease in cotton prices could have a material adverse effect on our Company and our results of operations.

24. ***Members of our Promoters' Group will continue to retain significant control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval in their favour.***

After this Issue, members of our Promoter group will beneficially own approximately 55% of our post-Issue Equity Share Capital. As a result, our Promoters' Group will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of directors and approval of significant corporate transactions. The Promoters' Group will also be in a position to influence any shareholder action or approval requiring a majority vote, except where they are required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

25. Our Company has taken on lease, land owned by Mr. Yash Paul Jindal, Mr. Ramesh Jindal and Mr. Rajinder Jindal, at VPO Jugiana, GT Road, Ludhiana for a period of 30 years from June 22, 1998 at a monthly rental of Rs. 4000 each aggregating Rs. 12000 along with non interest bearing security deposit of Rs. 15.00 Lacs each aggregating Rs. 45 Lacs. Further, our Promoter Group company Jindal Cycles Private Limited has given on lease, Godown to our Company at a rent of Rs. 5000 per month for a period of 10 years from August 24, 2004. For further details please refer to the section titled "Interest of Promoters" and "Related Party Transactions" beginning on page 153 & 179 of this Red Herring Prospectus.

26. For the FY 2009, our Company has entered into certain Related Party Transactions with the promoters, promoter group, subsidiary companies and group concerns/entities. The total amount of related party transactions as on 31.03.09 aggregated to Rs. 1103.17 Lacs Lacs and as on 30.06.09 aggregated to Rs. 189.63 Lacs. The details of these transactions are given below:

Sr. No.	Name of the party	Nature of Transaction	30.06.09	31.03.09
1	Jindal Cycles Pvt. Ltd.	Lease Rent	0.15	0.60
		Purchase of Misc Assets	-	6.79
		Unsecured loan paid/taken	-	199.69
		Unsecured loan refunded/placed	0.96	115.30
		Interest Paid	2.94	17.96
2	Sandeep Jindal	Director Remuneration	3.75	15.00
		Unsecured loan received/taken	-	-
		Unsecured loan refunded/placed	8.50	9.00
3	Yash Paul Jindal	Director Remuneration	3.00	12.00
		Unsecured loan received/taken	-	48.30
		Unsecured loan refunded/placed	-	47.00
		Lease Rent	0.12	0.48
4	Rajinder Jindal	Director Remuneration	3.00	12.00
		Unsecured loan received/taken	-	44.67
		Unsecured loan refunded/placed	-	45.00
		Lease Rent	0.12	0.48
5	Ramesh Jindal	Director Remuneration	3.00	12.00
		Unsecured loan received/taken	-	55.93
		Unsecured loan refunded/placed	-	56.98
		Lease Rent	0.12	0.48
6	Manu Jindal	Salary Paid	1.05	4.36
7	Suruchi Jindal	Interest Paid	-	-
		Unsecured loan refunded/placed	-	-
8	Neha Jindal	Interest Paid	-	-
		Unsecured loan refunded/placed	-	-
9	Ritika Jindal	Interest Paid	-	-
		Unsecured loan refunded/placed	-	-
10	Santosh Jindal	Interest Paid	-	-
		Unsecured loan received/taken	-	-
		Unsecured loan refunded/placed	-	-
11	Geeta Jindal	Interest Paid	-	-

		Unsecured loan received/taken	-	-
		Unsecured loan refunded/placed	-	-
12	Sandeep Jindal HUF	Interest Paid	-	-
		Unsecured loan received/taken	-	-
		Unsecured loan refunded/placed	-	-
13	Smt Reen Prabha Jindal	Interest Paid	-	-
		Unsecured loan received/taken	-	-
		Unsecured loan refunded/placed	-	-
14	Sh Jagdish Rai Jindal	Unsecured loan received/taken	-	47.00
		Unsecured loan refunded	-	47.00
15	Jagdish Rai Jindal & Sons	Unsecured loan received/taken	-	-
16	Jindal Fine Industries	Loan/Advance Given	-	34.00
		Loan/Advance received	-	34.00
		Interest Received	-	2.93
17	Jindal Medicot Ltd.	Investment in Shares	-	5.00
		Loan/Advance Given	162.50	171.37
18	Jindal Specialty Textiles Ltd.	Investment in Shares	-	5.00
		Loan/Advance Given	-	51.57
19	Jindal Info Media Pvt. Ltd.	Loan/Advance Given	0.42	0.64
		Loan/Advance received	-	0.64

27. ***We have unsecured loans, which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations.***

As per our standalone financial statements, as on June 30, 2009, we have unsecured loan of Rs. 103.06 lacs from Promoter Group / associate concerns / directors and their relatives which is repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations and liquidity. For further details of these unsecured loans, please refer to Auditors' Report beginning on page 157 of this Red Herring Prospectus.

28. ***Insurance cover available for certain risks may be inadequate and may not protect us from entire liability for damages in case of any unforeseen adverse event.***

Although we attempt to limit and mitigate our liability for damages arising from negligent acts, errors or omissions through contractual provisions and/or insurance policies, the indemnities set forth in our contracts and/ or our insurance policies may not be enforceable in all instances or the limitations of liability may not protect us from entire liability for damages. A successful assertion of one or more large claims against us could adversely affect the results of our operations. We have not taken any insurance for protecting us from future business losses and in the event of such losses, the operations of our Company may be affected significantly.

PROJECT RELATED RISKS

29. ***Our Company proposes to venture into Yarn Dyeing and Garment Manufacturing which is a forward integration project and neither our company nor the Promoters have any experience or background in yarn dyeing and Garment manufacturing. Further, we may not be able to estimate our future performance and our expansion plans may not yield the benefits actually intended.***

Our company is currently into manufacturing of yarn and proposes to set up a yarn dyeing and garment manufacturing unit. Neither our company nor its Promoters have any experience or background in yarn dyeing and Garment manufacturing. Therefore our prospects must be considered in light of the risks and uncertainties encountered in evolving markets and changing trends where demand and supply for our products manufactured may vary. As a result we cannot give any assurance about our business strategy being successful. Our expansion plans are based on the feasibility study done by our Company and internal estimates. Actual market conditions may vary from these estimates and therefore my not yield the returns intended.

30. ***Our Company will be investing part of the Issue Proceeds in our wholly owned subsidiaries Jindal Medicot Limited and Jindal Specialty Textiles Limited. The investment in Jindal Medicot Limited is Rs.3,000.80 Lacs and in Jindal Specialty Textiles Limited is Rs. 5101.21 Lacs aggregating Rs. 8102.01 Lacs. This investment in subsidiaries amounts to about [●]% of the issue proceeds. Further, our Company is not assured of any returns pursuant to such investment in the subsidiaries. This investment will be part of means of finance for the project being undertaken by our subsidiaries independently. For details of cost of project and means of finance of these projects please refer page 74 of this Red Herring Prospectus. Our Promoters and subsidiary companies have no prior experience in the technical textile project being set up by them. Further, this is the first project being set up by our subsidiaries. Lack of understanding by the Promoters and inability to adapt to the new setup which may adversely affect our ability to fully implement our growth plans.***

31. ***Delay in acquiring land required for Phase II of our proposed project may adversely affect our results of operations.***

Our Company proposes to acquire 8 acres of land around Village Mandiala Kalan, Bija, Tehsil Khanna, Ludhiana for Phase II of our Project. We are in the process of acquiring land for our Phase II of our project. For this purpose our Company has entered into a Memorandum of Understanding dated September 27, 2008 with M/s Idea Ads having its office at 477R, Star Plaza, 3rd Floor, Model Town Ludhiana, to acquire 8 acres of land at Village Mandiala Kalan, Bija, Tehsil Khanna, Distt. Ludhiana. This MoU has been extended vide the continuation MoU dated July 15, 2009 for the execution of title deed from June 30, 2009 to September 30, 2009. Any delay in the acquisition of land may delay our project, which in turn will have an adverse effect on our results of operations.

32. ***Delay in acquiring land required for the projects being undertaken by our subsidiaries may delay the implementation and adversely affect our results of operations.***

Jindal Medicot Limited proposes to acquire 19.52 acres of land and Jindal Specialty Textiles Limited proposes to acquire 39.54 acres of land in District Una, Himachal Pradesh. Our subsidiaries are in the process of acquiring land for their technical textile projects.

For this purpose Jindal Medicot Limited has also entered into a Memorandum of Understanding dated January 16, 2009 with Mr. Ashok Sharma and Mr. Chander Prakash Sharma, residents of Village Rehi, P.O. Bharwain, Distt. Una, Himachal Pradesh to acquire about 600 Kanals of land at Upmahal Ram Nagar, Mouja Thathal, Tehsil Amb, Distt. Una, Himachal Pradesh. This MoU has been extended vide the continuation MoU dated July 15, 2009 for the execution of title deed from May 31, 2009 to September 30, 2009. The above land will be acquired by the name of Jindal Medicot Limited and Jindal Specialty Textiles Limited and the conveyance deed for the above land will be executed in due course.

The cost of land acquisition for the projects being undertaken by Jindal Medicot Limited and Jindal Specialty Textiles Limited have increased by Rs. 149.77 lacs to Rs. 578.16 lacs as compared to earlier cost of Rs. 428.39 lacs. Any further delay in the acquisition of land may delay the project implemetation, which in turn will have an adverse effect on our results of operations.

33. ***We have not yet placed orders for plant & machinery aggregating Rs. 15,339.84 Lacs required for setting up our Project and the projects being undertaken by our subsidiaries. Any delay in placing the orders may result in time and cost overruns, which may affect our profitability.***

We have not yet placed orders for plant & machinery aggregating 15,339.84 Lacs required to set up our Project and the projects being undertaken by our subsidiaries, which constitutes 73.10% of the total plant & machinery required. The project wise details of required and ordered plant and machiney are given below:

(Rs. Lacs)

Particulars	Total Machinery Required	Machinery Already Ordered	Order Pending	% of order pending to Total Machinery
Jindal Cotex Limited - Phase I	4,362.12	4,140.93	221.19	5.07%
Jindal Cotex Limited - Phase II	3,298.60	0.00	3,298.60	100.00%
Project by Jindal Medicot Limited	5,058.38	1,502.85	3,555.53	70.29%
Project by Jindal Specialty Textiles Limited	8,264.52		8,264.52	100.00%
Total	**20,983.62**	**5,643.78**	**15,339.84**	**73.10%**

Further, we are subject to risks on account of inflation in the price of plant & machinery and other equipments that are required for executing the project. Our Company has received quotations for these Plant & Machinery, and negotiations with the vendors have commenced. The details of quotations received appear in the section titled 'Objects of the Issue' on page 58 of this Red Herring Prospectus. Any delay in placing the orders or delay at the suppliers' end in providing timely delivery may result in time and cost overruns, consequently affecting our profitability.

34. ***We face certain risks that may result in delay in the implementation of the Project. Any delay in implementation will result in time and cost overrun which may affect our profitability.***

We face certain risks such as non performance by external agencies, delay in getting government / statutory approvals, delay in placing the orders for plant and machinery, labour unrest etc., which could delay the commencement of commercial production of the Project as detailed in the section titled "Objects of the Issue" beginning on page 58 of this Red Herring Prospectus. Timely commencement of commercial production of the Project is must for our growth. Any delay in commencement of commercial production may adversely impact the results of our operations and the subsequent growth of our Company.

35. ***There has been a delay in the implementation schedule of the project which is in the initial stage of implementation. For further details of delay please refer to the paragraph title "Schedule of Implementation" on page 62 of this Red Herring Prospectus.***

Further, there has also been a delay in the implementation of the projects being implemented by our subsidiaries. For further details of delay in projects by Jindal Medicot Limited and Jindal Specialty Textiles Limited please refer paragraph titled "Schedule of Implementation" on page 79 & 84 respectively of this Red Herring Prospectus. Inability to complete the project as per the stated schedule of implementation may lead to cost/time overruns and may impact our future profitability.

36. ***In terms of sub-section (1) of Section 5A of the Central Excise Act, 1944 read with sub-section (3) of Section 3 of the Additional duties of Excise (Goods of Special Importance) Act, 1957 and sub-section (3) of section 3 of the additional duties of excise (Textile and Textile Articles) Act, 1978, the Central Government has granted 100% outright excise duty exemption for a period of 10 years from the date of commercial production to the unit located in the State of Himachal Pradesh. The benefit is available subject to the conditions***

prescribed under that section and commercial production is to be started before 31.03.2010. As per the revised schedule of implementation, only Jindal Medicot Limited would be eligible for the exemption and this exemption would not be available to Jindal Specialty Textiles Limited. This would have a adverse impact on the financial position and profitability of Jindal Specialty Textiles Limited.

37. ***Our new Project is dependent on performance of external agencies. Any non performance by these agencies, may result in incremental cost and time overruns of the Project, and in turn could adversely affect our business operations and profitability.***

Our new Project is dependent on performance of external agencies, which are responsible for construction of buildings, installation and commissioning of plant & machinery and supply & testing of equipments. We cannot assure that the performance of external agencies will meet the required specifications or performance parameters. If the performance of these agencies is inadequate in terms of the requirements with respect to timeline and quality of performance, we may require to replace these external agencies even, which could result in incremental cost and time overruns of the Project, and in turn could adversely affect our business operations and profitability.

38. ***We have not made firm arrangements for Funding of Balance Working Capital requirement by Banks***

Additional working capital requirement has been estimated at Rs. 3741.80 Lacs for Phase I and Phase II, of which Rs. 567.67 lacs would be raised through Public Issue, whereas the balance amount i.e Rs. 2597.99 lacs would be arranged by way of borrowings from Banks. However, as on date no arrangements for the same have been finalized by our Company.

39. ***Our manufacturing activities are dependent upon availability of skilled and unskilled labour. Our inability to attract labour or maintain harmonious relations with labour may affect the operations of our Company.***

Our company proposes to manufacture garments and dyed yarn for which we require both skilled and unskilled labour. Non-availability of labour and/or any disputes between the labour and the management may affect the continuity of our business operations.

EXTERNAL RISK FACTORS

40. ***Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.***

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude.

41. ***We are subject to risks arising from foreign exchange rate fluctuations, which could adversely affect our financial condition.***

Our Company intends to import some plant & machineries. Our Company is availing part of working capital limits in the foreign currency. Since the cost of these plants & machineries are denominated in foreign currency, any adverse fluctuations in the exchange rate of foreign currency for Indian Rupee could adversely affect our financial condition and operations. We have not hedged our risks against foreign exchange fluctuations in this regard.

42. ***Our performance is linked to the stability of policies and political situation in India. Changes in Government Policies and political situation in India may have an adverse impact on the business and operations of our Company.***

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. We cannot assure you that these liberalization policies will continue in the future. Any adverse move could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting technology companies, foreign investment, currency exchange rates and other matters affecting investment in our 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 our business.

43. ***Terrorist attacks and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets, result in a loss of business confidence and adversely affect our business, results of operations and financial condition.***

Terrorist attacks and other acts of violence or war, including those involving India, the United States or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

44. ***The price of our Equity Shares may be highly volatile, or an active trading market for its equity shares may not develop.***

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Indian and global securities market;
- Our results of operations and performance, in terms of market share;
- Performance of the Indian economy;
- Changes in Government policies;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Perceptions about our future performance or the performance of Indian Textile companies generally;
- Performance of the Company's competitors in the Indian Textile Industry and market perception of investments in the Indian Textile Industry;
- Adverse media reports on our Company or the Indian Textile Industry;
- Changes in the applicable tax incentives;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations.

45. ***The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue and the market price of our Equity Shares may decline below the issue price and you may not be able to resell your Equity Shares at or above the Issue Price.***

The Issue Price of our Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors (discussed in the section 'Basis for Issue Price' on page 87) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

- Quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

46. You will not be able to immediately sell any of our Equity Shares purchased through this Issue on stock exchanges until the Issue receives the appropriate trading approvals.

Our Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' "demat" accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

Notes to Risk Factors:

1. Pre-Issue Net worth of our Company (excluding share application money) on standalone basis as on March 31, 2009 is Rs. 2,726.33 lacs and as on June 30, 2009 is Rs. 2910.03 lacs.

2. Size of the Present Issue – Public Issue of 1,24,53,894 Equity Shares of face value of Rs. 10/- each ("Equity Shares") for cash at a price of Rs. [●] per Equity Share (including a premium of Rs. [●] per Equity Share) aggregating Rs. [●] lacs ("the Issue") comprising of Promoters' contribution of 12,03,894 Equity Shares of Rs. 10 each at a price of Rs. [●] for cash aggregating Rs. [●] lacs (referred to as the "Promoters' Contribution") and reservation for eligible employees of our Company of 5,00,000 equity shares Rs. 10 each at a price of Rs. [•] for cash aggregating Rs. [●] lacs (reffered to as the ("Employee Reservation Portion"). the Net Issue to the public is of 1,07,50,000 Equity Shares of Rs. 10 each at a price of Rs. [●] for cash aggregating Rs. [●] lacs (referred to as the "Net Issue"). The Net Issue shall constitute 43.00 % of the post issue paid up capital of our company.

3. The average cost of acquisition of Equity Shares of our Promoters is given below:

Sr. No	Name of our Promoters	Average cost of acquisition of shares (Rs.)
1.	Mr. Sandeep Jindal	19.16
2.	Mr. Yash Paul Jindal	8.32
3.	Mr. Rajinder Jindal	12.79
4.	Mr. Ramesh Jindal	13.22

For further details relating to the allotment of Equity Shares to our Promoters, Promoter Group and other entities, please refer to the section titled "Capital Structure" beginning on page 48 of this Red Herring Prospectus.

4. Book value of the Equity Shares of our Company as on March 31, 2009 is Rs. 21.73 per share and as on June 30, 2009 is Rs. 23.10 per share.

5. Other than as stated in the section titled "Capital Structure" beginning on page 48 of this Red Herring Prospectus, our Company has not issued any Equity Shares for considerations other than cash.

6. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with BSE, the Designated Stock Exchange. For details, refer to the section titled "Issue Procedure" beginning on page 251 of this Red Herring Prospectus.

7. No part of the Issue proceeds will be paid as consideration to Promoters, Promoter Company, Directors, Key Managerial Personnel, Associate Companies or Group Companies.

8. Investors may contact the BRLM or the Compliance officer for any complaint/clarification/information pertaining to the issue. For contact details of the BRLM and the Compliance Officer, please refer section titled "General Information" beginning on page 36 of this Red Herring Prospectus.

9. Our Company and the BRLM shall update this Red Herring Prospectus in accordance with the Companies Act, 1956. All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports, at bidding centres etc.

10. There are no contingent liabilities as on June 30, 2009, except as mentioned in the Auditor's report on page 157 of this Red Herring prospectus.

11. Trading in Equity Shares for all investors shall be in dematerialised form only.

12. Investors are advised to go through Basis of Allotment in the section titled "Issue Procedure" beginning on page 251 of this Red Herring Prospectus.

13. Investors are advised to refer to the section titled "Basis for issue price" on page 87 before making an investment in this issue.

14. 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 demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form and also update their demographic details with their respective depositary participant.

15. For details of liens and hypothecation on the movable and immovable properties and assets of our Company please see Section on 'Financial Statements' on page 157.

16. The aggregate amount of related party transactions by our company for the FY ended March 31, 2009 is Rs. 1103.17 Lacs and during the three months period ended June 30, 2009 is Rs. 189.63 Lacs. For details of related party transactions, loans and advances made to any company in which our directors are interested, please refer to the heading 'Related Party

Transactions', appearing in the section titled "Financial Information" on page 157 of the Red Herring Prospectus.

17. Since inception, our Company has issued 48,01,596 bonus shares in the ratio of 62:100, on July 04, 2008 by capitalisation of free reserves.

18. This Issue is being made through a 100% Book Building Process wherein upto 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

SECTION IV - INTRODUCTION

SUMMARY

You should read the following summary together with the risk factors and the more detailed information about us and our financial data included in this Red Herring Prospectus. Unless otherwise indicated, all financial and statistical data relating to the industry in the following discussion is derived from internal Company reports & data, industry publication and estimates. This data has been reclassified in certain respects for purposes of presentation. For more information, see "Forward Looking Statements" and "Market Data" on page no. 9 & 8 respectively,of this Red Herring Prospectus.

Summary about the Industry

The Indian textiles industry has significantly contributed to the economic life of the country. The Indian textile industry is one of the largest in the world with a massive raw material and textiles manufacturing base. Our economy is largely dependent on the textile manufacturing and trade in addition to other major industries. The Indian textile industry accounts for around 4 per cent of the gross domestic product (GDP), 14 per cent of industrial production and over 13 per cent of the country's total export earnings. In fact, it is the largest foreign exchange earning sector in the country. Moreover, it provides employment to over 35 million people.

The Indian textile industry is estimated to be around US$ 52 billion and is likely to reach US$ 115 billion by 2012. The domestic market is likely to increase from US$ 34.6 billion to US$ 60 billion by 2012. It is expected that India's share of exports to the world would also increase from the current 4 per cent to around 7 per cent during this period. India's textile exports have shot up from US$ 19.14 billion in 2006-07 to US$ 22.13 billion in 2007-08, registering a growth of over 15 per cent. It is, in fact, the largest foreign exchange earning sector in the country. In addition, it provides direct employment to over 38 million people. And with continuing growth momentum, its role in the Indian economy is bound to increase.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized powerlooms/ hosiery and knitting sectors form the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

The major sub-sectors that comprise the textiles sector include the organized Cotton/ Man-Made Fibre Textiles Mill Industry, the Man-made Fibre/ Filament Yarn Industry, the Wool and Woollen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

(Source: www.ibef.org, May 2009 and www.texmin.nic)

Man-made fibre and Filament Yarn Industry

The man-made fibre & yarn industry comprises fibre and filament yarn manufacturing units of cellulosic and non-cellulosic origin. The cellulosic fibre/yarn industry is under the administrative control of the Ministry of Textiles while non-cellulosic industry is under the control of Ministry of Chemicals & Fertilizers (Department of Chemicals & Petro Chemicals). This industry has a vital role to play in the Textile industry in the sense that out of total consumption of 4.74 billion kgs. of fibre, including cotton and man-made, 2.09 billion kgs i.e 44%, is manufactured by the man-made fibre/yarn industry.

The production of man-made fibre during 2007-08 shows an increasing trend as compared to the corresponding period of 2006-07. The total man made fibre production increased by 9.5%, a compare to the corresponding period of the previous year. The total man-made fibre production is expected to increase by about 10% during 2006-07, as compared to 2005-06. The production of Viscose Staple Fibre & Acrylic Staple Fibre is expected to decrease by 10% and 3%, respectively, during 2007-08. The production of Polypropylene Staple Fibre and Polyester Staple Fibre is expected to increase by 11% and 10%.

(www.texmin.nic.in, Sector review)

Organised Textile Mills Industry

The Cotton/ Man-made Fibre Textiles Mill Industry is the largest organized industry in the country in terms of employment (nearly 1 million workers) and number of units. Besides, there are a large number of subsidiary industries dependent on this sector, such as those manufacturing machinery, accessories, stores, ancillaries, dyes & chemicals.

As on December 31, 2007, there were 1,744 cotton/man-made fibre textiles mills (non-SSI) in the country with a capacity of 34.87 million spindles, 4,57,000 rotors, and 56,000 looms. During 2006-2007, the capacity utilisation in the spinning sector of the organised textiles mill industry ranged between 80% to 93 % while the capacity utilisation in the weaving sector of the organised textiles mill industry ranged between 41% to 63 %. The production of spun yarn, including the production of yarn from SSI spinning sector, was 3,046 mn. kg. in 1999-2000; 3,458 mn. kg. in 2005-06; and 3,813.39 mn. kg. in 2006-07. It is estimated to reach 4,000 mn. Kg. in 2007-08. SSI sector contributes about 5% of the total spun yarn production.

(Source: Annual Report, 2007 – 2008; Ministry of Textiles, GoI)

Summary about Our Company's Business

Our Company is engaged in the business of manufacturing of Acrylic, Polyester, and Polyester-Viscose, Polyester Cotton, combed and carded yarns, which are appropriate for apparels, suitings & knitted fabrics.

We have current installed capacity of 23,472 spindles for acrylic, cotton blended and polyester yarns. We manufacture and sell yarns under the trade name 'JINDAL'. We have gradually increased the manufacturing capacities to fulfill the requirements of the domestic market. We are exploring the international markets with the existing business and capabilities.

We have successfully installed and commissioned a Suzlon make Wind Electric Generator (Wind Mill) of 1250KW capacity at Pithla-Satta-Gorera in Distt. Jaisalmer, Rajasthan on Mach 31, 2008. The entire power generated through this wind mill will be sold to Ajmer Vidyut Vitran Nigam Limited.

Our Competitive Strengths

1. Quality Standards
2. Strong Customer Base
3. Capability to Manage Multiple and Large Orders
4. Experienced and Qualified Management
5. Registered Trade Marks
6. Implemented ERP Software
7. Quality Assurance

Our Business Strategy

1. Maintain and Expand Long-term Relationships with Clients
2. Investing In Advanced Technology
3. Capitalize the opening of new markets and enhancing our existing customer base
4. Leveraging of our Marketing Skills and Relationships
5. Continue to build-up a professional organization

BRIEF DETAILS OF THE ISSUE

Equity Shares offered: Fresh Issue by our Company	1,24,53,894 Equity Shares
Issue Price	Rs. [●] per Equity Share
Promoters Contribution in the Issue	12,03,894 Equity Shares
Reservation for Eligible Employees	5,00,000 Equity Shares (Reserved for eligible employees on a competitive basis)
Net Issue to the Public	1,07,50,000 Equity Shares
Of which: (A) Qualified Institutional Buyers portion (QIBs)	53,75,000 Equity Shares (Allocation on a proportionate basis) Of the above 53,75,000 Equity Shares, 2,68,750 Equity Shares shall be available for allocation to Mutual Funds The balance 51,06,250 Equity Shares shall be available to all QIBs, including Mutual Funds
(B) Non-Institutional Portion	16,12,500 Equity Shares (Allocation on a proportionate basis)
(C) Retail Portion	37,62,500 Equity Shares (Allocation on a proportionate basis)

Note: Under-subscription, if any, in any of the categories would be allowed to be met with spillover from the other categories, at the sole discretion of our Company and the BRLM.

Equity Shares outstanding prior to the Issue	1,25,46,106 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding after the Issue	2,50,00,000 Equity Shares of face value of Rs.10/- each
Use of Issue proceeds	Please see section titled "Objects of the Issue" on page no. 58 of this Red Herring Prospectus for additional information.

SUMMARY OF FINANCIAL INFORMATION

The following summary of financial data, both standalone and consolidated, have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (DIP) Guidelines and restated as described in the Auditor's Report of our statutory auditor's, Aggarwal Garg & Co., Chartered Accountants dated July 16, 2009 in the section titled 'Financial Information'. You should read this financial data in conjunction with our financial statements for each of Fiscal 2005, 2006, 2007, 2008, 2009 and 3 months ended June 30, 2009 including the Notes thereto and the Reports thereon, which appears under the paragraph on 'Financial Information' in this Red Herring Prospectus, and 'Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements' on page 157.

Summary statement of Assets & Liabilities, as restated (Standalone)

(Rs. in Lacs)

Particulars		As at					
		30.06.09	**31.03.09**	**31.03.08**	**31.03.07**	**31.03.06**	**31.03.05**
A.	**Fixed Assets**						
	Gross block	4674.17	4662.61	4640.38	3908.76	3791.25	2781.90
	Less: Depreciation	2687.43	2628.55	2374.61	2127.77	1842.58	1585.83
	Net Block	1986.74	2034.06	2265.77	1780.99	1948.67	1196.07
	Capital Work-in-Progress & Capital Advances	3567.12	3422.23	1061.41	62.52	32.13	58.93
	Total fixed assets (A)	**5553.86**	**5456.29**	**3327.18**	**1843.51**	**1980.80**	**1255.00**
B.	**Investments**	**10.00**	**10.00**	**18.00**	**0.00**	**0.00**	**0.00**
C.	**Current assets, loans and advances**						
	Inventories	1106.71	1171.31	1406.36	1429.32	1013.88	911.97
	Receivables	983.32	765.36	921.75	545.42	215.21	182.84
	Cash and bank balances	551.11	848.35	282.76	327.75	110.04	194.13
	Loans and advances	2140.99	1814.56	1092.41	943.77	1012.03	612.19
	Total (C)	**4782.14**	**4599.58**	**3703.28**	**3246.26**	**2351.16**	**1901.13**
	Total assets (A + B + C)	**10346.00**	**10065.87**	**7048.46**	**5089.77**	**4331.96**	**3156.13**
D.	**Liabilities and provisions**						
	Secured loans	5509.34	5697.35	3630.82	2352.80	2435.80	1432.11
	Unsecured loans	103.06	112.52	22.95	466.62	453.10	497.30
	Deferred Tax Liability	114.09	93.57	105.31	116.07	120.36	88.16
	Current liabilities	974.30	743.50	883.57	951.40	253.09	137.97
	Provisions	144.78	102.60	106.28	60.36	15.08	24.48
	Total Liabilities (D)	**6845.57**	**6749.54**	**4748.93**	**3947.25**	**3277.43**	**2180.02**
E.	**Net worth (A+B+C-D)**	**3500.43**	**3316.33**	**2299.53**	**1142.52**	**1054.53**	**976.11**
F.	**Represented by**						
	Share capital						
	-Equity Share Capital	1254.61	1254.61	774.45	700.25	700.25	700.25
	-Preference Share Capital	0.00	0.00	0.00	0.00	0.00	0.00
	Less:- Call in Arrears	0.00	0.00	0.00	0.00	0.00	0.00
	Total	1254.61	1254.61	774.45	700.25	700.25	700.25
	Share Application Money	590.00	590.00	0.00	0.00	0.00	0.00
	Reserves and surplus	1662.82	1478.72	1525.08	442.27	354.28	275.86
	TOTAL	**3507.43**	**3323.33**	**2299.53**	**1142.52**	**1054.53**	**976.11**
	Less Miscellaneous Expenditure (To the extent not written off)	7.00	7.00	0.00	0.00	0.00	0.00
	Net Worth	**3500.03**	**3316.33**	**2299.53**	**1142.52**	**1054.53**	**976.11**

Summary statement of Profit & Loss, as restated (Standalone)

(Rs. in Lacs)

	Particulars	Period ended	Year ended				
		30.06.09	**31.03.09**	**31.03.08**	**31.03.07**	**31.03.06**	**31.03.05**
A	**Income**						
	Sales of Products Manufactured by the Company	2138.21	8994.98	8112.18	7201.63	7096.37	6967.03
	Sales of Products Traded by the Company	770.53	4880.99	2023.69	266.06	-	-
	Less Excise Duty	1.06	17.83	193.48	520.37	536.16	592.50
	Net Sales	2907.68	13858.14	9942.39	6947.32	6560.21	6374.53
	Other Income	83.23	61.64	86.64	50.38	98.14	0.19
	Increase/(Decrease) in Inventories	(49.31)	(94.26)	(70.31)	462.23	(396.44)	56.80
	Total (A)	**2941.60**	**13825.52**	**9958.72**	**7459.93**	**6261.91**	**6431.52**
B	**Expenditure**						
	Materials consumed	1469.13	6629.00	5700.24	5392.40	4566.68	4919.68
	Cost of Goods Sold	733.48	4840.31	2056.26	192.13	0.00	0.00
	Staff Costs	93.02	315.47	258.98	256.42	342.31	261.21
	Other manufacturing expenses	230.35	818.54	833.46	898.10	735.50	606.91
	Administrative, selling and distribution expenses	31.43	208.08	142.51	89.71	78.29	159.75
	Loss on sales of Fixed assets	0.00	0.00	0.01	0.10	1.36	0.00
	Total (B)	**2557.41**	**12811.40**	**8991.46**	**6828.86**	**5724.14**	**5947.55**
C	**Profit Before Interest, Depreciation and Tax**	**384.19**	**1014.12**	**967.26**	**631.07**	**537.77**	**483.97**
	Depreciation	58.88	260.94	250.82	285.24	267.46	315.29
	Profit Before Interest and Tax	**325.31**	**753.18**	**716.44**	**345.83**	**270.31**	**168.68**
	Financial Charges	78.81	228.51	205.92	201.78	144.61	84.32
D	**Profit after Interest and Before Tax**	**246.50**	**524.67**	**510.52**	**144.05**	**125.70**	**84.36**
	Preliminary Expenses W/o	0.00	0.00	0.00	0.00	0.00	0..00
E	**Profit before Taxation**	**246.50**	**524.67**	**510.52**	**144.05**	**125.70**	**84.36**
	Provision for Taxation	41.89	97.35	94.50	57.04	11.33	24.28
	Provision for Deferred Tax	20.51	(11.73)	(10.76)	(4.29)	32.20	1.01
	Provision for FBT	0.00	5.25	3.00	2.74	2.85	0.00
	Add/Less Tax adjustment	0.00	0.00	0.00	0.00	0.00	0.00
F	**Profit After Tax but Before Extra ordinary Items**	**184.10**	**433.80**	**423.78**	**88.56**	**79.32**	**59.08**
	Extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00
	Impact of material	0.00	0.00	8.78	0.58	0.90	0.20

	adjustments for restatement in corresponding years (net of tax) (B)						
G	**Net Profit after adjustments**	**184.10**	**433.80**	**415.00**	**87.98**	**78.42**	**58.88**
H	**Net Profit Available for Appropriation**	**184.10**	**433.80**	**415.00**	**87.98**	**78.42**	**58.88**
	Proposed dividend	0.00	0.00	0.00	0.00	0.00	0.00
	Tax on Proposed dividend	0.00	0.00	0.00	0.00	0.00	0.00
	Transfer to General Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Balance c/d to Balance Sheet	**184.10**	**433.80**	**415.00**	**87.98**	**78.42**	**58.88**

Note:

Capital work in progress has increased from Rs. 32.13 Lacs an on March 31, 2006 to Rs. 3567.12 Lacs as on June 30, 2009. This increase is mainly due to implementation of the Phase I of the expansion project in Jindal Cotex Limited.

Receivables have increased from Rs. 93.78 Lacs an on March 31, 2004 to Rs. 983.32 Lacs as on June 30, 2009. This increase was mainly due to increase in the turnover and further due to the fact that our Company had implemented the blended yarn segment in 2006 which had a larger debtor cycle. Our Company has further explored the export market in last two years and started selling through agents and thereby allowing extended payment period to our Debtors.

The increase in Reserve and Surplus from Rs. 354.28 Lacs an on March 31, 2006 to Rs. 1662.82 Lacs as on June 30, 2009 is mainly due to issuance of equity shares at premium on March 27, 2008 and thereby increasing the reserve and surplus by Rs. 667.81 Lacs, while the rest of the increase in Reserve and Surplus is on account of profit earned by the Company during this period.

Sales of Products traded by the Company have increased from Rs. 266.06 Lacs an on March 31, 2007 to Rs. 4,880.99 Lacs as on March 31, 2009. This increase is mainly attributed to the increase in the sales of Knitted Cloth and export of Acrylic tops.

Summary statement of Assets & Liabilities, as restated (Consolidated)

(Rs. in Lacs)

Particulars		As at	As at
		30.06.2009	31.03.2009
A.	**Fixed Assets**		
	Gross block	4674.17	4662.61
	Less: Depreciation	2687.43	2628.55
	Net Block	1986.74	2034.06
	Capital Work-in-Progress & Capital Advances	3948.12	3683.22
	Total fixed assets (A)	**5934.86**	**5717.29**
B.	**Investments (B)**	**0.00**	**0.00**
C.	**Current assets, loans and advances**		
	Inventories	1106.71	1171.31
	Receivables	983.32	765.36
	Cash and bank balances	554.72	809.21
	Loans and advances	1760.41	1594.71
	Total (C)	**4405.16**	**4340.59**
	Total assets (A + B + C)	**10340.02**	**10057.88**
D.	**Liabilities and provisions**		
	Secured loans	5509.34	5697.35
	Unsecured loans	103.06	112.52
	Deferred Tax Liability	114.09	93.58
	Current liabilities	981.02	744.13
	Provisions	144.78	102.60
	Total Liabilities (D)	**6852.29**	**6750.18**
E.	**Net worth (A+B+C-D)**	**3487.73**	**3307.70**
F.	**Represented by**		
	Share capital		
	-Equity Share Capital	1254.61	1254.61
	-Preference Share Capital	0.00	0.00
	Less:- Call in Arrears	0.00	0.00
	Total	1254.61	1254.61
	Share Application Money	590.00	590.00
	Reserves and surplus	1662.82	1478.72
	TOTAL	**3507.43**	**3323.33**
	Less Miscellaneous Expenditure (To the extent not written off)	19.70	15.63
	Net Worth	**3487.73**	**3307.70**

Summary statement of Profit & Loss, as restated (Consolidated)

(Rs. in Lacs)

Particulars		Period ended	Year ended
		30.06.2009	31.03.2009
A	**Income**		
	Sales of Products Manufactured by the Company	2138.21	8994.98
	Sales of Products Traded by the Company	770.53	4880.99
	Less Excise Duty	1.06	17.83
	Net Sales	2907.68	13858.14

	Other Income	83.23	61.64
	Increase/(Decrease) in Inventories	(49.31)	(94.26)
	Total (A)	**2941.60**	**13825.52**
B	**Expenditure**		
	Materials consumed	1469.13	6629.00
	Cost of Goods Sold	733.48	4840.31
	Staff Costs	93.02	315.47
	Other manufacturing expenses	230.35	818.54
	Administrative, selling and distribution expenses	31.43	208.08
	Loss on sales of Fixed assets	0.00	0.00
	Total (B)	**2557.41**	**12811.40**
C	**Profit Before Interest, Depreciation and Tax**	**384.19**	**1014.12**
	Depreciation	58.88	260.94
	Profit Before Interest and Tax	**325.31**	**753.18**
	Financial Charges	78.81	228.51
D	**Profit after Interest and Before Tax**	**246.50**	**524.67**
	Preliminary Expenses W/o	0.00	0.00
E	**Profit before Taxation**	**246.50**	**524.67**
	Provision for Taxation	41.89	97.35
	Provision for Deferred Tax	20.51	(11.73)
	Provision for FBT	0.00	5.25
	Add/Less Tax adjustment	0.00	0.00
F	**Profit After Tax but Before Extra ordinary Items**	**184.10**	**433.80**
	Extraordinary items	0.00	0.00
	Impact of material adjustments for restatement in corresponding years (net of tax) (B)	0.00	0.00
G	**Net Profit after adjustments**	**184.10**	**433.80**
H	**Net Profit Available for Appropriation**	**184.10**	**433.80**
	Proposed dividend	0.00	0.00
	Tax on Proposed dividend	0.00	0.00
	Transfer to General Reserve	0.00	0.00
	Balance c/d to Balance Sheet	**184.10**	**433.80**

GENERAL INFORMATION

JINDAL COTEX LIMITED

Our Company was incorporated on February 18, 1998 vide as Jindal Cotex Limited under the provisions of the Companies Act, 1956 in Jalandhar, Punjab with Registration No.16 – 21084. Our Company received Certificate of Commencement of Business on February 20, 1998 issued by the ROC, Punjab, Himachal Pradesh & Chandigarh.

Registered Office: V.P.O. Jugiana, G. T. Road, Ludhiana - 141 420, Punjab, India.
Tel No: +91 161 2511840 / 41 / 42; **Fax No**: +91 161 2511843;
E-mail: ipo@jindalcotex.com; **Website**: www.jindalcotex.com
Contact Person: Mr. Ashish Jain, Chief Financial Officer
Company Registration No: 16-21084;
Corporate Identification No: U17115B1998PLC021084

Registrar of Companies: Our Company is registered with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh situated at Defence Colony, Jalandhar, Punjab.

Our Board of Directors:

The Board of Directors consists of the following:

Sr. No.	Name of the Director	Designation	Status
1	Mr. Sandeep Jindal	Managing Director	Executive & Non Independent
2	Mr. Yash Paul Jindal	Chairman	Executive & Non Independent
3	Mr. Ramesh Jindal	Whole Time Director	Executive & Non Independent
4	Mr. Rajinder Jindal	Whole Time Director	Executive & Non Independent
5	Mr. Vipan Kumar Mittal	Director	Non-Executive & Independent
6	Mr. Vijesh Gupta	Director	Non-Executive & Independent
7	Mr. Madan Lal Arora	Director	Non-Executive & Independent
8	Mr. Nirmal Jain	Director	Non-Executive & Independent

For detailed profile of our Directors, please refer to the section titled 'Our Management' on page 136 of this Red Herring Prospectus.

CONTACT PERSON

Mr. Ashish Jain
Chief Financial Officer
Jindal Cotex Limited
V.P.O. Jugiana,
G. T. Road,
Ludhiana - 141 420
Punjab, India.
Tel No: +91 161 2511840 / 41 / 42
Fax No: +91 161 2511843
Email: ashish@jindalcotex.com

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Gopal Krishan Sharma
Company Secretary & Compliance Officer
Jindal Cotex Limited
V.P.O. Jugiana,
G. T. Road,
Ludhiana - 141 420
Punjab, India.
Tel No: +91 161 2511840 / 41 / 42
Fax No: +91 161 2511843
Email: cs@jindalcotex.com

BANKERS TO OUR COMPANY

Oriental Bank of Commerce
Jandu Tower,
Millerganj, G T Road,
Ludhiana – 141003.
Tel No: +91 161 2532158
Fax No: +91 161 2531032
Email: obc0605@obc.co.in
Website: www.obcindia.com
Contact Person: Mr. Harish Narang / Mr. Alok K. Goel

Punjab & Sind Bank
International Banking Division
Gill Road, Millerganj,
Ludhiana – 141002.
Tel No: +91 161 5068040 / 42
Fax No: +91 161 2531311
Email: psbibdldh@sify.com
Website: www.psbindia.com
Contact Person: Mr. Iqbal Singh Monga

State Bank of Patiala
Commercial Branch,
G T Road, Millerganj,
Ludhiana – 141002.
Tel No: +91 161 2547852 - 59
Fax No: +91 161 2547858 / 2547954
Email: sbop50463@gmail.com
Website: www.sbp.co.in
Contact Person: Mr. Gurjant Singh

State Bank of India
SCB, Pahwa Hospital Complex
Millerganj
Ludhiana – 141002
Tel No: +91 161 5024152
Fax No: +91 161 2539011
Email: sbi.04046@sbi.co.in
Website: www.statebankofindia.com
Contact Person: Mr. C.L. Dhiman

STATUTORY AUDITORS TO OUR COMPANY

M/s. Aggarwal Garg & Co.
638/30 & 31, Thaper Market,
Industrial Area B,
Ludhiana – 141003.
Tel No: +91 161 3244912 / 2535912
Email: pawangargco@sify.com
Contact Person: Mr. Pawan Kumar Garg

ISSUE MANAGEMENT TEAM

BOOK RUNNING LEAD MANAGER

Saffron Capital Advisors Private Limited
SEBI Registration No: INM000011211
204, Vishwananak,
Gurunanakwadi,
Andheri Ghatkoper Link Road
Andheri (East),
Mumbai - 400 099
Tel No: +91-22-4082 0906 / 0903
Fax No: +91-22-4082 0999
Website: www.saffronadvisor.com
Email: jindal.ipo@saffronadvisor.com
Contact Person: Mr. Saurabh Vijay

REGISTRARS TO THE ISSUE

Bigshare Services Private Limited
SEBI Registration No: INR000001385
E/2, Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (East), Mumbai - 400 072
Tel: +91 22 28470652
Fax: +91 22 28475207
Email: ipo@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Mr. Ashok Shetty

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

LEGAL ADVISORS TO THE ISSUE

Rajani & Associates
Solicitors & Advocates
204 -207, Krishna Chambers,
59 New Marine Lines,
Mumbai – 400 020.
Tel No: +91 22 40961000
Fax No: +91 22 40961010
E-Mail: info@rajaniassociates.net

Website: www.rajaniassociates.net
Contact Person: Mr. Sanjay Israni

Syndicate Members

Enam Securities Private Limited Khatau Building, 2nd Floor, 44, Bank Street, Off. Shaheed Bhagat Singh Road, Fort, Mumbai – 400 001, **Tel.:** +91-22- 2267 7901 **Fax:** +91-22- 2266 5613 **Website:** www.enam.com **E-mail:** ajays@enam.com **Contact Person:** Mr. Ajay Sheth **SEBI Registration No:** INM000006856	**Saffron Global Markets Private Limited** A Wing, 1st Floor, Western Tower, Western Express Highway, Parsi Wada, Vile Parle (East) Mumbai - 400 057. Tel No: +91 22 4082 0907/4082 4901 Fax No: +91-22-2682 0502 **Website**: www.saffronadvisor.com **Email**: jindal.ipo@saffronadvisor.com **Contact Person**: Mr. Neeraj Khandelwal **SEBI Registration No:** INB231295230

Bankers to the Issue & Escrow Collection Bank

HDFC Bank Limited
SEBI Regn No: INBI00000063
HDFC Bank House
Senapati Bapat Marg,
Lower Parel, Mumbai – 400 013.
Tel No: +91-22-24988484
Fax No: +91-22-24963871
E-mail: kripa.kalro@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Ms. Kripa Kalro

ICICI Bank Limited
SEBI Regn No: INBI00000004
Capital Markets Group
30, Mumbai Samachar Marg,
Fort, Mumbai- 400 001.
Tel No: +91-22-22627600
Fax No: +91-22-22611138
E-mail: venkataraghavan.t@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Venkataraghavan T A

Standard Chartered Bank
SEBI Regn No: INBI00000885
270 D.N. Road
Fort, Mumbai 400 001
Tel: +91 22 2268 3955
Fax: +91 22 2209 2216
Website: www.standardchartered.co.in
E-mail: joseph.george@sc.com
Contact Person: Mr. Joseph George

Refund Banker to the Issue

ICICI Bank Limited
SEBI Regn No: INBI00000004

Capital Markets Group
30, Mumbai Samachar Marg,
Fort, Mumbai- 400 001.
Tel No: +91-22-22627600
Fax No: +91-22-22611138
E-mail: venkataraghavan.t@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Venkataraghavan T A

SELF CERTIFIED SYNDICATE BANKS

Corporation Bank Capital Market Branch, 1st Floor Earnest House, NCPA Marg, Nariman Point, Mumbai Tel No: +91-22- 22841406 /22842764 Fax No: +91-22- 22672101 E-mail: capmrktbr@corpbank.co.in/ clakshminarayana@corpbank.co.in Website: www.corpbank.co.in Contact Person: Mr. Amodh Kumar	**Union Bank of India** Mumbai Samachar Marg Branch, 66/80, Mumbai Samachar Marg, Opposite BSE, Fort, Mumbai-400023 Tel No: +91-22- 22629411 Fax No: +91-22- 22676685 E-mail: bchandramohan@unionbankofindia.com Website: www.unionbankofindia.com Contact Person: Mr. B. Chandramohan
HDFC Bank Limited BTI Ops Department, 3rd Floor, Maneckji Wadia Building,Nanik Motwani Marg, Fort, Mumbai – 400 001 Tel No: +91-22- 40801510 Fax No: +91-22- 22700024 E-mail: deepak.rane@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr.Murlidhar Kamath/ Kailas Ahire	**State Bank of India** Mumbai Main Branch Mumbai Samachar Marg, Fort, Mumbai 400 023 Tel No: +91-22- 2266 2133 Fax No: +91-22- 22650747 E-mail: rajeev.kumar@sbi.co.in Website: www.sbi.co.in Contact Person: Mr. Rajeev Kumar
ICICI Bank Limited Capital Market Branch, 30, Samachar Marg, Raja Bahadur Mansion, Fort, Mumbai - 400001 Tel No: +91-22- 22627600 Fax No: +91-22- 22672101 E-mail: sidhartha.routray@icicibank.com Website: www.icicibank.com Contact Person: Mr. Sidhartha Sankar Routray	**IDBI Bank Limited** Central Processing Unit MIDC Plot No. 82/83, Road No. 7, Street No. 15, Mahakali Caves Road, Andheri (East), Mumbai – 400 093 Tel No: +91-22- 66977826 Fax No: +91-22- 66977825 E-mail: r.sunil@idbi.co.in Website: www.idbi.co.in Contact Person: Mr. Sunil Rangari
Axis Bank Limited III Floor, A Wing, Bezolla Complex, Sion-Trombay Road, Chembur, Mumbai – 400071 Tel No: +91-22- 67668544 Fax No: +91-22- 67668578 E-mail: U.Jha@axisbank.com Website: www.axisbank.com Contact Person: Mr. U. C. Jha	**Kotak Mahindra Bank Limited** 4th, Floor, Dani Corporate Park, 158, C.S.T Road, Kalina, Santa Cruz East, Mumbai 400098 Tel No: +91-22- 67594871 Fax No: +91-22- 66466548 E-mail: Janmejoy.panda@kotak.com Website: www.kotak.com Contact Person: Mr. Janmejoy Panda

State Bank of Bikaner & Jaipur Tilak Marg, "C"- Scheme, III Floor, Jaipur Tel No: +91- 141 – 5101564/2227175 Fax No: +91- 141- 2227485 E-mail: sbbj10510@sbjj.co.in Website**:** www.sbjj.co.in Contact Person: Mr. D. K. Jain	**Bank of Baroda** Mumbal Samachar Marg, Fort, Mumbai Tel No: +91- 22 - 40468316 Fax No: +91- 22- 26522568 E-mail: Cb.fortap@bankofbaroda.com Website**:** www.bankofbaroda.com Contact Person: Mr. S. B. Ashokan
Punjab National Bank Capital Market Services Branch, PNB House, Fort, Sir P.M.Road, Mumbai Tel No: +91 – 22 - 22621122, 2621123 Fax No: +91 – 22 – 22621124 E-mail: pnbcapsmumbai@pnb.co.in Website: www.pnb.co.in Contact Person: Mr. S.K.Khanna	**YES Bank Limited** Tiecicon House, Second Floor, Dr. E Moses Road, Mahalaxmi, Mumbai - 400 011 Tel No: +91 – 22 - 66229031 Fax No: +91 – 22 – 24974875 E-mail: mahesh.shirali@yesbank.in Website: www.yesbank.in Contact Person: Mr. Mahesh Shirali
Citi Bank Citi Centre, Plot No C 61, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Tel No: +91 – 22 - 40015805 Fax No: +91 – 22 - 26535824 E-mail: Jatin.merchant@citi.com Website: www.citibank.co.in Contact Person: Mr. Jatin Merchant	**Bank of India** Phiroze Jeejeebhoy Tower Dalal Street, Fort, Mumbai – 400 023 Tel No: +91 – 22 - 22722394 Fax No: +91 – 22 - 22721782 E-mail: StockExchange.MumbaiSouth@bankofindia.com Website: www.bankofindia.com Contact Person: Mr. B. Rajendra Prasad
State Bank of Hyderabad Head Office, Gunfoundry, Hyderabad - 500 001 Tel No: +91 – 40 - 23387325 Tel No: +91 – 40 - 23387743 E-mail: gunfoundry@sbhyd.co.in Website: www.sbhyd.co.in Contact Person: Mr. A. Uday Shankar	**HSBC Bank** PCM Dept. S.K. Ahire Marg, Worli, Mumbai 400 030 Tel No: +91 – 22 - 4035 7450 Fax No: +91 – 22 - 4035 7657 E-mail: chetannangalia@hsbc.co.in Website: www.hsbc.co.in Contact Person: Mr Chetan Nangalia
Vijaya Bank Trinity Circle Branch Head office Bldg., 41/2, M G Road, Ground Floor, Trinity Circle, Bangalore - 560001 Tel No: +91 – 80 – 25584281/25590603 Fax No: +91 – 80 - 25584805 E-mail: merchantbkg@vijayabank.co.in Website: www.vijayabank.com Contact Person: Mr. Radhakrishna Rai	**State Bank of Travancore** Anakatchery Buildings, Statue, Thiruvananthapuram Kerala - 695001 Tel No: +91 – 471 – 2333676 Fax No: +91 – 471 - 2338134 E-mail: dptvm@sbt.co.in Website: www.statebankoftravancore.com Contact Person: Mr. Mohanan Potti. J
Bank of Maharashtra Fort Branch 1st Floor, Janmangal, 45/47 Mumbai Samachar Marg,	

Mumbai-400023 Tel No: +91 – 22 – 22694160/ 22652595 Fax No: +91 – 22 - 22661295 E-mail: bom2@mahabank.co.in Website: www.bankof maharashtra.in Contact Person: Mr. A.D. Deshpande

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

Further to the above mentioned list of banks, all those banks registered with SEBI time to time shall act as SCSBs for this Issue. Investors are requested to refer the SEBI website for updated list of SCSBs.

Statement of Responsibility

Saffron Capital Advisors Private Limited is the sole BRLM to the Issue and shall be responsible for the following activities:

Sr. No.	Activity
1.	Capital Structuring with the relative components and formalities such as type of instruments, etc.
2.	Conducting a due diligence of the Company's operations/management/business plans/legal, etc. Drafting and designing the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus. Ensuring compliance with the Guidelines for Disclosure and Investor Protection and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI
3.	Primary co-ordination with SEBI, RoC and Stock Exchanges up to bidding and coordinating interface with lawyers for agreements
4.	Primary co-ordination of drafting/proofing of the design of the Red Herring Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.
5.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.
6.	Appointing the Registrars, Appointing Bankers to the Issue, Appointing other intermediaries viz., printers and advertising agency
7.	Marketing of the Issue, which will cover inter alia: ▪ Formulating marketing strategies, preparation of publicity budget, ▪ Finalising media & public relations strategy, ▪ Finalising centers for holding conferences for press and brokers etc, ▪ Finalising collection centers, ▪ Following-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material, ▪ Preparing all road show presentations, ▪ Appointment of brokers to the issue, and ▪ Appointment of underwriters and entering into underwriting agreement.
8.	Coordinating institutional investor meetings, coordinating pricing decisions and institutional allocation in consultation with the Company
9.	Finalising the Prospectus and RoC filing
10.	Co-ordinating post bidding activities including management of Escrow accounts, coordinating with registrar and dispatch of refunds to Bidders, etc.
11.	Follow-up with the bankers to the issue to get quick estimates of collection and advising

	the issuer about closure of the issue, based on the correct figures.
12.	The Post-Issue activities for the Issue will involve essential follow up steps, which include finalizing basis of allotment / weeding out of multiple applications, the listing of instruments and dispatch of certificates and dematerialized delivery of shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company.

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

Even if many of these activities will be handled by other intermediaries, the BRLM shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company.

Credit Rating

This being an issue of Equity Shares, there is no requirement of credit rating for the Issue.

IPO Grading

IPO Grading Agency

Brickwork Ratings India Private Limited
SEBI Regn No: IN/CRA/005/2008
#39/2, II Floor
Near Dairy Circle
Bannerghatta Road
Bangalore – 560 029
Tel No: +91 80 4040 9940
Fax No: + 91 80 2550 0947
Website: www.brickworkratings.com
Email: kc.holla@brickworkratings.com
Contact Person: Mr. K C Holla

This Issue has been graded by Brickwork Ratings India Private Limited and has been assigned a BWR IPO Grade 3/5 (pronounced “three on five”) indicating that the fundamentals of the issue are average relative to other listed equity securities in India, through its letter dated October 20, 2008 and revalidated on June 22, 2009. The IPO grading is assigned on a five point scale from 1 to 5 with an **“**IPO Grade 5” indicating strong fundamentals and an “IPO Grade 1” indicating poor fundamentals.

A copy of the report provided by Brickwork Ratings India Private Limited, furnishing the rationale for its grading is is annexed to this Red Herring Prospectus and is also available for inspection at the registered office of our Company from 10.00 am to 4.00 pm on working days from the date of this Red Herring Prospectus until the bid/issue closing date.

Trustees

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

Project Appraisal and Monitoring Agency

The project is not appraised by any Bank/Financial Institution/Merchant Banker. As per clause 8.17.1 of the SEBI DIP Guidelines, monitoring agency is required to be appointed in case the public issue size exceeds Rs. 500 crores. Since our proposed IPO size shall not exceed Rs. 500 crore, we do not propose to appoint a Monitoring Agency.

However, as per the Clause 49 of the Listing Agreement to be entered into with the stock exchanges upon listing of the equity shares and the Corporate Governance requirements, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date without assigning any reason therefor.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

Book Building Process

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

1) Our Company
2) The Book Running Lead Manager
3) The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. The BRLM appoints the Syndicate Members; and
4) The Registrar to the Issue

The SEBI DIP Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein up to 50% of the Net Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Qualified Institutional Buyers Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue price. Further, not less than 15% of the Net Issue shall be available for allotment to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allotment to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price.

We will comply with the SEBI DIP Guidelines for this Issue. In this regard, we have appointed Saffron Capital Advisors Private Limited as the BRLM to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI (DIP) Guidelines is subject to change from time to time and Investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue

QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. In addition, QIBs are required to pay 10% Margin Amount upon submission of their Bid and allocation to QIBs shall be on a proportionate basis. Please refer to the section entitled 'Terms of the Issue' on page 246 of this Red Herring Prospectus for more details.

Steps to be taken by the Bidders for bidding:

1) Check eligibility for making a Bid (see chapter titled "Issue Procedure" beginning on page 251 of the Red Herring Prospectus);
2) Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid cum Application Form including ASBA Form;
3) Ensure that the Bid-cum-Application Form including ASBA Forms is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form including ASBA Forms; and
4) Ensure that the Permanent Account Number is mentioned on Bid-cum-Application Form/ASBA Form. For details please refer to the chapter titled 'Issue Procedure' beginning on page 251 of this Red Herring Prospectus. Bidders are specifically requested not to mention their General Index Register number instead of the Permanent Account Number as the Bid is liable to be rejected on this ground.

Bid/Issue Program

Bid/Issue opens on: August 27, 2009	**Bid/Issue closes on: September 1, 2009**

Bids and any revision in Bids shall be accepted **only between 1000 hrs and 1500 hrs** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. Standardized cut-off time for uploading of bids on the bid/issue closing date is as under:

1. A standard cut-off time of 3.00 pm for acceptance of bids
2. A standard cut-off time of 4.00 pm for uploading of bids received from non retail applicants i.e. QIBs and HNIs.
3. A standard cut-off time of 5.00 pm for uploading of bids received from retail applicants, Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000 which may be extended up to such time as deemed fit by Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above. All times mentioned in the Red Herring Prospectus are Indian Standard Time. Bidders are cautioned that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last day. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, our Company, the BRLMs and the Syndicate Member shall not be responsible. On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Bidders after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid cum Application

Forms as stated herein and reported by the BRLMs to the Stock Exchange within half an hour of such closure.

Investors please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.

The Price Band will be decided by us in consultation with the BRLM. The announcement on the Price Band shall also be made available on the websites of the BRLM and at the terminals of the Syndicate.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI (DIP) 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 and can move up or down to the extent of 20%.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, 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.

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the 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 completed prior to filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rs. in Lacs)
Saffron Capital Advisors Private Limited 204, Vishwananak, Gurunanakwadi, Andheri Ghatkoper Link Road Andheri (East), Mumbai - 400 099. **Tel No**: +91 22 4082 0906/0903 **Fax No**: +91 22 4082 0999 **Website**: www.saffronadvisor.com **Email**: jindal.ipo@saffronadvisor.com **Contact Person**: Mr. Saurabh Vijay **SEBI Registration No:** INM000011211	50,000	[●]
Saffron Global Markets Private Limited A Wing, 1st Floor, Western Tower,	55,75,000	[●]

Western Express Highway, Parsi Wada, Vile Parle (East) Mumbai - 400 057. Tel No: +91 22 4082 0907/4082 4901 Fax No: +91-22-2682 0502 **Website**: www.saffronadvisor.com **Email**: jindal.ipo@saffronadvisor.com **Contact Person**: Mr. Neeraj Khandelwal **SEBI Registration No:** INB231295230		
Enam Securities Private Limited Khatau Building, 2nd Floor, 44, Bank Street, Off. Shaheed Bhagat Singh Road, Fort, Mumbai – 400 001, **Tel.:** +91-22- 2267 7901 **Fax:** +91-22- 2266 5613 **Website:** www.enam.com **E-mail:** ajays@enam.com **Contact Person:** Mr. Ajay Sheth	56,25,000	[●]

The above-mentioned amount is indicative underwriting and would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated **[●]**.

In the opinion of our Board of Directors and the BRLM (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange(s).

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

CAPITAL STRUCTURE

The Share Capital of our Company as on the date of filing of this Red Herring Prospectus with SEBI is as set forth below:

	Particulars		Nominal Value (Rs.)	Aggregate Value (Rs.)
A	**AUTHORISED CAPITAL**			
	2,70,00,000	Equity Shares of Rs. 10/- each	27,00,00,000	
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**			
	1,25,46,106	Equity Shares of Rs. 10/- each	12,54,61,060	
C	**ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS***			
	1,24,53,894	Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	12,45,38,940	[●]
D	**PROMOTERS CONTRIBUTION**			
	12,03,894	Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	1,20,38,940	[●]
E	**RESERVATION FOR ELIGIBLE EMPLOYEES**			
	5,00,000	Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	50,00,000	[●]
F	**NET ISSUE TO THE PUBLIC**			
	1,07,50,000	Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	10,75,00,000	[●]
G	**PAID UP CAPITAL AFTER THE PRESENT ISSUE**			
	2,50,00,000	Equity Shares of Rs. 10/- each	25,00,00,000	[●]
H	**SHARE PREMIUM ACCOUNT**			
		Before the Issue		6,67,80,900
		After the Issue		[●]

Notes to Capital Structure:

1. Details of Increase in Authorized Equity Share Capital

Sr. No.	Particulars of Increase/Modification	Cumulative No. of Shares	Authorised Capital	Date of Meeting	Whether AGM/EGM
1	Incorporation	2,50,000	25,00,000	Incorporation	-
2	Increased from Rs. 25 lacs to Rs. 300 lacs	30,00,000	3,00,00,000	21-09-1998	EGM
3	Increased from Rs. 300 lacs to Rs. 700 lacs	70,00,000	7,00,00,000	08-03-1999	EGM
4	Increased from Rs. 700 lacs to Rs. 1,300 lacs	1,30,00,000	13,00,00,000	08-05-1999	EGM
5	Increased from Rs. 1,300 lacs to Rs. 2,500 lacs	2,50,00,000	25,00,00,000	09-06-2008	EGM

6	Increased from Rs. 2,500 lacs to Rs. 2,700 lacs	2,70,00,000	27,00,00,000	04-07-2008	AGM

2. Equity Share Capital Build-up: Our existing Equity Share Capital has been subscribed and allotted as under:

Date of Allotment/ Fully Paid up	Number of Equity Shares allotted	Face Value (Rs.)	Issue Price (Rs.)	Consid-eration	Remarks	Cumulative No. of Equity Shares	Cumulative Paid up Share Capital (Rs.)	Cumulative Share Premium (Rs.)
Incorporation	700	10	10	Cash	Subscription to Memorandum	700	7,000	Nil
October 09, 1998	23,00,000	10	10	Cash	Further Allotment to Promoters / Promoter Group	23,00,700	2,30,07,000	Nil
December 31, 1998	6,50,000	10	10	Cash	Further Allotment to Promoters / Promoter Group	29,50,700	2,95,07,000	Nil
March 30, 1999	35,28,500	10	10	Cash	Further Allotment to Promoters / Promoter Group/Others	64,79,200	6,47,92,000	Nil
May 06, 1999	5,20,800	10	10	Cash	Further Allotment to Promoters / Promoter Group	70,00,000	7,00,00,000	Nil
October 12, 2001	2,500	10	10	Cash	Further Allotment to Promoter Group	70,02,500	7,00,25,000	Nil
March 27, 2008	7,42,010	10	100	Cash	Further Allotment to Promoters / Promoter Group	77,44,510	7,74,45,100	66,780,900
July 04, 2008	48,01,596	10	Nil	-	Bonus out of free reserves in the ratio of 62:100	1,25,46,106	12,54,61,060	66,780,900

3. Shares issued for consideration other than cash

Except as stated in Note 2 above, our Company has not issued any bonus shares or capitalized its reserves, since inception.

4. Promoters' Contribution and Lock-in details in respect of Promoters, whose names figure in the Red Herring Prospectus as Promoters in the paragraph on 'Promoters and their Background' are as under:

Capital built up of the Promoters is detailed below:

Name of Promoter	Date of Allotment / Transfer and made fully paid	Nature of Allotment (Bonus, Rights etc.)	No. of shares	Face value	Issue / Transfer price	Consideration	% of post issue capital
Mr. Sandeep Jindal	Incorporation	Subscription to Memorandum	100	10	10	Cash	Negligible
	October 09, 1998	Further Allotment	2,00,000	10	10	Cash	0.80%

	May 06, 1999	Further Allotment	3,50,000	10	10	Cash	1.40%
	March 27, 2008	Further Allotment	1,67,800	10	100	Cash	0.67%
	July 04, 2008	Bonus	4,45,098	10			1.78%
	Sub-Total		**11,62,998**				**4.65%**
	[●]	Subscription in the Issue	[●]			Cash	[●]
	Total		**[●]**				**[●]**
Mr. Yash Paul Jindal	Incorporation	Subscription to Memorandum	100	10	10	Cash	Negligible
	October 09, 1998	Further Allotment	8,00,000	10	10	Cash	3.20%
	December 31, 1998	Further Allotment	2,00,000	10	10	Cash	0.80%
	March 30, 1999	Further Allotment	7,00,000	10	10	Cash	2.80%
	May 06, 1999	Further Allotment	20,800	10	10	Cash	0.08%
	January 19, 2006	Purchase	26,000	10	10	Cash	0.10%
	March 27, 2008	Further Allotment	70,200	10	100	Cash	0.28%
	July 04, 2008	Bonus	11,26,602	10			4.51%
	Sub-Total		**29,43,702**				11.77 %
	[●]	Subscription in the Issue	[●]			Cash	[●]
	Total		**[●]**				**[●]**
Mr. Rajinder Jindal	Incorporation	Subscription to Memorandum	100	10	10	Cash	Negligible
	October 09, 1998	Further Allotment	10,00,000	10	10	Cash	4.00%
	March 30, 1999	Further Allotment	7,00,000	10	10	Cash	2.80%
	February 28, 2008	Purchase	20,000	10	17	Cash	0.08%
	March 27, 2008	Further Allotment	2,31,000	10	100	Cash	0.92%
	July 04, 2008	Bonus	12,09,682	10			4.84%
	Sub-Total		**31,60,782**				12.64 %
	[●]	Subscription in the Issue	[●]			Cash	[●]
	Total		**[●]**				**[●]**
Mr. Ramesh	Incorporation	Subscription to Memorandum	100	10	10	Cash	Negligible

Jindal	October 09, 1998	Further Allotment	3,00,000	10	10	Cash	1.20%
	December 31, 1998	Further Allotment	4,50,000	10	10	Cash	1.80%
	March 30, 1999	Further Allotment	9,50,000	10	10	Cash	3.80%
	June 20, 2005	Purchase	20,000	10	10	Cash	0.08%
	February 28, 2008	Purchase	22,500	10	17	Cash	0.09%
	March 27, 2008	Further Allotment	2,51,000	10	100	Cash	1.00%
	July 04, 2008	Bonus	12,36,032	10			4.94%
	Sub-Total		**32,29,632**				12.92 %
	[●]	Subscription in the Issue	[●]			Cash	[●]
	Total		**[●]**				**[●]**
	Grand Total		**1,17,01,008**				**46.80%**

5. The details of the shares locked in for three years are given below:

Name of Promoter	Date of Allotment / Transfer and made fully paid	Nature of Allotment (Bonus, Rights etc.)	No. of shares	Face value	Issue / Transfer price	Consideration	% of post issue capital	Lock In Period
Mr. Sandeep Jindal	**[●]**	Subscription in the Issue	[●]			Cash	[●]	3 Years
	Total		**[●]**				**[●]**	**3 Years**
Mr. Yash Paul Jindal	October 09, 1998	Further Allotment	3,18,569	10	10	Cash	1.27%	3 Years
	December 31, 1998	Further Allotment	2,00,000	10	10	Cash	0.80%	3 Years
	March 30, 1999	Further Allotment	7,00,000	10	10	Cash	2.80%	3 Years
	May 06, 1999	Further Allotment	20,800	10	10	Cash	0.08%	3 Years
	January 19, 2006	Purchase	26,000	10	10	Cash	0.10%	3 Years
	Sub-Total		**12,65,369**				**5.06%**	3 Years
	[●]	Subscription in the Issue	[●]			Cash	[●]	3 Years
	Total		**[●]**				**[●]**	**3 Years**
Mr. Rajinder Jindal	October 09, 1998	Further Allotment	5,65,368	10	10	Cash	2.26%	3 Years
	March 30, 1999	Further Allotment	7,00,000	10	10	Cash	2.80%	3 Years
	Sub-Total		**12,65,368**				**5.06%**	3 Years
	[●]	Subscription	[●]			Cash	[●]	3 Years

		in the Issue						
	Total		**[•]**				**[•]**	**3 Years**
Mr. Ramesh Jindal	December 31, 1998	Further Allotment	2,95,369	10	10	Cash	1.18%	3 Years
	March 30, 1999	Further Allotment	9,50,000	10	10	Cash	3.80%	3 Years
	June 20, 2005	Purchase	20,000	10	10	Cash	0.08%	3 Years
	Total		**12,65,369**				**5.06%**	3 Years
	[•]	Subscription in the Issue	[•]			Cash	[•]	3 Years
	Total		**[•]**				**[•]**	**3 Years**
	Grand Total		**50,00,000**				**20.00%**	**3 Years**

* 20% of the Post-Issue Paid-up Equity Share Capital, as determined after the book-building process, would be locked-in for a period of three years from the date of allotment and the balance Pre-Issue Paid-up Equity Share Capital would be locked-in for a period of one year from the date of allotment. The lock-in period shall be reckoned from the date of allotment of Equity Shares in the present Issue. These securities will not be disposed / sold / transferred by the Promoters during the period starting from the date of filing the Red Herring Prospectus with SEBI till the date of commencement of lock in period as stated in the Red Herring Prospectus.

Note: All the equity shares which are being locked in for three years are not ineligible for computation of Promoters' contribution and lock in as per SEBI (DIP) Guidelines.

The summarized details of the shares locked in for three years are given below:

Name of Promoter	No. of Shares offered for lock-in out of existing shares	No. of Shares offered for lock-in out of Promoters Contribution in the Issue	Total Number of Shares	% of proposed Issue	Lock in Period (Years)*
Mr. Sandeep Jindal	Nil	**[•]**	**[•]**	**[•]**	3 years
Mr. Yash Paul Jindal	12,65,369	**[•]**	**[•]**	**[•]**	3 years
Mr. Rajinder Jindal	12,65,368	**[•]**	**[•]**	**[•]**	3 years
Mr. Ramesh Jindal	12,65,369	**[•]**	**[•]**	**[•]**	3 years
Total	**37,96,106**	**12,03,894**	**50,00,000**	**20.00%**	**3 years**

6. The specific written consent has been obtained from the Promoters for inclusion of such number of their existing shares and further subscription in the Issue, if any, to ensure minimum Promoter's contribution subject to lock-in to the extent of 20% of Post-Issue Paid-up Equity Share Capital.

7. Our Promoters have undertaken that they shall bring in the full amount of the Promoters' contribution including premium at least one day prior to the issue opening date.

8. The Equity Shares forming part of Promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.

9. The Pre-Issue & Post-Issue shareholding pattern of our Promoter & Promoter Group is as under:

Sr. No.	Particulars	Pre-Issue		Post-Issue	
		No. of Shares	% Holding	No. of Shares	% Holding
a.	**Promoter**	**1,04,97,114**	**83.67%**	**1,17,01,008**	**46.80%**
	Mr. Sandeep Jindal	11,62,998	9.27%	**[•]**	**[•]**
	Mr. Yash Paul Jindal	29,43,702	23.46%	**[•]**	**[•]**
	Mr. Rajinder Jindal	31,60,782	25.19%	**[•]**	**[•]**
	Mr. Ramesh Jindal	32,29,632	25.74%	**[•]**	**[•]**
b.	**Immediate Relatives of the Promoter**	**20,48,992**	**16.33%**	**20,48,992**	**8.20%**
	Mr. Jagdish Rai Jindal	3,88,816	3.10%	3,88,816	1.56%
	Mr. Aman Jindal	8,45,640	6.74%	8,45,640	3.38%
	Mr. Sahil Jindal	8,10,000	6.46%	8,10,000	3.24%
	Mrs. Vidya Wanti Jindal	4,050	0.03%	4,050	0.02%
	Mrs. Reen Prabha Jindal	162	0.00%	162	0.00%
	Mrs. Geeta Jindal	162	0.00%	162	0.00%
	Mrs. Santosh Kumari Jindal	162	0.00%	162	0.00%
c.	**Companies in which 10% or more of the share capital is held by the Promoter / an immediate relative of the Promoter / a firm or HUF in which the Promoter or any one or more of their immediate relatives is a member**	--	--	--	--
d.	Companies in which Company mentioned in c. above holds 10% or more of the share capital	--	--	--	--
e.	HUF or firm in which the aggregate share of the Promoter and his immediate relatives is equal to or more than 10% of the total	--	--	--	--
f.	All persons whose shareholding is aggregated for the purpose of disclosing in the prospectus as "Shareholding of the Promoter Group".	--	--	--	--
	Total	**12,546,106**	**100.00%**	**13,750,000**	**55.00%**

10. Shareholding Pattern of our Company before and after the Issue is as under:

Category	Pre-Issue		Post-Issue*	
	No. of Shares	% Holding	No. of Shares	% Holding
Promoters	1,04,97,114	83.67%	1,17,01,008	46.80%
Promoter Group	20,48,992	16.33%	20,48,992	8.20%
Employees	--	--	5,00,000	2.00%
Public	--	--	1,07,50,000	43.00%
Total	**1,25,46,106**	**100.00%**	**25,000,000**	**100.00%**

*The above shareholding pattern is indicative, and is based on the fact that all shareholders in their respective categories will subscribe to 100% of the shares offered in their respective categories. The final Post Issue Shareholding pattern will be determined after the Book-Building Process.

11. The entire pre-issue Equity Share Capital of our Company comprising of 87,50,000 Equity Shares, other than the minimum Promoter's contribution, which is locked-in for a period of three years, shall be locked-in for a period of one year from the date of allotment in the present Public Issue.

12. The securities which are subject to lock-in shall carry the inscription 'non-transferable' and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the stock exchanges, where the shares are to be listed, before the listing of the securities.

13. During the past six months, there are no transactions in our Equity Shares, which have been undertaken/financed directly or indirectly by our Promoter, his relatives and associates, persons in Promoter Group and our directors.

14. Except as stated below, our Company has not made any issue of Equity Shares during preceding one year.

Date of Issue	Name of the Persons	No. of Shares	Issue Price (in Rs.)	Whether Part of Promoter Group
March 27, 2008*	Mr. Sandeep Jindal	167,800	100	Yes
	Mr. Yash Paul Jindal	70,200	100	Yes
	Mr. Rajinder Jindal	231,000	100	Yes
	Mr. Ramesh Jindal	251,000	100	Yes
	Mr. Jagdish Rai Jindal	10	100	Yes
	Mr. Aman Jindal	22,000	100	Yes
July 04, 2008	Mr. Sandeep Jindal	445,098	Bonus	Yes
	Mr. Yash Paul Jindal	1,126,602	Bonus	Yes
	Mr. Rajinder Jindal	1,209,682	Bonus	Yes
	Mr. Ramesh Jindal	1,236,032	Bonus	Yes
	Mr. Jagdish Rai Jindal	148,806	Bonus	Yes
	Mr. Aman Jindal	323,640	Bonus	Yes
	Mr. Sahil Jindal	310,000	Bonus	Yes
	Mrs. Vidya Wanti Jindal	1,550	Bonus	Yes
	Mrs. Reen Prabha Jindal	62	Bonus	Yes
	Mrs. Geeta Jindal	62	Bonus	Yes
	Mrs. Santosh Kumari Jindal	62	Bonus	Yes

* These equity shares were issued to raise funds for the objects of the issue.

15. The Equity Shares held by persons other than Promoter may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

The Equity Shares to be held by the Promoter under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoter, which are locked in, may be transferred to and among Promoter Group or to a new Promoter(s) or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

16. As on the date of filing of this Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. The shares locked for 3 years by the Promoters are not pledged to any party/Bank/FI. The Promoters may pledge the Equity Shares with banks or Financial Institutions as additional security for loan whenever availed by them from banks/Financial Institutions, provided that pledge of shares is one of the terms of sanction of loan. However, securities which are locked in for 3 years as minimum Promoters' contribution under clause 4.15 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.

17. Our Company, our Promoter, our Directors and the BRLM to this Issue have not entered into any buy-back, standby or similar arrangements with any person for purchase of our Equity Shares issued by our Company through this Red Herring Prospectus.

18. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

19. An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment being equal to 90 Equity Shares, which is the minimum application size in this issue.

Consequently, the actual allotment may go up by a maximum of 10% of the Net Issue to Public, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock- in shall be suitably increased; so as to ensure that 20% of the Post Issue paid-up capital is locked in.

20. In case of over-subscription in all categories, not more than 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (including specific allocation of 5% within the category of QIBs for Indian Mutual Funds). Further a not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

21. Only Eligible Employees who are Indian Nationals based in India and are physically present in India on the date of submission of the Bid-cum-Application Form would be eligible to apply in this Issue under the Employee Reservation Portion on competitive basis. Our Promoters or persons forming part of Promoters group are not eligible to bid through the Employee Reservation Portion. Employees other than those mentioned hereinabove are not eligible to participate under the Employee Reservation Portion. Bid/Application by Eligible Employees can also be made in the "Net Issue to Public" and such Bids shall not be treated as multiple Bids.

22. In case of reserved category, a single applicant in the reserved category can make application for a number of securities, which exceeds the reservation but not more than the total issue size.

23. Under-subscription, if any, in the Employees Reservation Portion will be added back to the Net Issue to the Public. Under subscription, if any, in the Non-institutional Portion and Retail Portion shall be allowed to be met with spill over from the other categories, at the sole discretion of our Company and BRLM. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employees Reservation Portion.

24. Under subscription, if any, in the Qualified Institutional Buyers Portion, Non-institutional Portion and Retail Portion shall be allowed to be met with spill over from the other categories, at the sole discretion of our Company and BRLM. However, if the aggregate demand by Mutual Funds is less than 5% of QIB Portion, the balance share available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to QIB Bidders.

25. As on date of filing of this Red Herring Prospectus with SEBI, the entire Issued Share Capital of our Company is fully paid-up.

26. Particulars of top ten shareholding is as follows:

a. As on the date of filing this Red Herring Prospectus

Sr. No.	Name of the Shareholders	No. of Shares	% of then Issued Capital
1	Mr. Ramesh Jindal	32,29,632	25.74%
2	Mr. Rajinder Jindal	31,60,782	25.19%
3	Mr. Yash Paul Jindal	29,43,702	23.46%
4	Mr. Sandeep Jindal	11,62,998	9.27%
5	Mr. Aman Jindal	8,45,640	6.74%
6	Mr. Sahil Jindal	8,10,000	6.46%
7	Mr. Jagdish Rai Jindal	3,88,816	3.10%
8	Mrs. Vidya Wanti Jindal	4,050	0.03%
9	Mrs. Reen Prabha Jindal	162	0.00%
9	Mrs. Geeta Jindal	162	0.00%
9	Mrs. Santosh Kumari Jindal	162	0.00%
	Total	1,25,46,106	100.00%

b. 10 days prior to the date of filing this Red Herring Prospectus

Sr. No.	Name of the Shareholders	No. of Shares	% of then Issued Capital
1	Mr. Ramesh Jindal	32,29,632	25.74%
2	Mr. Rajinder Jindal	31,60,782	25.19%
3	Mr. Yash Paul Jindal	29,43,702	23.46%
4	Mr. Sandeep Jindal	11,62,998	9.27%
5	Mr. Aman Jindal	8,45,640	6.74%
6	Mr. Sahil Jindal	8,10,000	6.46%
7	Mr. Jagdish Rai Jindal	3,88,816	3.10%
8	Mrs. Vidya Wanti Jindal	4,050	0.03%
9	Mrs. Reen Prabha Jindal	162	0.00%
9	Mrs. Geeta Jindal	162	0.00%
9	Mrs. Santosh Kumari Jindal	162	0.00%
	Total	1,25,46,106	100.00%

c. 2 years prior to the date of filing this Red Herring Prospectus

Sr. No.	Name of shareholder	No. of Shares	% of then Issued Capital
1.	Mr. Yash Paul Jindal	17,46,900	24.95%
2.	Mr. Ramesh Jindal	17,20,100	24.56%
3.	Mr. Rajinder Jindal	17,00,100	24.28%
4.	Mr. Sandeep Jindal	5,50,100	7.86%
5.	Mr. Aman Jindal	5,00,000	7.14%

6.	Mr. Sahil Jindal	5,00,000	7.14%
7.	Mr. Jagdish Rai Jindal	2,40,000	3.43%
8.	Ms. Neha Jindal	22,500	0.32%
9.	Ms. Ritika Jindal	20,000	0.29%
10.	Mrs. Vidya Wanti Jindal	2,500	0.04%
	Total	70,02,200	99.996%

27. Our Company has not raised any bridge loan against the proceeds of this Issue.

28. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares issued through the Prospectus are listed or application moneys refunded on account of failure of Issue.

29. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ 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 our Equity Shares) whether preferential or otherwise. However, if we go in for acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

30. Our Company undertakes that at any given time, there shall be only one denomination for the Equity shares of our Company and our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.

31. Since the entire money of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is being called on application, all the successful applicants will be issued fully paid-up shares only.

32. A Bidder cannot make a Bid for more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

33. Our Company has not re-valued assets since inception and has not issued any shares out of the revaluation reserves.

34. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this issue.

35. We have 11 members as on the date of filing of this Red Herring Prospectus.

SECTION V

OBJECTS OF THE ISSUE

The present issue is being made to raise the funds for the following purposes:

1. Setting up a new facility for manufacturing of Cotton Yarn, Yarn Dyeing and Garments;
2. Investment in Subsidiaries
   a. Jindal Medicot Limited
   b. Jindal Specialty Textiles Limited
3. Meeting the expenses of the public issue;
4. To list the shares offered through this issue on BSE and NSE;

The other objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on NSE and BSE. We believe that the listing of our Equity Shares will enhance our visibility and brand name and enable us to avail of future growth opportunities.

The main object clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

DESCRIPTION OF THE PROJECT

We propose to set up a manufacturing facility for the production Cotton Yarn Dyeing and Garments in a phased manner. The brief description of each project is mentioned hereunder:

1. To set up a new facility for manufacturing of Cotton Yarn, Yarn Dyeing and Garments

Phase I

Our Company is setting up a new facility to manufacture cotton yarn with a capacity of 28,800 spindles at Village Mandiala Kalan, Bija, Tehsil Khanna, Distt. Ludhiana. We have already started the implementation of this phase.

Phase II

In this phase, our Company is setting up the following facilities:

- Expansion of the cotton yarn manufacturing capacity by adding further 21,600 spindles
- Setting up yarn dyeing facilities with the capacity of 6 TPD
- Setting up of a Garment Unit with the capacity of 3,000 pcs per day

2. Investment in Subsidiaries

Our Company proposes to invest in the Equity Shares of our wholly owned subsidiaries which are setting up their independent projects, brief details of which are given hereunder:

a. Jindal Medicot Limited

Jindal Medicot Limited is setting up facilities to manufacture Medical Textile Products like Absorbent Bleached cotton Wool & its products and Cotton Crepe Bandage like Stretch Bandage, Crepe Bandage Cloth, in District Una in the State of Himachal Pradesh. The total capacity of the plant will be 5000 TPA.

b. **Jindal Specialty Textiles Limited**

Jindal Specialty Textiles Limited is setting up facilities to manufacture PVC Laminated products for various applications like Frontlit Banner Fabric, Backlit Banner Fabric, Inflatable Fabric for Boats etc, Tent Fabric, Tarpaulin fabric, Truck Siders in District Una in the State of Himachal Pradesh. The estimated annual capacity of the plant will be 60 Million Sq. Meters.

Rationale for undertaking the Technical Textile Projects through the wholly owned Subsidiaries:

Jindal Cotex Limited predominantly operates as a spinning unit which manufactures blended yarn which include Acrylic, Polyester, and Polyester-Viscose, Polyester Cotton, combed and carded yarns and is implementing other projects to manufacture cotton yarn along with the yarn dyeing facilities and garmenting unit. The business segment of our company is essentially falls into conventional textiles segment and the technologies used by our Company are common.

Our Company is expanding its business and is creating two more verticals in technical textile space, in addition to conventional textiles i.e. Medical Textile Products and Coated Fabric, which require specialized technologies. The Medical textile project is being implemented through its 100% subsidiary, Jindal Medicot Limited, while the coated fabric project is being implemented through another 100% subsidiary, Jindal Specialty Textiles Limited.

Benefits from the Holding Company – Subsidiary Company

1. **Operational Efficiency**

- All the businesses, though falling in the broad spectrum of Textile Industry, require different manufacturing environment, technologies, inputs and market. Since all the key elements of businesses are different and not common, it is always suitable to have a subsidiary-holding company status for better operational efficiency.

- The Business verticals i.e. Medical Textile (Jindal Medicot Limited) and Coated Fabrics (Jindal Specialty Textiles Limited) require, application of different technologies, unlike conventional textiles.

  The technology for medical textiles is also totally different from one being used in manufacturing of coated fabrics. Since the product line is vastly different then one another except to the fact that textile products are one of the major inputs, there is no common technology provider in both the business verticals.

  In view of the technologies used being different as well as the technology suppliers are different, it is decided by the management that the projects should be implemented separately as it will be easier to enter into technical tie-ups, if any, on stand alone basis without involving Jindal Cotex Limited, the parent company.

- Jindal Medicot Limited is setting up the unit keeping in line with the BP (British Pharmacopeia) and Indian FDA standards as it will manufacture various products which will find usage in the medical applications. It will be easier for the company on a standalone basis to obtain the approvals rather than to obtain the approvals as the unit of the company which is manufacturing products which are different from one another. This has necessitated the medical textile project being set up in the different company though owned by the Jindal Cotex Limited.

- Jindal Specialty Textiles Limited is setting up the unit to manufacture the technical textile (coated fabrics) which finds usage in various commercial applications like banners, truck siders, inflatables, tents etc. These products are totally different from products to be manufactured by the parent company and other subsidiary i.e. Jindal Medicot Limited.

Since these are also specialized products, it was thought appropriate by the management of Jindal Cotex Limited to implement these projects in the separate companies rather than clubbing all the projects in one company.

2. Managerial Efficiency

- The business of spinning, medical textile and technical coated fabric requires different managerial capabilities. The requirement of human resources at middle and senior level in operations, technical and marketing function is different between each of the verticals. Hence, to have better managerial inputs, the separate company structure is advisable.

- As the requirement of the human resources is different in view of the different products manufactured by employing different technologies, the human resource structure may also be different across different verticals. This necessitates a different company structure.

- The Holding Company structure will ensure that implementation of the projects is easier and even though the projects are being implemented in the two different subsidiaries, all the benefits in the terms of the valuation shall accrue to the holding company.

- Both the projects have vastly different products lines and different manufacturing processes. If implemented as one company or units of one company all the approvals will be clubbed, which will take inordinate time for governmental and regulatory clearances.

  Since both the projects are set up under different companies as separate projects, it will be easier to get required regulatory clearances any delay in the regulatory clearance of one company will not adversely affect the implementation of other project.

- Products from Jindal Medicot Limited will mainly cater to Healthcare and cosmetic sector. Products from Jindal Specialty Textiles Limited mainly cater to Outdoor advertising media industry and recreation and army applications. As the market segment addressed by each of the subsidiary is different from one another and for the better management and control purposes it is thought appropriate to implement each of the project in separate company. The market for each of the products manufactured by the JCL and its subsidiaries are different and it requires separate marketing arrangements. In case of all the projects being set up as one unit, there are complexities in entering into marketing arrangements. This has necessitated setting up of the project in different companies.

3. Strategic Reasons

- It is easier for individual company to attain the financial closure rather than clubbing all the projects in one company. Multi unit financial closure will require dealing with multiple banks and financial institutions and submission of detailed information on each of business segment in details whether relevant or not. Delay in achieving the financial closure can impact the financial performance of the whole of the company.

- In case of future strategic association with any investor/investor group, it will be easier to have a strategic investor in the specific business vertical if there is a separate company for each vertical rather than the whole company which has different verticals under one company. The strategic investors may not be interested in the other verticals hence may not assign a proper valuations.

- Value unlocking, if and when required, will be easier in this holding-subsidiary structure.

- The parent company is already diluting 45% stake through the proposed IPO and management may not be willing to dilute further. Hence for the further fund raising prospects, it will be better to utilize the subsidiary companies.

- Parent company may fall in the general category of textiles which may result in lower valuation affecting the shareholder worth. The technical textile being put up in 100% owned subsidiaries will result in better valuations of the company as it will be very easy to determine the operational efficiencies and profitability of the business vertical.

Cost of Project and Means of Finance

The Cost of Project and Means of Finance as estimated by our management are given below:

Cost of Project

(Rs. in Lacs)

Sr. No.	Particulars	Amount
1	**Setting up a new facility for manufacturing of Cotton Yarn, Yarn Dyeing and Garments**	13,479.20
2	**Investment in wholly owned subsidiaries**	
	Jindal Medicot Limited	3,000.80
	Jindal Specialty Textiles Limited	5,101.21
3	**Public Issue Expenses**	[•]
	Total	**[•]**

Means of Finance

(Rs. in Lacs)

Sr. No.	Particulars	Amount
1.	Term loan from Banks	9,100.00
2.	Funds raised through issue of Equity Shares	742.01
3.	Initial Public Offer	
	- Promoters Contribution	[•]
	- Issue to Public	[•]
4.	Internal Accruals	[•]
	Total	**[•]**

[•] **–** *The relevant figure will be updated on finalization of the issue price.*

Proceeds from the Initial Public Offer would be crystallized on finalization of the Issue Price on conclusion of the book building process.

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 proposed public issue has been made.

The fund requirement and deployment are based on our management estimates and the quotations received from the suppliers. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; receipt of critical governmental approvals; availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, amongst others.

DETAILS OF MEANS OF FINANCE

1. Term Loan

The project is to be part financed by way of Rupee Term Loan aggregating Rs. 9,100.00 Lacs and the same has been sanctioned by the following consortium of bankers as detailed below:

Sr. No	Name of the lender	Sanction Letter Date	Amount of sanction (Rs. In Lacs)
1.	Oriental Bank of Commerce, Overseas Branch, Ludhiana - Lead Banker	January 23, 2008	5,100.00
2.	Punjab & Sind Bank, IBD Branch, Ludhiana	August 08, 2008	4,000.00
	Total		**9,100.00**

2. Funds raised through issue of Equity Shares

Our Company has raised Rs. 742.01 Lacs through the issue of 7,42,010 Equity Shares of Rs. 10 each at premium of Rs. 90 per share to the Promoters and their relatives on March 27, 2008. For further details about the issue of shares, please refer to the section titled “Capital Structure” beginning on page 48 of this Red Herring Prospectus.

3. Internal Accruals

Our Company intends to deploy Rs. [•] Lacs on the Project through internal accruals. The exact amount that will be spent out of internal accruals will be the balancing figure and will be finalized only after the issue proceeds are received by our Company. As certified by the Statutory Auditor, M/s Aggarwal Garg & Co., Chartered Accountants vide their letter dated July 15, 2009, as on June 30, 2009, our Company had generated internal accruals of Rs. 1,976.76 lacs out of which we have already spent Rs. 1,007.77 lacs on the project.

4. Initial Public Offer

We propose to raise Rs. [•] Lacs by way of public issue of 1,24,53,894 Equity Shares of Rs. 10/- each at a price of Rs. [•] in terms of this Red Herring Prospectus. This includes Promoters' Contribution of 12,03,894 equity shares of Rs. 10 each at a price of Rs. [●] for cash aggregating to Rs. [●] lacs.

Further, out of the promoters contribution, as certified by our Auditor vide their certificate dated July 15, 2009, our Promoters have already brought in Rs. 590.00 Lacs in form of Share Application Money, which has been partly deployed in the Project. Allotment of equity shares for the above monies brought in shall be at the same price as determined through the Book Building Process.

Schedule of Implementation

Setting up a new facility for manufacturing of Cotton Yarn, Yarn Dyeing and Garments

	Original Schedule		Revised Schedule	
Activity	**Month of Commencement**	**Expected Month of Completion**	**Month of Commencement**	**Month of Completion**
Phase I				
Land and Site Development				
- Land Acquisition	Already Acquired		Already Acquired	

- Land Development	Completed		Completed	
Building and Civil Works	October 2007	October 2008	October 2007	August 2009
Plant & Machinery				
- Placement of Order – Indigenous	July 2007	September 2008	July 2007	August 2009
- Placement of Order – Imported	August 2008	August 2008	August 2008	August 2009
- Receipt of Plant & Machinery	October 2008	January 2009	October 2008	September 2009
- Erection and Commissioning	October 2008	February 2009	June 2009	September 2009
Trial Run Production	February 2009		September 2009	
Commercial Production	March 2009		October 2009	
Phase II				
Land and Site Development				
- Land Acquisition	October 2008	November 2008	October 2008	September 2009
- Land Development	December 2008	December 2008	September 2009	October 2009
Building and Civil Works	January 2009	October 2009	October 2009	February 2010
Plant & Machinery				
- Placement of Order – Indigenous	November 2008	June 2009	September 2009	November 2009
- Placement of Order – Imported	April 2009	June 2009	September 2009	November 2009
- Receipt of Plant & Machinery	July 2009	October 2009	December 2009	March 2010
- Erection and Commissioning	August 2009	February 2010	December 2009	March 2010
Trial Run Production	February 2010		March 2010	
Commercial Production	March 2010		April 2010	
Investment in Subsidiaries				
Jindal Medicot Limited	May 2008	March 2009	May 2008	December 2009
Jindal Specialty Textiles Limited	May 2008	March 2009	May 2008	March 2010

Deployment of Funds in the Project

We have incurred the following expenditure on the project till June 30, 2009. The same has been certified by our statutory auditors, M/s Aggarwal Garg & Co., Chartered Accountants vide their certificate dated July 15, 2009.

(Rs. Lacs)

Sr. No.	Particulars	Amount Deployed till June 30, 2009
1	**Setting up a new facility for manufacturing of Cotton Yarn, Yarn Dyeing and Garments (Phase I and Phase II)**	
A.	Land Acquisition	325.18
B.	Land Development	21.12
C.	Buildings and Other Civil Works	1044.73
D.	Plant & Machinery –Indigenous	1121.36
E.	Plant & Machinery –Imported	113.16
F.	Miscellaneous Fixed Assets	430.92
G.	Preliminary and pre- operative Expenses	250.84
H.	Contingencies	0.00
I.	Margin Money for Working Capital Requirements	**0.00**
	Subtotal	**3307.31**
2	**Investment in subsidiaries**	
	Jindal Medicot Limited	338.87
	Jindal Specialty Textiles Limited	56.57

3	**Public Issue Expenses**	**149.35**
	Total	**3,852.10**

The sources of funds for the above mentioned deployment are as follows:

(Rs. Lacs)

Sr. No.	Particulars	Amount
1	Term loan	1862.32
2	Internal Accruals	1007.77
3	Funds raised through issue of Equity Shares	742.01
4	Promoters Contribution in the Issue	240.00
	Total	**3,852.10**

The overall cost of the proposed Project and the proposed year wise break up of deployment of funds are as under:

(Rs. in Lacs)

Sr. No.	Particulars	Amount Deployed till June 30, 2009	Amount to be Deployed till March 2010	Total
1	**Setting up a new facility for manufacturing of Cotton Yarn, Yarn Dyeing and Garments (Phase I and Phase II)**			
A.	Land Acquisition	325.18	92.82	418.00
B.	Land Development	21.12	29.88	51.00
C.	Buildings and Other Civil Works	1044.73	715.91	1,760.64
D.	Plant & Machinery -Indigenous	1121.36	4261.43	5,382.79
E.	Plant & Machinery -Imported	113.16	2126.29	2,239.45
F.	Miscellaneous Fixed Assets	430.92	1248.99	1,679.91
G.	Preliminary and pre- operative Expenses	250.84	388.71	639.55
H.	Provision for Contingencies	0.00	164.06	164.06
I.	Margin Money for Working Capital Requirements	**0.00**	1143.81	1,143.81
	Subtotal	**3307.31**	**10,171.89**	**13,479.20**
2	**Investment in subsidiaries**			
	Jindal Medicot Limited	338.87	2661.93	3,000.80
	Jindal Specialty Textiles Limited	56.57	5044.64	5,101.21
3	**Public Issue Expenses**	**149.35**	**[•]**	**[•]**
	Total	**3,852.10**	**[•]**	**[•]**

DETAILED BREAK UP OF THE PROJECT COST

1. Setting up a new facility for manufacturing of Cotton Yarn, Yarn Dyeing and Garments

Our Company is implementing this project in two phases, the phase wise cost of project is as under:

(Rs. Lacs)

Sr. No.	Major Heads of Expenditure	Phase I	Phase II			Total Ph II	Total (Ph I & II)
			Spinning	Garmenting	Dyeing		
A	Acquisition of Land	210.18	207.82	0.00	0.00	207.82	**418.00**
B	Land Development	25.00	17.00	4.00	5.00	26.00	**51.00**
C	Buildings	1122.14	538.50	45.00	55.00	638.50	1760.64
D	Plant & Machinery -	3129.94	2229.46	0.00	70.06	2299.52	5382.79

	Indigenous						
E	Plant & Machinery - Imported	1232.18	549.12	132.59	317.37	999.08	2239.45
F	Misc. Fixed Assets	863.26	513.90	30.62	230.94	775.46	1679.91
G	Preliminary & Preoperative expenses	290.67	100.18	239.70	16.00	355.88	639.55
H	Contingencies	0.00	113.63	22.60	23.53	159.76	164.06
I	Margin Money for Working Capital	499.62	465.56	178.63	0.00	644.19	**1143.81**
	Total	**7372.99**	**4735.18**	**653.13**	**717.90**	**6106.21**	**13479.20**

Details of Phase I

A. Acquisition of Land

Our Company has already acquired 70 Kanal and 15 Marle (8.84375 Acres) of land for the project at Village Mandiala Kalan, Bija, Tehsil Khanna, Distt. Ludhiana at a total cost of Rs. 210.18 Lacs. For further details of the land please refer to the section titled "Property" beginning on page 124 of this Red Herring Prospectus.

B. Land Development

The Land Development includes site development, levelling and construction of boundary wall etc. The cost of site development and levelling would be Rs. 10.00 Lacs and cost of construction of boundary wall is estimated at Rs. 15.00 Lacs as per the estimate of Architect, M/s Vivek Consultants vide their letter dated August 14, 2007.

C. Buildings

The details of the buildings to be constructed under Phase I are as follows:

Particulars	Dimensions (Mtrs)	Area Sq. Mtrs	Rate/ Sq. Mt	Amount (Rs. lacs)
Main Building Shed	204*67	13668	6000	820.08
H.Plant Building	9*204	1836	5500	100.98
Administration Block	25*15	375	4800	18.00
Power House Building	20*16	320	5400	17.28
D.G. Shed & Compressor Shed	20*15	293	6200	18.17
R&D Lab	15*8	120	4000	4.80
Gate Office	8*12	96	4000	3.84
Labour Quarters	25*20	500	2500	12.50
Cycle & Car Stand	20*6	120	2500	3.00
Canteen	18*10	180	5400	9.72
Raw Materials Godown	25*27.5*2	1375	3800	52.25
Waste Godown	30*18	540	3800	20.52
Finished Godown	40*18	720	3800	27.36
Training & HRD Centre	15*12	180	4800	8.64
Architural Fees				5.00
Total				**1122.14**

Construction of Buildings and Other Civil Works has been awarded to VKJ Builders, Dehradun.

D. Plant and Machinery – Indigenous

Our Company proposes to acquire following indigenous plant & machinery aggregating Rs. 3129.94 Lacs the details of which are as follows

Description of Items	Name of Suppliers	Qty./ Set (Nos.)	Amount (Rs. in lacs)		Date of Quotations /Orders
			Rate per unit	Total	
Orders Placed					
Blow Room	Lakshmi Machine Works Ltd	3	--	138.60	Order No. CDH00731 & 689 and Proforma no. 459 dated 22.11.2008 **Expected Date of Supply:** October 2008 to September 2009
Carding M/C Model LC333 with 1000 mm working	-do-	22	22.40	492.87	
Fine Feed, LA7/6 with standard feed silo ducting	-do-	22	3.86	84.99	
Draw Frame Model LDO/6 with two deliveries, 3 over	-do-	2	9.06	18.12	
Draw Frame Model LD2	-do-	3	13.23	39.69	
Draw Frame Model LRSB 851 with single delivery,	-do-	8	18.71	149.70	
Speed Frame Model LFS 1660	-do-	8	32.45	259.60	
Lap former Model LH10	-do-	2	27.25	54.51	
Spools	-do-	250	0.025	6.25	
Trollyes	-do-	12	0.42	5.04	
Comber Model LK64 High Production Comber with	-do-	10	30.98	309.75	
Ring Spinning frame Model LR6/AX with Doffer	-do-	24	51.44	1234.63	
Other accessories	-do-	--	--	2.00	
R&D Lab Composite	Matex India Pvt.			113.00	11.05.2009
Orders yet to be Placed					
ELGI Electric Overhead Travelling Cleaner	Spintex Private Limited	24	1.20	28.80	01-Aug-08
Cone Winding Machine 6 Drums	RJK & Co.	1	1.25	1.25	4-Jul-08
Bale Press Machine	Gulshan Engg Works	1	4.00	4.00	5-Jul-08
Carton Strapping Machine	--	1	0.75	0.75	Lump sum
Other R&D Equipments	Various			7.00	Lump sum
Sub-total				**2950.55**	
Add: C.S.T. @ 2%				59.01	
Add: Freight, Octroi, Insurance & Installation @ 4%				120.38	
Total				**3129.94**	

E. Plant and Machinery – Imported

Following new plant & machinery has been imported & received at the site and the same is under installation:-

Description of items	Name of Suppliers	Qty. (Nos.)	Amount (Rs. in lacs)		Date of Order
			Rate per unit	Total Amt	
Order Placed					
Yarn Conditioning Plant	XORELLA AG, Switzerland Payment in USD	1	USD 74,000	37.50	Invoice no. 10981 dated 25.09.2008
Total				**37.50**	

Following new Plant & Machinery are proposed to be imported for which orders have been placed:

Description of items	Name of Suppliers	Qty. (Nos.)	Amount (Rs. in lacs)		Date of Order
			Rate per unit	Total Amt	
Order Placed					
Automatic Package Winders Autoconer 5 Type	Oerlikon Schlaforst, Germany, Payment in EURO	10	105.60	1056.00	Order dated 09.12.08 against performa invoice no. 034551 dated 08.12.2008
90 single optosonic system	Loptex S.r.l. Italy, Payment in EURO	3	33.88	101.64	Order dated 11.11.2008
Import Duty under EPCG				37.04	
Total				**1194.68**	

F. Miscellaneous Fixed Assets

Miscellaneous Fixed Assets includes the following:

Description of Items	Name of Suppliers	Total Amount (Rs. Lacs)	Date of order/quotation
Orders Placed			
Humidification System, Card Waste Collection system, Blow room waste system, Combernoil collection system	Draft Air (India) Private Limited	191.75	25.10.2007
False Ceiling ducting & insulations	Texair Systems	116.69	02.07.2008
D.G. Sets	Caysee Diesels Pvt Ltd	107.14	24.03.2008
Compressor, Dryer complete system, 500 CFM	Kaesar Compressors (I) Pvt Ltd	26.52	17.04.2008
Transformer 2000 KVA, @ nos	Superlink Traders India Pvt.	52.46	19.04.2008

and VCB 4 Nos.	Ltd.		
Bobbins for ring frame /speed frame	Matex India Pvt. Ltd.	22.16	15.6.2009
Cans for card, drawing, combing	Matex India Pvt. Ltd.	31.92	15.6.2009
Orders Not Placed			
H.T Panels/LT PANELS & DB Room	Devi Powers P Ltd	43.26	12-Apr-08
Cable & wires	Devi Powers P Ltd	37.86	12-Apr-08
Lighting & wiring	Devi Powers P Ltd	16.22	12-Apr-08
GI Sheet Piping Works	Vishwakarma Fabricators	16.22	18-Jul-08
Overhead water tank and water line	VKJ Builders	15.60	15-Jul-08
Hydrant System	Rajindera Fire Services	16.22	1-Jul-08
Other Miscellaneous Assets		169.24	
Total		**863.26**	

The change in the cost amount of the MFA is on account of procurement under EPCG Scheme.

Note: The actual suppliers of the Plant & Machinery, the type of plant and machinery and the prices may differ considering the conditions prevailing while placing the orders. We do not propose to purchase any second hand machinery in the proposed project.

G. Preliminary and Pre Operative Expenses

Preliminary and Pre Operative Expenses include the following:

Particulars	Amount (Rs. in Lacs)
Other Establishment costs	7.00
Travelling & Other Admn. Exps	1.00
Fees & Taxes - Technical & other consultants	10.00
Power Connection Charges (2500 kw @1600/-)	72.62
Interest during implementation	195.00
Misc. Exps	5.05
Total Amount	**290.67**

H. Provision for Contingencies

Our Company does not forsee any contingency for the Phase-I, since the plant is under advanced stage of implementation and major orders for plant and machinery have already been placed.

I. Margin Money for Working Capital Requirements

We will need additional working capital for the new project. We have estimated our additional working capital requirements for fiscal 2010 for the proposed project out of which margin will be funded through the proposed public issue. The details of working capital margin requirements are as under:

(Rs. in Lacs)

Particulars	No. of Months	Margin	Total Working Capital Requirement 31.03.10	Margin
Raw Material	4.50	0.25	896.22	224.05
Stock in process	0.25	0.25	78.30	19.57

Finished Goods	1.00	0.25	289.11	72.28
Stores & Spares	1.00	0.25	11.25	2.81
Receivables	1.00	0.40	452.26	180.90
Total Current Assets			1727.13	499.62
Less : Creditors	0.50	1.00	99.58	0.00
Net Working Capital Requirement			**1627.55**	**499.62**

Details of Phase II

A. Acquisition of Land

Our company proposes to acquire additional 8 acres of land around Village Mandiala Kalan, Bija, Tehsil Khanna, Distt. Ludhiana at a total estimated cost of Rs. 207.82 Lacs. For this purpose our Company has entered into a Memorandum of Understanding dated September 27, 2008 with M/s Idea Ads having its office at 477R, Star Plaza, 3rd Floor, Model Town Ludhiana, to acquire 8 acres of land at Village Mandiala Kalan, Bija, Tehsil Khanna, Distt. Ludhiana at a cost of Rs. 200.00 lacs having khasara nos.

a) Khasara nos. 8//21/2, 22, 10//3/2/2, Killa Number 11//1, 2 in accordance with Jamawandi for the year 2003-04 admeasuring 2 acres
b) Khasara nos. 9//15, 16, 8//12/1, 8//11, 9//25, 8//19 in accordance with Jamawandi for the year 2003-04 admeasuring 6 acres

This MoU has been extended vide the continuation MoU dated July 15, 2009 for the execution of title deed from June 30, 2009 to September 30, 2009.

B. Land Development

The Land Development includes site development, levelling etc. The cost of land development is estimated at Rs. 26.00 Lacs as per the estimate of Architect, M/s Vivek Consultants vide their letter dated August 14, 2007.

C. Buildings

The details of the buildings to be constructed under Phase II are as follows:

Particulars	Dimensions (Mtrs.)	Area Sq. Mtrs	Rate/ Sq. Mt	Total
Spinning				
Main Building Shed	45*175	7875	6000	472.50
H.Plant Building	8*150	1200	5500	66.00
Sub-total				**538.50**
Garmenting				
Main Building Shed	45*1000	100*10	4500	45.00
Sub-total				**45.00**
Dyeing				
Main Building Shed	30*25	750	4000	30.00
Civil Works for ETP & DG Power house	lumpsum			25.00
Sub-total				**55.00**
Grand Total				**638.50**

The above estimates have been certified by M/s Vivek Consultants, Architects, Ludhiana through their estimate dated July 15, 2009.

D. Plant and Machinery – Indigenous

Our Company proposes to acquire following indigenous plant & machinery aggregating Rs. 2299.52 Lacs, the orders for which are yet to be placed.

Description of Items	Name of Suppliers	Qty./ Set (Nos.)	Amount (Rs. in lacs)		Date of Quotation
			Rate per unit	Total	
Spinning					
Blow Room	Lakshmi Machine Works Ltd	1	98.25	98.25	22.11.2008
Carding M/C Model LC300A with 1000 mm working		18	22.40	403.20	
Fine Feed, LA7/5 with standard feed silo ducting		18	3.86	69.48	
Draw Frame Model LDO/6 with two deliveries, 3 over		4	9.06	36.24	
Draw Frame Model LRSB 851 with single delivery,		7	18.71	130.97	
Speed Frame Model LFS 1660		7	32.45	227.15	
Lap former Model LH10		2	27.25	54.50	
Spools		250	0.02	5.75	
Trollyes		12	0.40	4.80	
Comber Model LK54 High Production Comber with		10	30.98	309.80	
Ring Spining frame Model LR6/S 1200 Spindles		18	29.83	536.94	
SIEGER Yarn Conditioning Plant 1000	Sieger Spintech Equipments P Ltd	1	23.00	23.00	9-Jan-08
ELGI ELECTRIC OVERHEAD TRAVELLING CLEANER	Spintex Private Limited	18	1.20	21.60	01-Aug-08
PPW 36 DRUM, P.S. Metler	Peass Industrial Engineers Ltd	2	18.00	36.00	15-Jun-08
T.F.O. (Two for One Twister)	Prerna Textile Industries	5	20.00	100.00	15-Apr-08
Cotton contamination tester	Premier Evolvics	2	22.00	44.00	21-Dec-07
Sub-total				**2101.68**	
Add: C.S.T. @ 2%				42.03	
Add: Freight, Octroi, Insurance & Installation @ 4%				85.75	
Sub-total				**2229.46**	
Dyeing					
Cone to cone winding m/c with splicer	RJK Industries	2	25.00	50.00	4-Jul-08
Carriers & Accessories	Fabricated			8.00	Lump sum
Sub-total				**58.00**	
Add: Excise Duty @ 14.42%				8.36	
Add: C.S.T. @ 2%				1.33	
Add: Freight, Octroi, Insurance & Installation @ 4%				2.37	
Sub-total				**70.06**	
Grand Total				**2299.52**	

E. Plant and Machinery – Imported

Following new Plant & Machinery are proposed to be imported for which orders are yet to be placed:

Phase II - Spinning

Description of items	Name of Suppliers	Qty. (Nos.)	Amount (Rs. in lacs)		Date of Quotation
			Rate per unit	Total	
Automatic Package Winders Autoconer 5 Type	Oerlikon Schlaforst, Germany, Payment in EURO	5	105.60	528.00	08.12.2008
Import Duty under EPCG				21.12	
Total				**549.12**	

Phase II – Garmenting

Particulars	Amount (Rs. lacs)	Name of Suppliers	Date of Quotation
Sewing Section	56.59	JUKI Corporation, Japan	**12-Jun-2008**
Variation	43.72		
Finishing Section	20.23		
Sub total	**120.53**		
Add: Customs Duty @ 5%	6.03		
Add: Freight, Insurance & Other Misc charges	6.03		
Total	**132.59**		

Phase II – Dyeing

Description of Items	Name of Suppliers	Qty.	Amount (Rs. In lacs)	Date of Quotation
Vertical Dyeing Machines for Yarns in Cones and Air-Pad Systems	Cubotex, S.r.l	8	210.72	14-Aug-08
Radio Frequency Dryer GFD-85 KW	Stalam, S.p.A, Italy	1	52.51	10-Aug-08
HYDROEXTRACTOR GFC-320		1	16.02	
Sub-Total			**279.25**	
Add: Customs Duty @ 5%			13.96	
Add: Freight, Insurance & Other Misc charges			24.16	
Total			**317.37**	

F. Miscellaneous Fixed Assets

Miscellaneous Fixed Assets includes the following:

Description of Items	Name of Suppliers	Grand Total	Date of Quotation
Spinning			
Humidification System, Card Waste	Draft Air	106.08	25-10-07

Collection system, Blow room waste system, Combernoil collection system			
False Ceiling ducting & insulations	Texair Systems	81.12	30-Apr-08
D.G. Sets	Caysee Diesels Pvt Ltd	55.16	17-Dec-07
Compressor, Dryer complete system	Kaesar Compressors (I) Pvt Ltd	21.63	17-Apr-08
Transformer 2000 & VCB	Kirloskar Power Equipments Ltd	41.10	16-Apr-08
H.T Panels/LT PANELS & DB Room	Devi Powers Pvt Ltd	48.67	12-Apr-08
Cable & wires	Devi Powers Pvt Ltd	37.86	12-Apr-08
Lighting & wiring	Devi Powers Pvt Ltd	10.82	12-Apr-08
Fire Diversion System TAC approved	Rajindera Fire Services	10.82	1-Jul-08
Furniture & fixtures, LCV, MUV & Cars Card room accessory, Roll Shop Accessory, Aluminium works	Lumpsum	35.76	--
Bobbins for R/f, S/f	Buddhiraja Industrial Agencies	37.86	7-Jun-08
Cans for card, drawing, coming	Mechtech Engineers	27.04	12-Jul-08
Total		**513.90**	
Garmenting			
Cutting Machines	--	1.72	Lumpsum
Centre Tables	--	1.50	Fabricated
Checking Tables	--	1.50	Fabricated
Cutting Tables	--	1.50	Fabricated
Packing Tables	--	1.50	Fabricated
Electrical Installations	--	10.00	Lumpsum
Fire Fighting Equipments	--	2.50	Lumpsum
Generator Set	--	8.40	Lumpsum
Computer Installations	--	2.00	Lumpsum
Total	--	**30.62**	
Dyeing	--		
Thermax Boiler	Wintech Engineers	36.41	15-Feb-08
Chimney & Pipe Fittings	Vasu Project & Engineers	5.30	10-Jun-08
D.G. Sets for 625 KVA	Caysee Diesels Pvt Ltd	33.78	17-Dec-07
Testing Equipments, oven, balances, beaker dyeing, colour matching m/cs	Flagmo Mkting Pvt Ltd	36.41	10-Jul-08
ETP with softning & dm plant	Wintech Engineers	43.49	16-Feb-08
Air Compressor	Service Equipment Co.	9.06	14-Dec-07
Other Misc. Assets	Lump Sum	66.48	--
Total		**230.94**	
Grand Total		**775.46**	

Note: The actual suppliers of the Plant & Machinery, the type of plant and machinery and the prices may differ considering the conditions prevailing while placing the orders. The Miscellaneous Fixed Assets will be procured under EPCG Scheme.

G. Preliminary and Pre Operative Expenses

Preliminary and Pre Operative Expenses include the following:

Particulars	Amount

	(Rs. Lacs)
Spinning	
Establishment cost	2.62
Interest during implementation	97.56
Total Amount	**100.18**
Garmenting	
Establishment	1.00
Travelling & Other Administrative Expenses	1.00
Fees & Taxes	3.00
Power Connection Charges (200 kw @1600/-)	3.20
Miscellaneous Expenses	1.50
Branding Cost	230.00
Total Amount	**239.70**
Dyeing	
Establishment	1.00
Travelling & Other Administrative Expenses	1.00
Fees & Taxes	2.60
Power Connection Charges (400 kw @1600/-)	6.40
Miscellaneous Expenses	5.00
Total Amount	**16.00**
Grand Total	**355.88**

H. Provision for Contingencies

Provision for Contingencies is estimated at Rs. 159.76 Lacs which is around 3 % of our total cost of Land & Building, Plant & Machinery, Miscellaneous Fixed Assets and Preoperative Expenses.

I. Margin Money for Working Capital Requirements

We will need additional working capital for the new project. We have estimated our additional working capital requirements for fiscal 2011 for the proposed project out of which margin will be funded through the proposed public issue. The details of working capital margin requirements are as under:

(Rs. in Lacs)

Particulars	No. of Months	Margin %	Total Working Capital Requirement FY 2011	Margin
Phase II - Spinning				
Raw Material	4.5	25%	952.50	238.13
Stock in process	0.25	25%	67.34	16.83
Finished Goods	1	25%	248.63	62.16
Stores & Spares	1	25%	14.34	3.59
Receivables	1	40%	362.14	144.86
Total Current Assets			1,644.96	465.56
Less : Creditors	0.5	100%	105.83	0.00
Net Working Capital Requirement (A)			**1,539.12**	**465.56**
Garmenting				
Raw Material	0.5	25%	55.13	13.78
Stock in process	0.25	25%	47.41	11.85
Finished Goods	2	25%	325.09	81.27
Stores & Spares	1	25%	62.20	15.55

Receivables	0.5	40%	140.44	56.18
Total Current Assets			630.26	178.63
Less : Creditors	0.5	100%	55.13	0.00
Net Working Capital Requirement (B)			**575.13**	**178.63**
Total Requirement (A+B)			**2114.25**	**644.19**

2. Investment in subsidiaries

Our Company proposes to invest in the Equity Shares of our wholly owned subsidiaries which are setting up their independent projects, brief details of which are given hereunder:

a. Jindal Medicot Limited

Our Company proposes to invest Rs. 3000.80 lacs of the Proceeds of this Public Issue in our subsidiary, Jindal Medicot Limited, by way of subscription to the Equity share capital, for setting up a facilities to manufacture Medical Textile Products like Absorbent Bleached cotton Wool & its products and Cotton Crepe Bandage like Stretch Bandage, Crepe Bandage Cloth, in District Una in the state of Himachal Pradesh. The total capacity of the plant will be 5000 TPA.

The project has not been appraised by any Bank/FI and is based on the management estimates. The total project cost is estimated at Rs. 8800.80 Lacs.

Jindal Medicot Limited has entered into a technology know-how transfer agreement dated June 26, 2008 with M/s Texkor Industries, Korea for 100% Cotton Crepe Bandage Cloth, Cotton Crepe Bandage and cotton stretch bandage. Further, Jindal Medicot Limited has also entered into the Marketing Agreement on the same date with M/s Texkor Industries, wherein Texkor has agreed to provide assistance to Jindal Medicot Limited in product development and maintenance, product promotions and business development.

Other Advantages:

The proposed project by Jindal Medicot Limited is a step by our Company to diversify in the field of technical textiles. The main raw material of Jindal Medicot Limited will be comber noil which is a by-product of our Company's spinning operations.

Jindal Medicot Limited's manufacturing facilities and products are proposed to be as per BP, EP and WHO standards.

Locational Advantages:

The Project will be located in District Una in the State of Himachal Pradesh and is eligible for various incentives/concessions from the state government.

Our Company is not assured of any dividends pursuant to such investment in equity shares of Jindal Medicot Limited.

The break-up of the project cost and means and finance is as follows:

Sr. No.	Particulars	Amount (Rs. Lacs)
A	Acquisition of Land	189.94
B	Site Development	109.56
C	Buildings (including architect fees)	734.55

D	Plant & Machinery – Imported	5058.38
E	Misc. Fixed Assets	1075.70
F	Preliminary & Preoperative expenses	458.72
G	Technical know-how fees	319.00
H	Margin Money for Working Capital	488.58
I	Contingencies	366.37
	Total	**8,800.80**

The above cost of project will be funded as under:

Particulars	Amount (Rs. Lacs)
Issue of Equity Shares to Jindal Cotex Limited	3000.80
Term Loan from State Bank of India	5800.00
Total	**8,800.80**

The above term loan has been sanctioned by State Bank of India vide their letter dated November 4, 2008.

Details of Cost of Project of Jindal Medicot Limited:

A. Acquisition of Land

We are in the process of acquiring land admeasuring 19.52 acres in District Una in the state of Himachal Pradesh. As per the managemnt estimates, our Company would earmark 189.94 Lacs towards land acquisition. The above will be inclusive of stamp duty, registration charges and brokerage, if any.

For this purpose Jindal Medicot Limited has also entered into a Memorandum of Understanding dated January 16, 2009 with Mr. Ashok Sharma and Mr. Chander Prakash Sharma, residents of Village Rehi, P.O. Bharwain, Distt. Una, Himachal Pradesh to acquire about 600 Kanals of land at Upmahal Ram Nagar, Mouja Thathal, Tehsil Amb, Distt. Una, Himachal Pradesh at a total cost of Rs. 540 Lacs. The MOU provides that JML can assign its rights in this MOU in full or in part to any person, or company(ies) without written permission or consent from Mr. Ashok Sharma and Mr. Chander Prakash Sharma. This MoU has been extended vide the continuation MoU dated July 15, 2009 for the execution of title deed from May 31, 2009 to September 30, 2009.

The above land will be acquired by the name of Jindal Medicot Limited and Jindal Specialty Textiles Limited and the conveyance deed for the above land will be executed in due course.

B. Site Development

Site development charges are estimated as follows:

Particulars	Cost Rs. per Acre	Amount (Rs. Lacs)
Site Development Charges	3,00,000	58.56
Cost of laying roads (internal roads for the factory)	lumpsum	20.00
Cost of fencing/ compound wall	lumpsum	20.00
Cost of gates - Openable leaf type		10.00
Total		**109.56**

The above estimates have been certified by Dinesh Mehta Associates Private Limited, Engineers, Interior Designer, Planners, New Delhi through their estimate dated July 15, 2009.

C. Buildings

Cost of Construction of Buildings and other civil works is estimated as under:

Particulars	Details	Amount (Rs. Lacs)
Factory Building		
Area in Sq. Mtrs	5,700.00	
Rate per Sq. Mtr	6,588.00	375.52
Non-Factory Building (including godown, utility bldg, sewerage, water tanks etc)		
Area in Sq. Mtr	3,900.00	
Lumpsum basis	-	344.63
Add : Architects Fees @	2.00%	14.40
Total		**734.55**

The above estimates have been certified by M/s Vivek Consultants, Architects, Engineers, Interior Designer, Planners Ludhiana through their estimate dated July 21, 2008.

D. Plant & Machinery – Imported

Following new Plant & Machinery are proposed to be imported for which orders are yet to be placed:

Particulars	Qty. (Nos.)	Cost (Rs. Lacs)	Supplier	Date of quotation
Cleaning Opening & Carding Line			ATE Enterprise (P) Ltd	6-Jun-08
Cotton Cleaning Line	2	369.33		
Transport of Cotton Fibre	1	67.15		
Opening and Mixing after Bleaching	1	67.15		
Transport of Fibres to Carding line	1	100.73		
Cards	10	671.50		
Sub Total		**1275.85**		
Finishing Machine				
Cotton Rolls	1	100.93	Illies Engg (I) Pvt Ltd	24-Apr-08
Cotton Balls	2	151.30	Texkor Industries, Korea	2-Feb-08
Cotton Pads Rectangular	1	76.50	Texkor Industries , Korea	2-Feb-08
Cotton Pads Punch	1	79.24	Illies Engg (I) Pvt Ltd	24-Apr-08
Zig Zag	1	90.79	Illies Engg (I) Pvt Ltd	24-Apr-08
Dental Roll	1	86.87	Texkor Industries, Korea	2-Feb-08
Knife	2	16.61	Texkor Industries, Korea	2-Feb-08
Cotton Buds Machine	1	67.15	Illies Engg (I) Pvt Ltd	24-Apr-08
Sub Total		**669.38**		
Plant and Machinery for Weaving Crepe Bandage				
Order Placed				
Doubling Winder (16 drums)	1	6.38	Jintex Textiles & Tech, Hong Kong, China	30-Oct-08
Two for One Twister (156 Spindles	4	119.00	Jintex Textiles & Tech,	30-Oct-08

per each set)			Hong Kong, China	
Sectional Warper W/Creels & Special attachment + tension control attachment	1	191.25	Jintex Textiles & Tech, Hong Kong, China	30-Oct-08
High Speed Automatic Needle Loom with Creels	10	148.75	Jintex Textiles & Tech, Hong Kong, China	30-Oct-08
Order to be Placed				
Rapier Looms	10	449.91	Panter Textile S.r.l, Italy	28-Apr-08
Sub Total		**915.28**		
Fiber Bleaching Machine				
Order Placed				
Stamping Mahcine	1	167.88	Texkor Industries, Korea through Matex India Pvt. Ltd.	30-May-09
Bleaching Kiers	2	470.05		
Hydro Extractor	1	30.22		
Conveyor Dryer	1	369.33		
Sub Total		**1037.47**		
Fabric Processing, Inspection & Packing Machines				
Gas Singeing M/C with Hydraulic batching machine (to unwind and feed the grey fabric from cloth roller to gas singeing machine	1	108.38	Jintex Textiles & Tech, Hong Kong, China	23-May-08
Shrinking & Water Proofikng M/C	1	38.25		
Shrinking M/C for N/F	1	42.50		
Dyeing M/C	1	102.00		
Rotary Drum Washer	1	38.25		
Shrink & Dryer	1	170.00		
Finishing M/C w/16 knives	1	170.00		
Rolling M/C	6	63.75		
Automatic Packing M/C	2	127.50		
Inspection M/C	1	23.38		
Sub Total		**884.00**		
Total		**4781.98**		
Add: Import Duty @3.20%		153.02		
Total		4,935.00		
Add: Installation and Other Charges @2.5%		123.38		
Grand Total		**5,058.38**		

E. Miscellaneous Fixed Assets

Cost of Miscellaneous Fixed Assets is estimated as follows:

Particulars	Cost (Rs. Lacs)	Supplier	Date of quotation
Compressor	15.60	Lump sum	
Compressed Air Piping	5.20	Vasu Projects	17-Jul-08
Standby Power Genset (LDO Base)	176.80	Jackson Engineers Ltd.	22-Jul-08
Boiler - 10 Tons (Including Erection + Comm Of Boiler)	104.00	Thermax Limited	17-Jul-08

Utility Lines (From Boiler To Deptt. To M/Cs)	31.20		
Effluent Treatment Plant	207.90	Idrosistem Energy	21-Jul-08
Water Treatment Plants (Softner, DM/RO)	20.80	Cheema Boilers Limited	05-Aug-08
Humidification PLANT	52.00	Draft-Air (India) Pvt. Ltd.	25-Jul-08
Complete Electrical Including Panels & Cables	156.00	Devi Powers Pvt. Ltd.	08-Aug-08
Electrical Sub-Station Cost	52.00	Devi Powers Pvt. Ltd.	08-Aug-08
Water Piping	15.60	Vasu Projects	17-Jul-08
LPG Storage	20.80	Bindal Textile Machinery Co.	20-Jul-08
Pallet Truck	52.00	Bindal Textile Machinery Co.	20-Jul-08
Storage Devices	15.60	Bindal Textile Machinery Co.	20-Jul-08
Conveyor Packing System	26.00	Bindal Textile Machinery Co.	20-Jul-08
Laboratory Equipments (GSM, Shrinkage Tester & Yarn Testing Meter, Colour Matching Cabinet)	20.80	Lumpsum	
Other Miscellaneous Assets	103.70	Various	
Total	**1075.70**		

F. Preliminary & Preoperative Expenses

Preliminary and Pre Operative Expenses include the following:

Particulars	Amount (Rs. lacs)
Establishment Cost	73.63
Travelling	14.00
Training Expenses	16.00
Interest during construction period	195.97
Insurance	10.80
Start Up Expenses	16.34
Consultancy charges	71.99
Upfront Fees	30.00
Other expenses	30.00
Total	**458.72**

G. Technical Know-How Fees

Jindal Medicot Limited has entered into a technology know how transfer agreement dated June 26, 2008, with M/s Texkor Industries, South Korea for 100% Cotton Crepe Bandage Cloth, Cotton Crepe Bandage and cotton stretch bandage. The fee for the same is Rs. 319.00 Lacs, payable as per the stages mentioned in the agreement.

H. Margin Money for Working Capital

The margin money for the working capital requirement for the project being undertaken by Jindal Medicot Limited is estimated as follows:

(Rs. Lacs)

Particulars	No. of months	Margin %	Total Working Capital Requirement (FY11)	Margin Requirement
Raw Material	2.00	25%	426.45	106.61
Consumables	1.00	25%	33.84	8.46
Stock of Work-In-Progress	0.50	25%	176.99	44.25
Stock of Finished Goods	0.50	25%	322.13	80.53
Bill Receiveable/ Goods in transit	1.00	25%	644.27	161.07
Utilities	0.50	100%	30.70	30.70
Labour & Plant Overheads	0.50	100%	17.96	17.96
Factory Overheads	0.50	100%	4.80	4.80
Administrative Expenses	0.50	100%	5.22	5.22
Other Expenses	0.50	100%	28.99	28.99
Total			**1,691.34**	**488.58**

I. Contingencies

Contingencies are estimated at 5% of the cost of Buildings, Plant & Machinery, Miscellaneous Fixed Assets and Preliminary & Pre-operative expenses aggregating Rs. 366.37 Lacs.

Schedule of Implementation

Activity	Original Schedule		Revised Schedule	
	Month of Commencement	Expected Month of Completion	Month of Commencement	Month of Completion
Land Acquisition	August 2008	September, 2008	Already Started	August 2009
Land Development	September 2008	October 2008	August 2009	September 2009
Buildings	September 2008	March, 2009	September 2009	February 2010
Plant & Machinery - Order - Delivery	 September 2008 March 2009	 December 2008 July 2009	 September 2008 November 2009	 December 2009 February 2010
Erection & Commissioning	June 2009	August 2009	December 2009	March, 2010
Trial Production	September 2009		March 2010	
Commercial Production	October 2009		March 2010	

b. Jindal Specialty Textiles Limited

Our Company proposes to invest Rs. 5101.21 lacs from the Proceeds of this Public Issue in its subsidiary, Jindal Specialty Textiles Limited, by way of subscription to the Equity share capital, for setting up facilities to manufacture Technical Textile Products viz. Laminated technical textile products and Banner fabrics textile products in District Una in the state of Himachal Pradesh. The annual capacity of the plant will be 60 Million Sq. Meters.

The project has not been appraised and the cost of the project is based on the management estimates. The total project cost is estimated at Rs. 15,101.21 Lacs.

Other Advantages:
The proposed project by Jindal Specialty Textiles Limited is a step by our Company to diversify in the field of technical textiles. The products manufactured by Jindal Specialty Textiles Limited will be import substitutes and find usage in variety of industries that use outdoor publicity like banner

fabrics, truck siders, sign-boards etc, recreational application like boat fabric, army applications, etc.

Locational Advantages: The project will be located in District Una in the state of Himachal Pradesh and is eligible for various incentives/concessions from the state government.

Our Company is not assured of any dividends pursuant to such investment in equity shares of Jindal Medicot Limited.

The break-up of the project cost and means and finance is as follows:

Particulars	Amount (Rs. Lacs)
Acquisition of Land	388.22
Site development	205.00
Building	928.90
Plant & Machinery	8264.52
Misc. fixed assets	1836.38
Preliminary & Pre-operative expenses	982.63
Contingencies	597.72
Technical Know-how fees	850.00
Working capital margin money (1st year)	1047.84
Total	**15101.21**

The above cost of project will be funded as under:

Particulars	Amount (Rs. Lacs)
Issue of Equity Shares to Jindal Cotex Limited	5101.21
Proposed Term Loan from Banks	10,000.00
Total	**15101.21**

Out of total term loan of Rs. 10,000 Lacs, the company has got sanction of Rs. 6000 Lacs from Punjab National Bank vide its letter dated January 31, 2009 and Rs. 2,300 Lacs from UCO Bank vide its letter dated February 17, 2009. For the balance gap of Rs. 1700 lacs application is under process with other banks.

Details of Cost of Project of Jindal Specialty Textiles Limited:

A. Acquisition of Land

We are in the process of acquiring land admeasuring 39.54 acres in District Una in the state of Himachal Pradesh. As per the managemnt estimates, our Company would earmark 388.22 Lacs towards land acquisition. The above will be inclusive of stamp duty, registration charges and brokerage, if any.

For this purpose Jindal Medicot Limited has also entered into a Memorandum of Understanding dated January 16, 2009 with Mr. Ashok Sharma and Mr. Chander Prakash Sharma, Village Rehi, P.O. Bharwain, Distt. Una, Himachal Pradesh to acquire about 600 Kanals of land at Upmahal Ram Nagar, Mouja Thathal, Tehsil Amb, Distt. Una, Himachal Pradesh at a total cost of Rs. 540 Lacs. The MOU provides that JML can assign its rights in this MOU in full or in part to any person, or company(ies) without written permission or consent from Mr. Ashok Sharma and Mr. Chander Prakash Sharma. This MoU has been extended vide the continuation MoU dated July 15, 2009 for the execution of title deed from May 31, 2009 to September 30, 2009.

The above land will be acquired by the name of Jindal Medicot Limited and Jindal Specialty Textiles Limited and the conveyance deed for the above land will be executed in due course.

B. Site Development

Site development charges are estimated as follows:

Particulars	Cost Rs. per Acre	Amount (Rs. Lacs)
Site Development Charges	3,00,000	120.00
Cost of laying roads (internal roads for the factory)	lumpsum	50.00
Cost of fencing/ compound wall	lumpsum	25.00
Cost of gates - Openable leaf type		10.00
Total		**205.00**

The above estimates have been certified by Dinesh Mehta Associates Private Limited, Engineers, Interior Designer, Planners New Delhi through their estimate dated July 15, 2009.

C. Buildings

Cost of Construction of Buildings and other civil works is estimated as under:

Particulars	Details	Amount (Rs. Lacs)
Factory Building		
Area in Sq. Mtrs	9,000.00	603.52
Non-Factory Building (including godown, utility bldg, sewerage, water tanks etc)		
Area in Sq. Mtr	4825.00	297.88
Lumpsum basis	-	
Add : Architects Fees @	2.00%	18.02
Total		**928.90**

The above estimates have been certified by M/s Vivek Consultants, Architects, Engineers, Interior Designer, Planners Ludhiana through their estimate dated July 21, 2008.

D. Plant & Machinery

Imported

Following new Plant & Machinery are proposed to be imported for which orders are yet to be placed:

Particulars	No. of Units	Amount (Rs. Lacs)	Supplier	Date of Quotation
Prepation For Warp Knitting				
Warper	2	399.31	Karl Mayer	20-Mar-08
Warper Beams	360	142.29	Semyung Electric Machinery Co	6-May-08
Winder	1	6.38	Lump sum	
Sub Total		**547.97**		
Warp Knitting Machines				
Warp Knitting mahcine with	6	2618.85	Tekmatex Marubeni Corp	28-May-

Weft Insertion				08
Sub Total		**2618.85**		
Plant and Machinery for Film Formation & Lamination				
Film Formation	1	3400.00	BTM Co. Ltd.	4-Jul-08
Lamination Machines	3	956.25	BTM Co. Ltd.	4-Jul-08
Raw Material Storage and Handling System	1	212.50	BTM Co. Ltd.	4-Jul-08
Sub Total		**4568.75**		
Total		**7735.57**		
Add Import Duty @ 3.20%		247.54		
Add: Loading, Unloading & transportation costs @ 1%		79.83		
Add: Loading, unloading, Installation, foundation & other charges		201.57		
Total		**8264.52**		

E. Miscellaneous Fixed Assets

Cost of Miscellaneous Fixed Assets is estimated as follows:

Particulars	Amount (Rs. Lacs	Supplier	Date of quotation
Imported			
Various Laboratory Equipments	442.99		
Sub-Total	**442.99**	BTM Co. Ltd.	4-Jul-08
Indigenous			
Compressor	15.60	Company estimate	
Compressed Air Piping	5.20	Vasu Projects	17-Jul-08
Other	10.40		
Standby Power Genset (LDO Base)	442.00	Jackson Engineers Ltd.	22-Jul-08
Boiler - 8 Tons(Including Erection & Commissioning)	83.20	Cheema Boilers Limited	05-Aug-08
Water Treatment Plants (Softner, Dm/Ro)	20.80	Cheema Boilers Limited	05-Aug-08
Humidification Plant Duct & Duct Insulation	26.00	Draft-Air (India) Pvt. Ltd.	25-Jul-08
Electrical Cabeling And Panel	332.80	Devi Power Pvt. Ltd.	08-Aug-08
Electrical Sub-Station Cost	104.00	Devi Power Pvt. Ltd.	08-Aug-08
Water Piping	15.60	Vasu Projects	17-Jul-08
Electric Hoist,Weighing Bridge, Weighing Machines Etc.	31.20	Bindal Textile Machinery Co.	20-Jul-08
Pallet Truck, Canter Truck / Truck Weighing Equipment With Weigh Bridge	52.00	Bindal Textile Machinery Co.	20-Jul-08
Storage Devices	104.00	Bindal Textile Machinery Co.	20-Jul-08
Conveyor Packing System	36.40	Bindal Textile Machinery Co.	20-Jul-08
Utility Lines (From Boiler To Deptt. To M/Cs)	36.40	Various	
Other Misc. Fixed Assets	57.20	Various	
Sub Total	**1372.80**		
Add: Freight & Transport & Misc Exp To	20.59		

Site @ 1.50%		
Total	**1393.39**	
Grand Total (Indigeneous+Imported)	**1836.38**	

F. Preliminary & Preoperative Expenses

Preliminary and Pre Operative Expenses include the following:

Particulars	Amount (Rs. lacs)
Establishment Cost	89.70
Travelling	10.00
Training Expenses	10.00
Interest during construction period	476.21
Insurance	17.49
Start Up Expenses	115.33
Consultancy charges	145.78
Upfront Fees	60.00
Other expenses	58.12
Total	**982.63**

G. Contingencies

Contingencies are estimated at 5% of the cost of Buildings, Plant & Machinery, Miscellaneous Fixed Assets and Preliminary & Pre-operative expenses aggregating Rs. 597.72 Lacs.

H. Technical Know-How Fees

Jindal Specialty Textiles Limited has estimated the technology know how charges to be Rs. 850.00 Lacs. For this purpose Jindal Specialty Textiles Limited has entered into a Technical Know How Agreement dated May 17, 2009 with Wonpoong Corporation, Korea.

I. Margin Money for Working Capital

The margin money for the working capital requirement for the project being undertaken by Jindal Medicot Limited is estimated as follows:

(Rs. Lacs)

Particulars	No. of Months	Margin %	Total Working Capital Requirement (FY11)	Margin Requirement
Raw Material	1.50	25%	533.05	133.26
Consumables	1.00	25%	725.55	181.39
Stock of Work-In-Progress	0.50	25%	624.70	156.18
Stock of Finished Goods	0.50	25%	895.13	223.78
Bill Receiveable/ Goods in transit	1.00	25%	895.13	223.78
Utilities	0.50	100%	63.21	63.21
Labour & Plant Overheads	0.50	100%	13.03	13.03
Factory Overheads	0.50	100%	8.00	8.00
Administrative Expenses	0.50	100%	5.82	5.82
Other Expenses	0.50	100%	39.39	39.39
Total			**3,803.01**	**1,047.84**

Schedule of Implementation

Activity	Original Schedule		Revised Schedule	
	Month of Commencement	Expected Month of Completion	Month of Commencement	Month of Completion
Land Acquisition	August 2008	September, 2008	Already Started	August, 2009
Land Development	September 2008	October 2008	August 2009	September 2009
Buildings	October 2008	October 2009	September 2009	March 2009
Plant & Machinery - Order - Delivery	November 2008 September 2009	March 2009 November 2009	November 2009 January 2010	March 2010 August 2010
Erection & Commissioning	October 2009	January 2010	February, 2010	September 2010
Trial Production	February 2010		September 2010	
Commercial Production	March 2010		October 2010	

3. Public Issue expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, advertising expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Expenses* (Rs. Lacs.)	% of Issue Size	% of Issue expenses
Lead management, underwriting and selling commission	[•]	[•]	[•]
IPO Grading Expenses	[•]	[•]	[•]
Advertisement and marketing expenses	[•]	[•]	[•]
Printing and stationery (including expenses on transportation of the material)	[•]	[•]	[•]
Others (Registrar's fees, legal fees, listing fees, etc.)	[•]	[•]	[•]
Total	[•]	[•]	[•]

* *Will be incorporated after finalization of the Issue Price*

Interim Use of Funds

Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration or for reducing overdraft. In case the Issue does not go as planned or there is any shortfall in the issue proceeds, we will make alternative arrangements like availing of fresh loans and/or internal accruals to meet the shortfall, if any.

Monitoring of Issue proceeds

Our Audit Committee will also monitor the utilization of the Issue proceeds. We will disclose the utilization of the Issue proceeds under separate head in our balance sheet for the Fiscal 2009 and 2010. Besides, a part of the project cost is funded through term loan lending from banks that will also monitor the utilization of issue proceeds towards the stated objects.

This information shall also be disclosed as per the disclosure requirements of the Listing Agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement. Further, on an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. The said disclosure shall be made till such time that the full money raised through the Issue has been fully spent. The statement shall be certified by the Statutory Auditors. Further, our Company will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of Issue Proceeds from the Objects stated in this Red Herring Prospectus. Pursuant to Clause 49 of the listing agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the proceeds of the Fresh Issue. We will disclose the utilization of the proceeds of the Fresh Issue under a separate head in our balance sheet till such time the proceeds of the Fresh Issue have been utilized, clearly specifying the purpose for which such proceeds have been utilized. We will also, in our balance sheet till such time the proceeds of the Fresh Issue have been utilized, provide details, if any, in relation to all such proceeds of the Fresh Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Fresh Issue.

No part of the proceeds of this issue will be paid as consideration to our Promoters, directors, key managerial employees or group concerns/companies promoted by our Promoters.

BASIC TERMS OF THE ISSUE

Terms of the Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws 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, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Terms of Payment

Applications should be for a minimum of 90 equity shares and in multiples of 90 equity shares thereafter. The entire price of the equity shares of Rs. [•]/- per share (Rs. 10/- face value + Rs. [•]/- premium) is payable on application. In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Red Herring Prospectus at a price of Rs. [•]/- per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Market Lot and Trading Lot

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

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 90 Equity Shares to the successful bidders.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue to the Public including devolvement of the Underwriters within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act 1956.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the equity shares offered by way of book building.

Investors should read the following summary with the section titled "Risk Factors" beginning on page 10 and the details about our Company and its financial statements included in this Red Herring Prospectus on page 109 & 157 respectively, *The trading price of the equity shares of our Company could decline due to these risks and you may lose all or part of your investments.*

Qualitative Factors:

1. Quality Standards

We are an ISO 9001:2008 certified company for Quality Management System by RW TUV Certification Body for our manufacturing facility at VPO Jugiana, G.T. Road, Ludhiana. We focus on Quality throughout our processes. We adhere to quality standards as prescribed by our customers.

2. Strong Customer Base

Our Company has strong customer base in the demestic market. Over a period of time, our Company has built-up a reputation for quality products and timely delivery. Our Marketing and R&D team closely interacts with the customers, understands their requirements and develops the products as per their requirements. Our Company has been able to retain customers and further strengthen the relationship by providing them end-to-end solutions for their requirements.

3. Capability to Manage Multiple and Large Orders

Large orders require capabilities to manage large workforce, complex sourcing, production planning and ability to ensure timely delivery to the customer. Over the years, our Company has developed the skills to manage multiple large orders concurrently. Our Company has also developed a diversified product range, which has helped us to grow.

4. Strong management team

All our individual Promoters are experienced and qualified. Further we have employed key professionals having technical and commercial backgrounds. Our company feels that the strength of any successful organization lies in the experience and guidance of its team leaders and staff alike. A lot of care is taken in choosing the right people for the right job. It has been only due to the highly empathetic management style that our Promoters have developed over the years. Our company provides an environment that induces an employee as an entrepreneur in his own work area.

5. Leveraging of our Marketing Skills and Relationships

This is a continuous process in our organization and the skills that we impart in our people starts with 'do justice to your company but not at the cost of any harm to your client'. We aim to do this by leveraging our marketing skills & relationships and further enhancing customer satisfaction. We plan to increase our customers by meeting orders in hand on time, maintaining our client relationship and renewing our relationship with existing ex- buyers.

Quantitative Factors

1. **Adjusted Earnings Per Share**

Particulars	EPS (Rs)	Weights
2006-2007	1.26	1
2007-2008	5.92	2
2008-2009	3.46	3
Weighted Average EPS	**3.91**	

2. **Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [●]/- per share**

Particulars	P/E at the lower end of the price band (Rs. 70)	P/E at the higher end of the price (Rs. 75)
a. Based on 2008-09 EPS of Rs. 3.46	20.23	21.68
b. Based on weighted average EPS of Rs. 3.91	17.90	19.18

Industry P/E	
▪ Highest – Modern India Limited	71.70
▪ Lowest – Indo Count Industries Limited	1.7
▪ Average	9.10

Source: Capital Market, VolumeXXIV/11, July 27, 2009 – August 9, 2009

3. **Return on Net Worth**

Particulars	RONW (%)	Weights
2006-2007	7.75	1
2007-2008	18.04	2
2008-2009	15.91	3
Weighted Average RONW	**15.26**	

4. Minimum Return on Net Worth needed after the Issue to maintain pre-Issue EPS of Rs. 3.46 is

a) At the higher end of the price band 7.44%
b) At the lower end of the price band 7.06%

5. Net Asset Value (Rs.)

Particulars	At the lower end of the price band (Rs. 70)	At the higher end of the price band (Rs. 75)
As on March 31, 2009	21.73	21.73
After Issue	46.51	49.00
Issue Price	[●]	

6. **Comparison of Accounting Ratios with Peer Group Companies**

Particulars	Sales (Rs. cr)	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)	Face Value
Amarjothi Spinning	93.0	5	5.5	2.8	40.3	10

Particulars	Sales (Rs. cr)	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)	Face Value
Himachal Fibres	77.5	4.9	7.1	-	67.6	10
Kandagiri Spinning	85.9	-	-	13.8	54.7	10
Sabandam Spinning	116.8	-	-	9.5	69.3	10
Modern India Limited	207.0	1.9	71.7	19.7	10.6	2
Super Sales India Ltd.	102.9	2.6	18.9	1.9	153.7	10
Jindal Cotex Limited (2008-2009)	138.58	3.46	[●]	15.91	21.73	10

Source: Capital Market, VolumeXXIV/11, July 27, 2009 – August 9, 2009

7. The face value of our shares is Rs.10/- per share and the Issue Price of Rs. [●]/- is [●] times of the face value of our Equity Shares. The final price would be determined on the basis of the demand from the investors.

8. The BRLM believes that the Issue Price of Rs. [●]/- per share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Red Herring Prospectus to have a more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

The Board of Directors,
Jindal Cotex Limited
VP Jugiana, G .T Road,
Ludhiana

Dear Sirs,

Sub: Statement of Possible Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits that may be available to Jindal Cotex Limited (the "Company") and to the Shareholders of the Company under the provisions of current tax laws presently in force in India.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. 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 fulfill.

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to 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;
- the revenue authorities/ courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes. 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. While all reasonable care has been taken in the preparation of this opinion, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

This report is intended solely for 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 Aggarwal Garg & Co.
Chartered Accountants

(P.K.Garg)
Partner
Membership No.083139
Ludhiana
July 16, 2009

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

A. SPECIAL TAX BENEFITS TO THE COMPANY AND ITS SUBSIDARIES

1. **Deduction under Section 80-IA of the Income Tax Act, 1961.**
   The Profits of the wind mill project of the company are eligible for deduction @100% under Section 80-IA for the period of ten consecutive years out of fifteen years beginning from the year in which an undertaking starts the generation of power. The profits of the wind mill project shall be computed on stand alone basis. The benefit is available subject to the conditions prescribed under that section.

2. **Deduction under Section 80-IC of the Income Tax Act, 1961.**
   The profits of proposed projects of the Jindal Medicot Limited and Jindal Specialty Textiles Limited would be eligible for deduction under sub-section (2) of Section 80-IC of the act for the period of first five years after the commencement of commercial production and thereafter 30% for the next five years. The profits of both the subsidiaries will be computed on stand alone basis. The benefit is available subject to the fulfillment of the conditions prescribed under that section**.**

3. In terms of sub-section (1) of Section 5A of the Central Excise Act, 1944 read with sub-section (3) of Section 3 of the Additional duties of Excise (Goods of Special Importance) Act, 1957 and sub-section (3) of section 3 of the additional duties of excise (Textile and Textile Articles) Act, 1978, the central government has granted 100% outright excise duty exemption for a period of 10 years from the date of commercial production to the unit located in the State of Himachal Pradesh. Both the subsidiaries of the company namely Jindal Medicot Limited and Jindal Specialty Textiles Limited would be eligible for the exemption since the proposed projects are to be set up at Himachal Pradesh. The benefit is available subject to the conditions prescribed under that section and commercial production is to be started before 31.03.2010.

B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS OF OUR COMPANY: NIL

C. GENERAL TAX BENEFITS, AVAILABLE TO ALL CATEGORIES OF COMPANIES OR TO THE SHAREHOLDERS OF ANY COMPANY, SUBJECT TO FULFILLING CERTAIN CONDITIONS AS REQUIRED UNDER THE RESPECTIVE ACTS:

BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX ACT, 1961

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

2. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT 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.

3. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India after 1st October, 2004 and is liable to securities transact ion tax.

4. Under section 111A of the IT Act and other relevant provisions of the IT 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 15 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 IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

5. Under section 54EC of the IT 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 IT 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 Act88;
   (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

   The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of Fifty lacs rupees. 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 IT Act.

6. **Deduction under Section 32:** As per provisions of Section 32(1)(iia) of the Act, the company is entitled to claim additional depreciation of 20% of the actual cost of any new machinery or plant which has been acquired and installed after 31st March, 2005 subject to fulfillment of conditions prescribed therein.

7. Under section 115JAA (2A) of the Act tax credit shall be allowed in respect of any tax paid (MAT) under section 115JB of the Act for any Assessment Year commencing on or after 1st April 2006. 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 7 years immediately succeeding the year in which the MAT credit initially arose.

BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961

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

2. Under section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to section 48 of the IT Act, in respect of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement,

which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.

3. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transact ion tax.

4. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT 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.

5. Under section 54EC of the IT 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 IT 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;
   (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

   The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of Fifty lacs rupees. 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 IT Act.

6. Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT 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.

7. Under section 111A of the IT Act and other relevant provisions of the IT 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 15 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 IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

8. In terms of section 36(xv) 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 deduction e from the amount of income chargeable

under the head “Profit and gains of business or profession” arising from taxable securities transactions. 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.

BENEFITS AVAILABLE TO MUTUAL FUNDS

1. As per the provisions of Section 10(23D) of the IT Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS (‘FIIS’)

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

2. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

3. Under section 54EC of the IT 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 IT 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;
   (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

   The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of Fifty lacs rupees. 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 IT Act.

4. Under section 115AD (1)(ii) of the Act short term capital gains on transfer of securities shall be chargeable @ 30% and 10% (where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax). The above rates are to be increased by applicable surcharge and education cess.

   Under section 115AD(1)(iii) of the Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

5. As per section 90(2) of the IT 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 IT Act to the extent they are more beneficial to the FII.

6. In terms of section 36(xv) 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 deduction e from the amount of income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. 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.

BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS

1. Under section 10(23FB) of the IT Act, any income of Venture Capital companies/ Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

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

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

2. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

3. Under the first proviso to section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the IT Act-discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

4. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT 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.

5. Under section 54EC of the IT 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 IT 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;
(b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of Fifty lacs rupees. 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 IT Act.

6. Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT 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.

7. Under section 111A of the IT Act and other relevant provisions of the IT 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 15 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 IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

8. 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 IT Act, which inter alia entitles them to the following benefits:

   i. 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.

   ii. Under provisions of section 115F of the IT Act, long term capital gains (in cases not covered under section 10(38) of the IT 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 IT 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.

iii. Under provisions of section 115G of the IT 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 IT Act.

iv. In accordance with the provisions of Section 115H of the Act, a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the assessing officer along with his return of income for that year under Section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

9. In terms of section 36(xv) 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 deduction e from the amount of income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. 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.

10. As per Section 90(2) of the IT 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 IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident India.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

Notes:

1. The above Statement of Possible Direct 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 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, including as laid down by the circular 4/2007 dated 15th June 2007 issued by CBDT concerning capital gain, for availing concessions in relation to capital gains tax;

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 share holders.

SECTION VI – ABOUT US

INDUSTRY OVERVIEW

Disclaimer: Pursuant to the requirements of the SEBI DIP Guidelines, the discussion on the business of Our Company in this Red Herring Prospectus consists of disclosures pertaining to industry grouping and classification. The industry grouping and classification is based on Our Company's own understanding and perception and such understanding and perception could be substantially different or at variance from the views and understanding of third parties. Our Company acknowledges that certain products described in the Red Herring Prospectus could be trademarks, brand names and/ or generic names of products owned by third parties and the reference to such trademarks, brand names and/or generic names in the Red Herring Prospectus is only for the purpose of describing the products. The industry data has been collated from various industry and/or research publications and from information available from the World Wide Web.

The information in this section is derived from various government/Industry Association publications and other sources. 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.

The Indian textiles industry has significantly contributed to the economic life of the country. The Indian textile industry is one of the largest in the world with a massive raw material and textiles manufacturing base. Our economy is largely dependent on the textile manufacturing and trade in addition to other major industries. The Indian textile industry accounts for around 4 per cent of the gross domestic product (GDP), 14 per cent of industrial production and over 13 per cent of the country's total export earnings. In fact, it is the largest foreign exchange earning sector in the country. Moreover, it provides employment to over 35 million people.

The Indian textile industry is estimated to be around US$ 52 billion and is likely to reach US$ 115 billion by 2012. The domestic market is likely to increase from US$ 34.6 billion to US$ 60 billion by 2012. It is expected that India's share of exports to the world would also increase from the current 4 per cent to around 7 per cent during this period. India's textile exports have shot up from US$ 19.14 billion in 2006-07 to US$ 22.13 billion in 2007-08, registering a growth of over 15 per cent. It is, in fact, the largest foreign exchange earning sector in the country. In addition, it provides direct employment to over 38 million people. And with continuing growth momentum, its role in the Indian economy is bound to increase.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized powerlooms/ hosiery and knitting sectors form the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

The major sub-sectors that comprise the textiles sector include the organized Cotton/ Man-Made Fibre Textiles Mill Industry, the Man-made Fibre/ Filament Yarn Industry, the Wool and Woollen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

(Source: www.ibef.org, May 2009 and www.texmin.nic)

THE INDIA ADVANTAGE

Moreover certain natural advantages and external factors have fuelled the growth of this industry with a clear competitive edge.

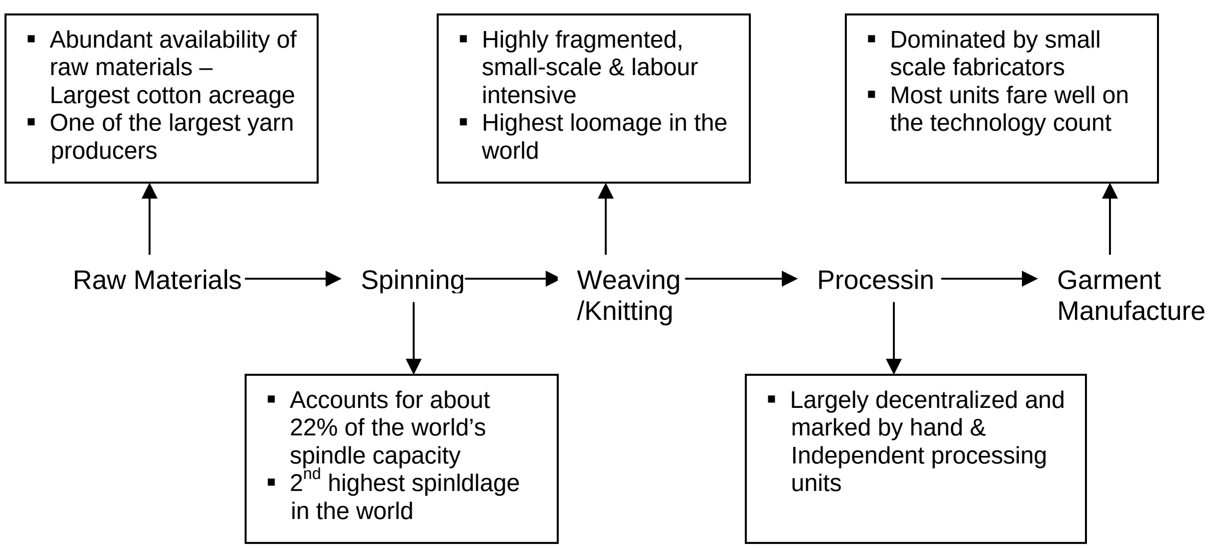
Low Cost Quality Materials

Access to raw material and fabric is equally important for global buyers. Having a reliable domestic supply source reduces the turnaround time, which is critical in the mercurial world of fashion. Local supply sources also reduce transportation cost besides making it easier to ramp up capacity as demand rises. Countries with well-developed indigenous textile sectors such as China, India, Pakistan and Indonesia will have an advantage over those that rely on imports. India capitalizes on strong raw material base - cotton, man-made fibres, jute, silk India has natural fibres like cotton, jute, silk and wool to man made fibres like polyester, viscose, acrylic and multiple blends of such fibres. India has overtaken the US to become the world's 2nd largest cotton producing country, after China, as per a study by International Service for the Acquisition of Agri-biotech Application. BT cotton was a major factor contributing to higher rate of production, from 15.8 million bales in 2001-02 to 31 million bales in 2007-08.

Cheap Skilled Labor

Labor cost per unit of output for India is one of the lowest in the world. Developed countries like the US and EU are at a comparative disadvantage as their cost of production is almost 37 times higher than that of China or India, while the quality and skill sets are of similar standards. Moreover, with reforms in labor laws slowly taking shape and thrust of the government towards regularizing the unorganized sector makes India competitive in the outsourcing scenario.

Presence in the Value Chain



(Source: www.ibef.org, Textiles and Apparels, December 2008)

	INDIA	OTHER COUNTRIES
Capacity Utilization	High	Low
Raw material self-sufficiency	High	Low
Level of Integration	High	Low
Dependence on Exports	Low	High

Textile Industry	Fragmented	Consolidated
Textile Exports	Cotton-Based	Non Cotton Based
Per capita fibre consumption	Low	High

RAW MATERIALS

Cotton Dominates the Industry

- Nearly 56% o f yarn produced is made o f cotton
- Country produces nearly 23 varieties of cotton
- India is the second largest player in the world cotton trade

India's position is strong vis-à-vis other countries in most raw materials

- Largest producer of jute
- Second largest producer of silk
- Third largest producer of cotton, accounting for nearly 16% of global production
- Third largest producer of cellulosic fibre/yarn
- Fifth largest producer of synthetic fibres/yarn
- Eleventh largest producer of wool

Cotton

Cotton is the predominant fabric used in the Indian textile industry – nearly 60 per cent of the overall consumption in textiles and more than 75 per cent production in spinning mills is cotton.

- Nearly 56% of yarn produced is made of cotton
- India produces nearly 23 varieties of cotton
- Cotton yield per hectare is the lowest and the country has the largest acreage land under cultivation
- Grade and timing of purchase is essential for pricing
- US subsidies will greatly affect the pricing of Cotton
- Of the Total Yarn Manufactured in India, Long Staple yarns dominate the yarn Industry
  - Long Staple – 69%
  - Short Staple – 6%
  - Medium Staple – 25%

(www.imacs.in and Annual report 2008 – 09)

Wool

India's wool industry is primarily located in the northern states of Punjab, Haryana, and Rajasthan. These three states alone account for more than 75 per cent of the production capacity, with both licensed and decentralised players. There are more than 700 registered units in the sector and more than 7000 powerlooms and other unorganised units. The woollen industry provides employment to approximately 1.2 million people.

Silk

India is the second largest producer of silk in the world, contributing about 18 per cent to global production. Growing demand for traditional silk fabrics and exports of handloom products have spurred growth in silk demand.

Jute

The Jute Textiles Industry occupies an important place in the national economy. It is one of the major industries in the eastern region, particularly in West Bengal. It supports nearly 4 million farm families, besides providing direct employment to about 2.6 lakh industrial workers and livelihood to another 1.4 lakh persons in the tertiary sector and allied activities. The production process in the Jute Industry goes through a variety of activities, which include cultivation of raw jute, processing of jute fibres, spinning, weaving, bleaching, dyeing, finishing and marketing of both, the raw jute and its finished products. The Jute Industry is labour intensive and as such its labour-output ratio is also high in spite of various difficulties being faced by the industry. Capacity utilization of the industry is around 75 per cent. These apart, the jute industry contributes to the export earnings to the tune of nearly Rs. 1200 crores annually.

(www.texmin.nic.in, Sector review)

Man-made fibre and Filament Yarn Industry

The man-made fibre & yarn industry comprises fibre and filament yarn manufacturing units of cellulosic and non-cellulosic origin. The cellulosic fibre/yarn industry is under the administrative control of the Ministry of Textiles while non-cellulosic industry is under the control of Ministry of Chemicals & Fertilizers (Department of Chemicals & Petro Chemicals). This industry has a vital role to play in the Textile industry in the sense that out of total consumption of 4.74 billion kgs. of fibre, including cotton and man-made, 2.09 billion kgs i.e 44%, is manufactured by the man-made fibre/yarn industry.

The production of man-made fibre during 2007-08 shows an increasing trend as compared to the corresponding period of 2006-07. The total man made fibre production increased by 9.5%, a compare to the corresponding period of the previous year. The total man-made fibre production is expected to increase by about 10% during 2006-07, as compared to 2005-06. The production of Viscose Staple Fibre & Acrylic Staple Fibre is expected to decrease by 10% and 3%, respectively, during 2007-08. The production of Polypropylene Staple Fibre and Polyester Staple Fibre is expected to increase by 11% and 10%.

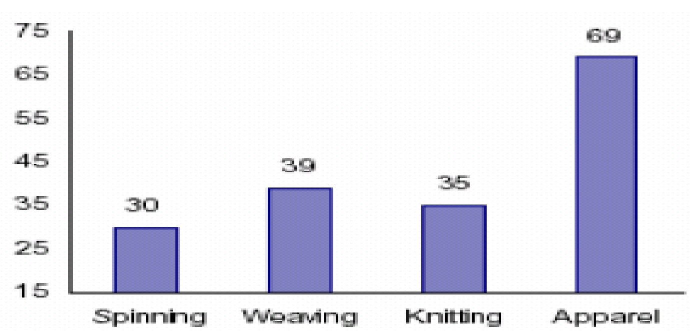
(www.texmin.nic.in, Sector review)

<u>POWER</u>

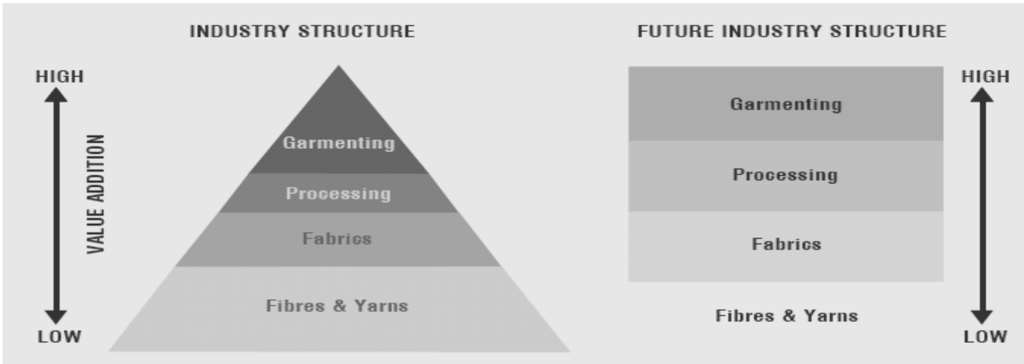
Power Accounts for 11-15% of operating cost for spinning and weaving units. Cost of power in China is 46% lower than in comparison to India.

<u>LABOUR</u>

Labour costs are higher in the Textile Industry in comparison to other, as it needs more efficient and skilled labour. Labour cost per unit of output is lowest in India. In the textile industry higher the value addition higher is the cost of labour and higher is the skill set required by the labour. Hence the cost of labour is highest in the Garment industry and lowest in the spinning industry.



Current Industry Structure and Future Industry Structure



The current textile industry structure in India is with maximum players in the Fibres and Yarns and very few players in the Garmenting and retailing sector. But now Indian players have realized the need to be a vertically integrated player and more and more companies are moving up the value chain both organically as well as through consolidations.

Organised Textile Mills Industry

The Cotton/ Man-made Fibre Textiles Mill Industry is the largest organized industry in the country in terms of employment (nearly 1 million workers) and number of units. Besides, there are a large number of subsidiary industries dependent on this sector, such as those manufacturing machinery, accessories, stores, ancillaries, dyes & chemicals.

As on December 31, 2007, there were 1,744 cotton/man-made fibre textiles mills (non-SSI) in the country with a capacity of 34.87 million spindles, 4,57,000 rotors, and 56,000 looms. During 2006-2007, the capacity utilisation in the spinning sector of the organised textiles mill industry ranged between 80% to 93 % while the capacity utilisation in the weaving sector of the organised textiles mill industry ranged between 41% to 63 %. The production of spun yarn, including the production of yarn from SSI spinning sector, was 3,046 mn. kg. in 1999-2000; 3,458 mn. kg. in 2005-06; and 3,813.39 mn. kg. in 2006-07. It is estimated to reach 4,000 mn. Kg. in 2007-08. SSI sector contributes about 5% of the total spun yarn production. A statement showing the production of spun yarn (including SSI units) during the last eight years along-with anticipated figures for 2007-08.

(in Mn. Kg.)

Year	Cotton Yarn	Blended Yarn	100 % Non-Cotton Yarn	Total Yarn
1999-2000	2204	621	221	3046
2000-01	2267	646	247	3160
2001-02	2212	609	280	3101
2002-03	2177	585	319	3081
2003-04	2121	589	342	3052
2004-05	2272	585	366	3223
2005-06	2521	588	349	3458
2006-07 (P)	2823	635	355	3813
2007-08 (E)	2900	700	400	4000

P – Provisional
E - Estimated

(Source: Annual Report, 2007 – 2008; Ministry of Textiles)

Cotton

Cotton is one of the principal crops of the country and plays a vital role in the Indian economy, providing substantial employment and making a significant contribution to export earnings. The ratio of the use of cotton to man-made fibre and man-made continuous filament yarn is 60: 40 in the Indian textiles industry (based on financial year 2005-06). It engages around 6 millions farmers, while another about 40-50 million people depend on activities relating to cotton cultivation, cotton trade and its processing for their livelihood. It is the principal raw material for the domestic textiles industry. As on December 31, 2007, there were 1,744 cotton/man-made fibre textiles mills (non-SSI). in the country with a capacity of 34.87 million spindles, 4,57,000 rotors, and 56,000 looms. in addition another 1,219 small scale spinning units with 4.00 million spindles and about 1,57,866 Rotors are in the small scale decentralised sector. Cotton and cotton related textiles items contribute significantly towards exports earning of the country.

India was the 2nd largest producer (4.76 Million Metric Tons) of cotton in the world during 2006-07, accounting for 18.45% of global production. During 2006-07, India led the world in cultivated area (9.16 Million hectares). In productivity (521 kg. /ha), India was far behind many countries (USA: 912 kg/ha, China: 1251 kg/ha and World Average: 756 kg/ha). The major reason for low yield is that 65 % area under cotton is rainfed. The country's cotton output for the cotton season of 2006-07(October-September) was estimated at a record 280.00 lakh bales (of 170 kgs each). Gujarat produced 101.00 lakh bales significantly higher than the earlier level of 23.75 lakh bales, during the cotton season of 2000-01(October-September). For the first time in the cotton season 2006-07(October-September), cotton yield was about 521 kg/hectare, recording an increase of 10.17% against the cotton season of 2005-06(October-September). With the further possibility of increase in use of Bt seeds/ Hybrid seeds, and a decline in the cost of such seeds, it is estimated that by the terminal year of XI Five Year Plan (2007-2012), the yield per hectare will increase to 700 kgs., and cotton production will reach 390 lakh bales.

The consumption of cotton has been increasing over the last few years. The total consumption has risen from 111.09 lakh bales in 1991-92 (mill and non-mill), to 235 lakh bales in the cotton season of 2006-07 (Oct-Sept), which is the highest ever recorded.

Man Made Yarn Industry

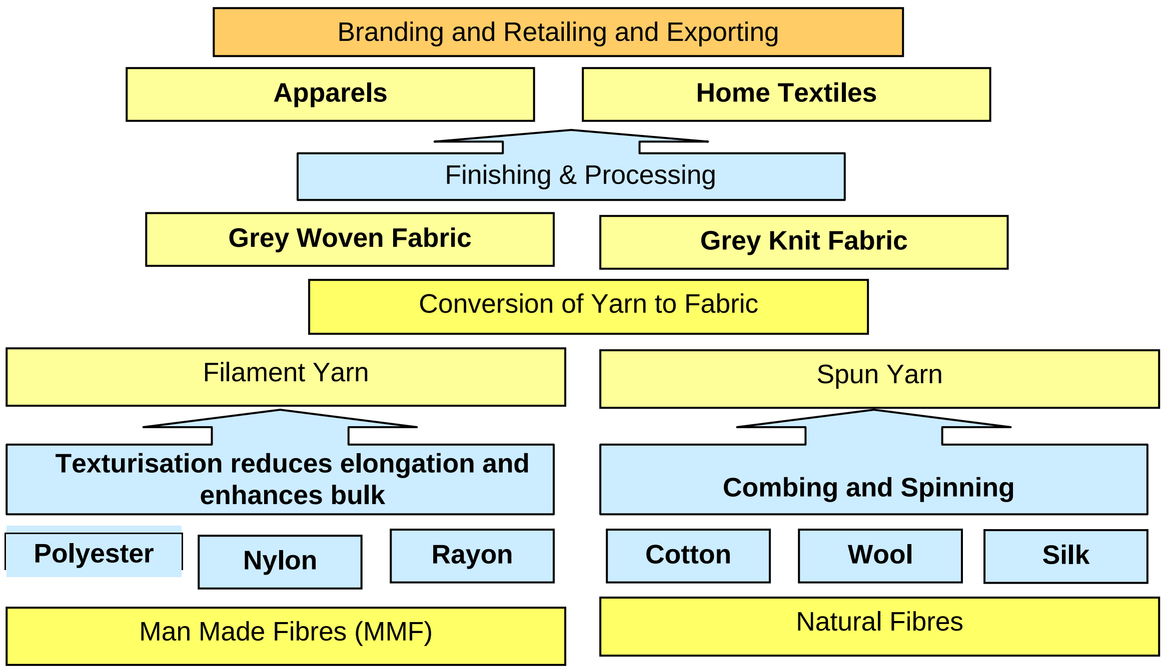
The industry comprises fibre and filament yarn manufacturing units of cellulosic and non-cellulosic origin. The cellulosic fibre/yarn industry is under the administrative control of the Ministry of Textiles, while the non-cellulosic industry is under the control of Ministry of Chemicals and Fertilizers (Department of Chemicals and Petro-Chemicals).

The production of man-made fibre during 2007-08 shows an increasing trend as compared to the corresponding period of 2006-07. The total man made fibre production increased by 9.5%, a compare to the corresponding period of the previous year. The total man-made fibre production is expected to increase by about 10% during 2006-07, as compared to 2005-06. The production of Viscose Staple Fibre & Acrylic Staple Fibre is expected to decrease by 10% and 3%, respectively, during 2007-08. The production of Polypropylene Staple Fibre and Polyester Staple Fibre is expected to increase by 11% and 10%.

The total production of man-made filament yarn increased by 9.5%, during April-December 2007, as compared to corresponding period of the previous year. The production of Nylon Filament Yarn and Viscose Filament Yarn is also expected to increase during 2007-08. The production of Polypropylene Filament Yarn and Polyester Filament Yarn is expected to increase by about 10% during 2007-08.

Value Addition Norms

Some of the large Indian players have been conferred quality certifications by global retailers for their quality and manufacturing standards. These certifications and quality recognitions have helped Indian companies drive improved price realizations vis-à-vis regional peers. The players catering to the mass merchandisers are expected to face higher competition, as the number of players catering to this segment is higher creating higher price competition. Hence, garmenting and integrated units, catering to specialty stores and brands are expected to have a better pricing flexibility.



Fibre to Spun Yarn: 75%
Yarn to Grey: 40%
Grey Fabric to processed fabric for apparel consumption: 80%
Grey Fabric to non apparel textile items: 100%
Processed fabric to apparel: 110%
Retail value addition for Apparel: 100%

Textiles and Apparel trade

As per the latest figures available with the Ministry of Textiles, India exported textiles worth US$ 15.27 billion during April-December 2008.

Indian textiles, handlooms and handicrafts are exported to more than 100 countries, with the US being the largest buyer. Readymade garments (RMG) are the largest export segment, accounting for almost 41 per cent of total textile exports. RMG exports from India were worth US$ 9.06 billion in 2007-08. During April 2008-February 2009, RMG exports were worth US$ 8.59 billion, an increase of 4.86 per cent over the corresponding period of 2007-08.

Significantly, apparel is the second largest retail category in India. The domestic apparel retailing industry is estimated to be round US$ 2.7 billion and in spite of recession is likely to grow at 5-7 per cent in 2009-10. The domestic organised garment retailing clocked a growth of 13-14 per cent for year ended March 2009.

The accessories market is pegged between US$ 298.6 million and US$ 597.3 million, which has been growing at 15 to 18 per cent. Within this, the branded accessories segment is growing at 25 per cent.

(Source: www.ibef.org May 2009)

Investments in the Textile sector

India's liberalised policies and the government's decision to allow 100 per cent FDI in the emerging textiles industry has led to an increase in the investment inflows into the sector. The domestic textiles and apparels market in India is witnessing strong growth owing to a young population, an increase in disposable incomes and a rapid growth in organised retail.

Consequently, the domestic market is estimated to grow to over US$ 50 billion by 2014. Significantly, the textile sector is estimated to offer an incremental revenue potential of no less than US$ 50 billion by 2014 and over US$ 125 billion by 2020. The textile industry has attracted FDI worth US$ 850 million during August 1991 and December 2008.

(Source: www.ibef.org May 2009)

Textile and Apparel Sourcing

India is fast establishing itself as a global textile and apparel-sourcing hub with its abundant multi-fibre raw material base, well established production bases, design capability and skilled labour force.

According to the Confederation of Indian Industry-Ernst & Young Textiles and Apparel Report 2007, the Indian sourcing market is estimated to grow at an annual average rate of 12 per cent from an expected market size of US$ 22 billion-US$ 25 billion in 2008 to US$ 35 billion-US$ 37 billion by 2011.

(Source: www.ibef.org May 2009)

Technical Textiles

Technical or functional textiles are those textiles that have some functional properties attached to it and are different from traditional textiles that are merely used for adoration. The technical textiles market which at present is around US$ 80.1 million and growing at a healthy pace of about 12 per cent, is expected to touch US$ 13.7 million by 2012-13.

Keeping this in mind, the government has designed Centres of Excellence for agrotech, buildtech, meditech and geotech group of technical textiles at an outlay US$ 8.97 million. The government will shortly launch a US$ 122.42 million Technology Mission on Technical Textiles and also create a Development Council for Technical Textiles.

In an effort to promote the technical textile industry in the country, the central government has formed a committee to put in place a regulatory framework for usage of technical textile products in different areas.

(Source: www.ibef.org May 2009)

Government Initiatives

In an effort to increase India's share in the world textile market, the government has introduced a number of progressive steps.

- 100 per cent FDI allowed through the automatic route.
- De-reservation of readymade garments, hosiery and knitwear from the small-scale industries sector in end-2000.

- Technology Mission on Cotton was launched in February 2000 to make quality raw material available at competitive prices.
- Technology Upgradation Fund Scheme (TUFS) which was launched to facilitate the modernisation and upgradation of the textiles industry in 1999 has been given further extension till 2011-12. A total of 18773 applications involving a project cost of US$ 24.91 billion have been sanctioned under TUFS upto March 31, 2008.
- 40 textile parks are being set up under the Scheme for Integrated Textile Parks (SITP) which will attract an investment of US$ 4.38 billion.

In current times of a global meltdown, the government has come out with an economic stimulus package for the textile industry. This includes:

- Additional allocation of US$ 285.66 million to clear the entire backlog in TUFS, which would enhance cash flow of the exporters.
- Extension of interest rate subvention of 2 per cent on pre and post shipment credit
- Additional fund of US$ 224.42 million for refund of terminal excise duty

(Source: www.ibef.org May 2009)

Growth Drivers

Domestic Growth Drivers

- Growth in GDP Rate by 8.5% p.a
- Increase in Working Population
- Increase in Young Population
- Greater Disposable Income
- Usage of newer Credit facilities
- Growth in Organized Retail
- Change in Lifestyle
- Increase in Hotels and Tourism
- Hospitals and other Healthcare Products (diapers etc)
- Auto Textiles
- Sports Shoes and Shoe Industry
- Packaging Items

Global Factors

- Need for Vertically Integrated Players
- Quota Regime on China
- Rising Outsourcing Budgets of Textile Players
- Increase in Specialty Stores
- Rising Inflation and Uncompetitive manufacturing in the Developed world
- Indian Companies have design studios abroad

- Dismantling of spinning and weaving capacities in USA, Europe and Japan
- Better Corporate Governance of Indian Corporates
- Chances of Removal of Subsidies on Cotton Production in USA

Key Government Initiatives

1. **Scheme for Integrated Textile Parks (SITP)**

The 'Scheme for Integrated Textiles Parks (SITP)' was launched in 2005 by merging two earlier Schemes, viz. 'Apparel Parks for Exports Scheme (APES) and 'Textile Centre Infrastructure Development Scheme (TCIDC)'. The main purpose of introduction of SITP is to provide the industry with world class infrastructure facilities for setting up their textile units. SITP is based on Public Private Partnership (PPP) model and is implemented through Special Purpose Vehicles (SPVs), where, industry, Associations / Group of Entrepreneurs are the main promoters. The Government of India's support by way of Grant or Equity is limited to 40% of the project cost for infrastructure components subject to a ceiling of Rs. 40 crore.

In the Xth Five Year Plan period, thirty Integrated Textiles Parks were sanctioned under the SITP. Government have decided to continue the Scheme for Integrated Textiles Park (SITP) during the XIth Five Year Plan period. Ten park had been sanctioned during the XIth Five Year Plan. These fourty Parks, when operationalised, will attract an investment of Rs. 21,502 crore, create employment (direct and indirect) for 9.08 lakh workers and produce goods worth Rs. 38,115 crore, annually. These Parks will provide employment to approx. 1.50 lakh people and annually produce goods worth Rs. 7,035 crore.

2. **Technology Upgradation Fund Scheme (TUFS)**

The Technology Upgradation Fund Scheme (TUFS) was launched on April 1, 1999 initially for five years, to sustain and improve competitiveness and overall long term viability of the textiles industry and facilitate its access to timely and adequate capital, at internationally comparable rates of interest. It was subsequently extended till March 31, 2007, and has now been extended till March 31, 2012.

During its initial years, the progress of the Scheme was moderate, and it gained momentum from 2004-05 onwards. From its inception till December 31, 2008, under the Scheme 23,754 applications have been received, involving a project cost of Rs. 1,57,500 crore. 23,590 of these applications have been sanctioned at an estimated project cost of Rs. 1,55,704 crore. During 2007-08, Rs. 43,700 crore was disbursed, registering a growth of 16.46% on year to year basis. Rs. 13,500 crore has been disbursed during 2008-09 (till December 2008).

(Source: http://texmin.nic.in/Textiles_100_days_%20Agenda.pdf)

OUR BUSINESS

We are an ISO 9001:2008 certified company engaged in the business of manufacturing of Acrylic, Polyester, and Polyester-Viscose, Polyester Cotton, combed and carded yarns, which are appropriate for apparels, suitings & knitted fabrics. The yarns produced by our Company are used for made ups in apparels, hosiery & garment industry.

We have current installed capacity of 23,472 spindles for acrylic, cotton blended and polyester yarns with a manufacturing capacity of 6500 TPA. We manufacture and sell yarns under the trade name 'JINDAL'. We gradually increased the manufacturing capacities to fulfill the requirements of the domestic market. We are exploring the international markets with the existing business and capabilities.

Our Company is setting up a new unit at Mandiala Kalan, Tehsil Khanna, Distt. Ludhiana for manufacturing of cotton yarn by setting up 50,400 spindles along with a dyeing unit of 6TPD and garment manufacturing facility having a capacity of 3000 pc per day. This project has been granted the status of Mega Project as per which following concessions will be available for this project:

- Exemption from Electricity Duty upto 5% for 5 years.
- Exemption from Stamp Duty as levied in schedule 1-A of Indian Stamp Duty Act, on purchase/lease of land
- Exemption from Advance Consumption Deposit in case of expansion projects, provided consumption does not exceed from the present level was granted, subject to clearance from the Punjab State Electricity Regulatory Authority.

We have successfully installed and commissioned a Suzlon make Wind Electric Generator (Wind Mill) of 1250KW capacity at Pithla-Satta-Gorera in Distt. Jaisalmer, Rajasthan on Mach 31, 2008. The entire power generated through this wind mill will be sold to Ajmer Vidyut Vitran Nigam Limited.

We have also entered into a Power Purchase Agreement dated February 21, 2008 with Suzlon Energy Limited and Ajmer Vidyut Vitran Nigam Limited (AVVNL). As per the agreement Suzlon gas agreed to provide the requisite evacuation and injection system for power produced by such power plant into State Grid at Common Delivery Point / Distribution System as approved by RVPN/Discom in consultation with Rajasthan Renewable Energy Corp. Ltd. Suzlon has also agreed to furnish the joint meter readings of Common Delivery Points along with readings of energy supplied by individual Power Producers at common delivery point. AVVNL has agreed to purchase the power at a price based on the tariff specified by Rajasthan Electricity regulatory Commission.

Location:
Currently, we are operating from the following unit:

Unit	Location	Activity
Unit I	VPO Jugiana, G.T. Road, Ludhiana	Manufacturing of Acrylic, Polyester, and Polyester-Viscose, Polyester Cotton combed and carded yarns

Further we are in the process of setting up of the following new unit:

Unit II	Village Mandiala Kalan, Tehsil Khanna, Ludhiana	50,400 Spindles for Cotton Yarn Production, Dyeing Unit of 6 TPD and Garment Manufacturing facility of 3000 pcs per day.

Subsidiaries

We have two (2) wholly owned subsidiaries namely, Jindal Medicot Limited and Jindal Specialty Textiles Limited. Jindal Medicot Limited has been incorporated to expand in Technical textiles sector and to produce medical textile products. Jindal Medicot Limited is planning to produce Medical Textile Products like Absorbent Bleached cotton Wool & its products and Cotton Crape Bandage like Stretch Bandage, Crape Bandage Cloth etc. Jindal Specialty Textiles Limited has been incorporated to expand in Technical textiles sector and to manufacture laminated technical textile products and Banner fabrics textile products. The manufacturing unit of both the subsidiaries will be set up at District Una in Himachal Pradesh.

For further details about our subsidiary please refer the section titled "Subsidiary Companies" on page 206 of this Red Herring Prospectus.

BRIEF DETAILS ABOUT THE PROJECT

For details about the Project, please refer section titled "Description of the Project" beginning from page 58 of this Red Herring Prospectus.

OUR COMPETITIVE STRENGTHS

We believe that the following are our primary competitive strengths:

1. Quality Standards

Our Company has always believed in the best quality in our processes and products. We have been certified ISO 9001: 2008 for Quality Management System by RW TUV Certification Body for our manufacturing facility at VPO Jugiana, G.T. Road, Ludhiana. Our Company is dedicated towards quality of our products, processes and inputs. We adhere to quality standards as prescribed by our customers, which has given us a brand name among our customers.

2. Strong Customer Base

Our Company has strong customer base in the local as well as interstate market. Over a period of time, our Company has built-up a track record for quality products and timely delivery. Our Marketing and R&D team closely interacts with the customers, understands their requirements and develops the products as per their requirements. Our Company has been able to retain customers and further strengthen the relationship by providing them end-to-end solutions for their requirements.

3. Capability to Manage Multiple and Large Orders

Large orders require capabilities to manage large workforce, complex sourcing, production planning and ability to ensure timely delivery to the customer. Over the years, our Company has developed the skills to manage multiple large orders concurrently. Our Company has also developed a diversified product range, which has helped us to grow.

4. Experienced and Qualified Management

All our individual Promoters are experienced and qualified. Further we have employed key professionals having technical and commercial backgrounds. Our company feels that the strength of any successful organization lies in the experience and guidance of its team leaders and staff alike. A lot of care is taken in choosing the right people for the right job. It has been only due to the highly empathetic management style that our Promoters have developed over the years. Our company provides an environment that induces an employee as an entrepreneur in his own work area.

5. Implemented ERP Software

Since present is the era of IT therefore our Company has already kept vision on IT Needs in the expanded and multi locational activities. Our Company has implemented Microsoft NAVision for managing its operations from gate entry till final dispatch of materials.

6. Quality Assurance

All products that leave the factory premise are inspected by the Quality Control Department. Further, quality check is done at every stage of manufacturing to ensure the adherence to desired specifications. Since, our Company is dedicated towards quality of products, processes and inputs; we get repetitive orders from our buyers, as we are capable of meeting their quality standards, which enables them to maintain their brand image in the market.

OUR BUSINESS STRATEGY

Our strategic objective is to continue to improve on and consolidate our position by adopting latest technologies. We intend to achieve this by implementing the following aims:

1. Maintain and Expand Long-term Relationships with Clients

Our Company believes that business is a by-product of relationship. The business model is based on client relationships that are established over period of time rather than a project-based execution approach.

Our Company believes that a long-term client relationship with large clients fetches better dividends. Long-term relations are built on trust and continuous maintaining of the requirements of the customers. It helps understanding the basic requirement of our Company and its market. It also forms basis of further expansion for our Company, as we are able to monitor a potential product/ market closely. Our existing clientele is an example of our long-term client relationships.

2. Investing In Advanced Technolog

The technology used in textile industry is continuously changing. New technologies are constantly being developed for the various processes of manufacturing. We have invested in latest technology, Plant & Machinery and intend to continue upgrading our technology in the future to keep ourselves competitive and efficient. We also propose to invest Rs. 21455.65 Lacs into plant and machinery in the projects being undertaken by our Company and our both wholly owned subsidiaries.

3. Capitalize the opening of new markets and enhancing our existing customer base

Our present customer base comprises of a large number of Indian companies/concerns. Our Company intends to grow business continuously by adding new customers. We are also exploring the international markets for exports. With the growth in the retail sector, we foresee a good business opportunity in this sector. Our strategy will be to capitalize on the growth of the retail sector. The opening up of the organized retailing shall provide tremendous demand to the garments business.

4. Leveraging of our Marketing Skills and Relationships

This is a continuous process in our organization and the skills that we impart in our people gives importance to clients. We aim to do this by leveraging our marketing skills & relationships and further enhancing customer satisfaction. We plan to increase our customers by meeting orders in hand on time, maintaining our client relationship and renewing our relationship with existing ex-buyers.

5. Continue to build-up a professional organization

We have a team of professionals and technocrats to look after various stages of production, commercial and marketing divisions of our Company. We believe in transparency, flow of information, and commitment to the work among our work force and with our valuable customers, suppliers, investors, government authorities, banks, financial institutions etc. Over a period of time, we have been able to build-up an image that can be matched with our peers. The philosophy of professionalism is the foundation stone of our business strategy and we wish to make it more sound and strong in times to come.

6. Compliance Management

Compliance Management Framework ensures the fundamental approach to the corporate governance encompassing legal, safety, environmental and regulatory requirements. A continuous monitoring system is in place.

OUR PRODUCTS

Currently our major products include the following:

Product	Description
Acrylic yarn	Count from 16-40 Ne, Single /Multifold, in hank / Auto coned and TFO on cone
Polyester Spun Yarn	Count from 1/20 -1/50 Ne, Single /Doubled / Auto coned and TFO on cone
Polyester viscose yarn	Count from 20-40 Ne, Single /Multifold/ Auto coned and TFO on cone
Polyester cotton yarn	Yarn Count from 20-40 Ne, Single /Multifold/ Auto coned and TFO on cone

The yarns produced by our Company are used for made ups in apparels, hosiery & garment industry.

Further, by proposed expansion, our Company intends to manufacture the following products to add value addition in our existing product line:

- Cotton Yarn
- Dyed Yarn
- Garments

PLANT & MACHINERY

Our existing Plant and Equipment resources consist of the following:

List of Engineering Utilities

Sr. No.	Description	Model	Make	Nos.
1	Air Compressor	GA-18, GA 22	Atlas Copco	6
2	Air DRYER	FD-170, FX-15	Atlas Copco	2
3	D.G Set 1000 KVA, 1250 KVA,	KTA3067G,	Cummins	3

	1000 KVA	KTA50-G3/G8, KTA3067G		
4	VCB 100, 200 AMP		Crompton	3
5	Transformer 1600 KVA	ONAN	Kirloskar, Crompton	2

List of Main Machinery

Sr. No.	Description	Model	Make	Nos.
1	Blender	GBC	Trutzschler	1
2	MBO	B-3/4, LB-3/2, LB-3/6, B-3/3	Lakshmi	7
3	Vario Clean	LB-9/1	Lakshmi	1
4	Unimix	LB-7/4R	Lakshmi	1
5	Flexiclean	LB-5/6	Lakshmi	1
6	C.C.S	XEN-i	Premier	1
7	CARD	LC-300, LC-300/A, LC-300/A-V3	Lakshmi	20
8	Draw Frame	LDO/6, LRSB-851	Lakshmi	13
9	Lap Former	LH-10	Lakshmi	1
10	Comber	LK-54	Lakshmi	4
11	Speed Frame	LF-1400/A	Lakshmi	7
12	Ring Frame	LG-5/1, LR6/S,	Lakshmi	35
13	Cone Winding	RJK	RJK	4
14	Auto coner	21-C, Espero	Muratec, Savio	6
15	Cheese Winding	RJK, PPW-A	RJK, P.S.	4
16	Ring Doubling	JMW-1, DY-600	Jeyletshmi, Textool	11
17	T.F.O.	PRN -260, PRN-160 LW, PRN-225	Prerna	9
18	Reeling		Tooltex	20
19	Bundle Tress		Tooltex	3
20	Baling Press		Tooltex	1
21	Conditioning M/C		SIEGER	1
22	Splicer	Unibox	Premier	35
23	Packing M/C		Penguine	1
24	Strapping M/C		Kusum	1

R&D and Lab Equipments

Sr. No.	Description	Model	Make	Purpose
1.	P.T 7000	1999	premier	Evenness tester with hairiness tester attachment (SILVER/ROVING /YARN)
2.	Premier Art	2005	Premier	Inspection of raw cotton fibre Length, strength and fineness
3.	Classidata	2005	Premier	Long term yarn faults Classification of yarn
4.	Tensomax	2007	Premier	Single yarn strength and elongation tester

TECHNOLOGY

Technology for the Unit I:

Presently our Company is using proven technology for spinning of Polyester, Polyester Blended and Acrylic Yarn. Our Company is using all machines from Blow Room till Ring Frame supplied by Lakshmi Machine Works, Coimbatore, (LMW). LMW is one of the reputed machine manufacturers for spinning machines. Automatic winding machine for Murata and Savio and TFO from Prerna, India are used.

Technology for Unit II:

For the proposed project, we will install the latest machines for Blow Room, Cards, Draw Frame, Lap former, Combers, Speed Frames and Ring frames from Lakshmi Machine Works, Coimbatore, (LMW). Our Company is purchasing Automatic winding machines from Murata, Japan. Complete centralized computer control Humidification system, automatic waste collection system with bale formation is purchased from Draft air.

All the Machines selected by JCL are the machines notified by the Govt. of India under their TUF scheme as the latest machines and technically sound.

COLLABORATIONS

We have not entered into any technical or other collaboration.

MANUFACTURING PROCESS

For our existing Products is as follows:

MIXING

According to the end use of final product/yarn, pre-decided types of fibres are mixed in this process. The percentage of Blending/Mixing of different fibres which have different nature & dimensions depend upon the final product's/yarn end use.

To achieve uniform blending of different fibres, this process requires very skilled care. This is a time consuming process and requires too much man power.

BLOW ROOM

After the mixing process the material is stored in bins for proper conditioning and then passed through Blow Room machines where proper opening of fibres is done and also foreign matters, dust etc. are removed.

In Blow Room machine this opening & cleaning of Fibres/Material is done by revolving feature. The main function of the Blow Room is to open and clean the material and to make a uniform sheet of fibres.

CARDING

In this process the material after being treated in Blow Room Machine is fed to Carding machine which completely opens the fibres and also parallelisation of fibre to fibre is achieved by the carding machine which is very essential regarding quality of yarn. In this process finally a continuous rope like structure of parallel & cleansed fibres are formed which are known as slivers. These Slivers have uniform weight as per length throughout its length.

LAP FORMER

At this stage of process, the material after Draw Frame machine is fed to lap Former which is also known as combing preparation machine. In Lap former the material is fed in sliver from and is delivered in Lapform which can be run on comber.

COMBER

Cotton fibres has lot of variation in length. At comber, the material is passed through combs having fine needles. This results into extraction of short fibres. Removal of short fibres(Noil) from material improves the quality of material. The Comber has heads and combed material from all heads are brought closer and drafted uniform material in sliver form.

DRAW FRAME

After carding the slivers stored in cans are fed to Draw Frame Machine. The main function of this process is to level the material i.e. it makes more uniform sliver (wt. per length) and it also parallises fibres present in fibres strend known as sliver, as better fibre parallisation results in best yarn quality.

SPEED FRAME

In this process the material after Draw Frame Machine is fed to the simplex machine also known as Roving Frame. By this machine material is drawn with the help of rolls and slightly twisted to provide strength on fibreous strend. This slight twisted fibres strend is known as Roving and finally a suitable package of roving is formed for creeling to next process.

RING FRAME

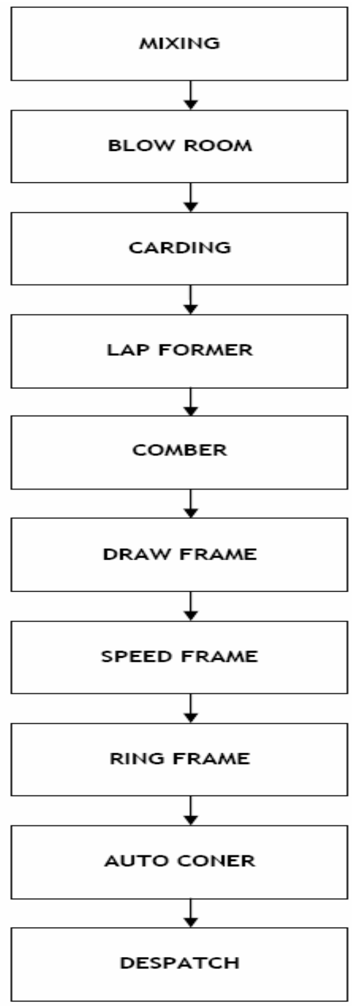
In this section the material from Speed Frame Section which is in roving form is fed to Ring Frame Machine. By this Machine the material is again drawn with the help of rolls to acheive required thickness of yarn. After drawing, material is twisted to provide strength in the spun yarn.

AUTO CONER

In this process a suitable package is made to either sell yarn in market or for further processing as multiple ply yarn.

Some faults can also be removed by using mechanical/electronic clearing device.

PROCESS FLOW CHART FOR THE MANUFACTURING OF YARN



Manufacturing process for Production of Cotton Yarn (proposed expansion) in our Company will be the same as above.

YARN DYEING PROCESS

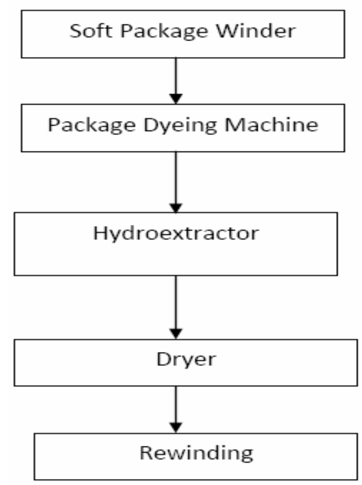
Soft Package Winder
In this process, yarn packages are wound on the perforated plastic cheese. The package density is less than normal package as the dye solution need to pass through the package in the dyeing vessel.

Package Dyeing Machine
In the yarn dyeing machine, a soft package is loaded on the carrier and is dyed in the closed vessel. The pump is used to circulate the liquor with required chemicals through the hollow tubes of the carrier. The machine is controlled through micro processor for all the activities like feeding of required chemicals from stock tank, heating cycle, cooling cycle of washing.

Hydro Extractor and Radio Frequency Dryer

After dyeing the yarn package contains moisture upto 100% of its weight. To make is usable we have to dry it. The first step involved in the drying is to hydro extract the water from yarn package and then dry it either by steam or Radio Frequency dryer.

Process flow Chart for Yarn Dyeing



PROCESS OF GARMENTING

Garment Manufacturing

Our Company is proposing to set up garment manufacturing facility which will manufacture T-Shirts for Indian as well as International Markets. The production capacity is likely to be 3000 pieces per day.

The entire manufacturing operations will be subject to strict quality control standards. Quality control for the entire manufacturing process, from the receipt of raw material to the dispatch of finished goods and will be managed by a team of qualified and experienced professionals.

Brief description of the different steps in the manufacturing process is as follows:
Raw Material procurement and receipt

In order to ensure a quality product, it is important to select the right fabric. We have a team of skilled professionals who have experience in the field of procurement. The major Raw Material is knitted fabric (Cotton, Mixed, Polyester) which will be sourced from India itself. The purchased raw material, which includes fabrics and accessories will be sent to the manufacturing unit.

Fabric Checking

After the fabric is selected, the focus is on physically checking the fabric to check for both quality as well as quantity. This is done with the aid of machines that helps to visualise the extent of damage/waste in the fabrics. The fabrics are selected depending upon the specific quality norms, thereby ensuring that the fabrics match the specifications laid by the production/design department. Besides the fabrics, the accessories are also thoroughly checked for defects and damages.

Fabric Cutting and Garment Stitching

After the fabric is checked, it moves onto to the cutting department. As a first step, the fabric is laid on a table. The fabric is then plotted with the help of machinery as per the specifications of the design. The machine is a computer aided design system for consumption planning. The use of this system ensures that there is optimum usage of the fabric and thus the wastage is minimized. Once the plotting is completed, the fabric is cut with the help of cutting machines. This is also known as sorting of fabric. This sorted fabric is then bundled and sent for fusing of the three main parts namely collars, cuffs and plackets. The collars and cuffs are attached to the main part and the first stage is complete. Then the buttonholes are made and the buttons are attached. This is done with the help of specialised machinery. With this, the manufacturing process is complete.

Now, the finishing process begins. The T-shirt is now checked manually for loose threads and, if any, the same is cut off. There is also a thread-sucking machine, which sucks of all the unwanted threads in the shirt.

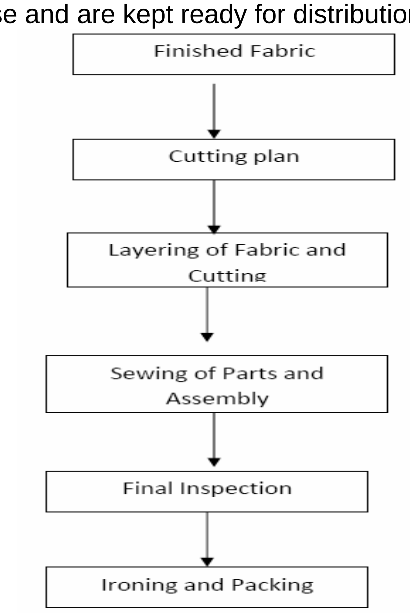
Garment Checking

We, as a company, attach a high priority to Quality. All the products including the ones which will be manufactured by are checked for quality. To ensure that every piece manufactured is as per specification and the quality standards, there is a separate quality assurance department. This department is solely responsible for ensuring that all finished goods are free from defects and stitched as per measurement. This team compares the final product with the measurement chart and style chart given by the design department. Any
variance beyond acceptable limits is rejected.

Garment Finishing

Immediately after the stitching is over, the garments are given finishing touch by customized ironing. Other processes such as tagging, attaching bar code labels, etc. are completed at this stage.

Garment Packing
In today's world quality is of utmost importance to satisfy the customers and it is equally important to deliver the garment in attractive packages that also protect the garment. We will be very particular about this and will have professionals to take care of packing. The products will be then sent to the Central Warehouse and are kept ready for distribution.



Garment Distribution

For the purpose of distribution, garments will be arranged in accordance with the locations they have to be sent to and as per the specific requirements of every order. From the central warehouse, the goods will be sent to the various branch offices all over India. From the branch offices they will be dispatched to the respective Studios, Multi Brand Outlets, and the National Chain Stores in the manner specified by them.

Merchandising:

Once the goods will be ready at the warehouse, the merchandisers play an important role in their allocation to the retail outlets. The merchandisers decide as to which product has to reach which destination. Based on the Product Mix determined by the Buying Department, the Merchandising Department decides on the various available options and decides upon the number of Stock Keeping Units (SKUs). They do this on the basis of historical records and past trends. We will have computerized systems to collect, analyse and store the data on the past trends.

The merchandisers will also monitor the trends in the retail space and co-ordinate on the same with the Buying Department. They are responsible for Store Planning and Inventory Management. They monitor the level of stock across all the outlets. Depending upon the stock movement in the various outlets, they manage inventories across the retail space. They monitor SKUs across the retail outlets. Thus the merchandisers play an important role in the front end of retailing.

The Design, Buying, Merchandise and the Manufacturing Departments are closely linked and work in close coordination to ensure a perfect supply chain management.

Branding and Marketing

We will grow the apparel business from a strong branding and marketing foundation. We proposed to be acknowledged as a leading brand in our segment and are known for innovative and powerful marketing and advertising campaigns. While our marketing expenditures are in keeping with the norms for the apparel business.

The brand attributes that we will drive are:

• Bold and Iconic
• Style and Contemporary Fashion
• Innovative and Change
• First mover and Newsworthy

We will use a variety of advertising media including the press, hoardings and magazines. We strongly believe in the efficacy of public relations and spend a great deal of effort by sponsoring selected events or programs that we believe will enhance the brand image.

Our Company proposes to have design and price of the garments it manufactures garments and accessories to be affordable for the Indian mass mid-market. As standards of living improve, our Company is determined to be a reasonable player in this segment and that price should not be a barrier to choosing to wear its product.

INFRASTRUCTURE FACILITIES

Raw Materials

The major raw materials required for our production process are:

- Acrylic Fibre
- Polyester Staple Fibre
- Raw Cotton

All the above mentioned raw materials are procured either from domestic market or are imported from various suppliers. Currently, 50% of our Acrylic Fibre requirement is met indigenously and about 50% of the Acrylic Fibre are imported.

Raw Material	Major Suppliers
Acrylic Fibre	Thai Acrylics Fibre Co. Ltd., Vardhman Acrylics Ltd., Indian Acrylics and Pasupati Acrylon Ltd.
Polyester Staple Fibre	Indo Rama Synthetics Ltd
Raw Cotton	Local Mandis of State

The main raw material for the expansion project is Cotton. The optimum capacity requirement of cotton is assessed at 9800 MT per annum. Our Company proposes to buy the same from the open market from the nearby cotton growing areas. The production of cotton has increased significantly in the past few years so no problem is envisaged in procuring the required quantities of raw material.

Utilities
Our Company mainly requires the following utilities:

Power

Our Company has adequate power load connection of 3891 KWH from Punjab State Electricity Board (PSEB) to carry out our present manufacturing activities. The power requirement for our proposed expansion will be met by taking additional power load connection of 4800 KWH from PSEB. We have already applied for the PSEB for the sanction of power connection vide our letter dated December 11, 2007.

Fuel
Our Company does not require fuel in the manufacturing process except for running the D.G. Sets. The requirement of fuel for D.G. Sets is met from local suppliers.

Water
The total requirement of Water for our existing unit is 1200 KL per month. Existing water requirement is met from the tubewell.

The total requirement of Water for our proposed expansion is estimated at 312 KL per day which shall be met from Company's own tubewell at site which has already been installed.

Manpower
Currently, our Company has a total of 543 employees. The detailed break-up of our employees is as under:

Particulars	Management	Officers/ Clerks	Workers	Total
Existing	19	49	475	**543**
Proposed	25	50	525	**600**
Total	**44**	**99**	**1000**	**1143**

Our Proposed Manpower Requirement for our expansion plan will be met through advertisements and personal contacts.

Past Production Figures for the Industry

The textile industry is highly fragmented and is dominated by large number of unorganised players. There is no published data available of the industry in regard to past production figures, existing installed capacities, past trends and future prospects regarding exports etc.

Competition

Our Company is manufacturer of Acrylic, Polyester, and Polyester-Viscose, Polyester Cotton, combed and carded yarns. Textile being a global industry, we face competition from various domestic and international manufacturers of synthetic yarna. However, due to economies of scale, we have edge over other small & medium size manufacturers in the country. Globally, we face stiff competition from large size manufacturers in Indonesia, Korea, Pakistan, Bangladesh, etc.

Approach to Marketing and Marketing Set-up.

Domestic

Our Company operates in the field of acrylic and polyester blended yarn blended with either cotton or viscose. The yarn industry typically sells its products through dealer network and agents. Our company has also got wide network of dealers and agents throughout major markets in India like Ludhiana, Delhi, Ahemdabad, Mumbai, Bhilwara, Amritsar etc.

Our company sells its products through reputed agents with strong network in India. Our Company’s Marketing Department works in tandem with its dealers in pro-active manners and constantly interacts with its dealers so as to get the feedback on the quality of its yarn and improve the same as well.

Our Company’s existing customer base and their increasing requirement of various products will result in optimum utilization of its existing and new capacities.

Exports

JCL started its focus on exports in the year 2006. Its first exports was mainly of polyester cotton yarn. Gradually it started exports of all the products to countries like Bangaldesh, Vietnamm, Indonesia, China, Iran, Canada, Kenya etc. With strong focus on increase of exports as well as consistency in supply and quality, we have grown our business and in FY 2007-08 exports were over 10% of our turnover amounting to Rs. 1092.00 Lacs

Future Prospects

The future plans of our Company are in line with the way the whole textile industry is thinking and planning ahead after removal of safeguard quota. Our Company is increasing its capacities in spinning along with forward integration by way of expanding in value chain i.e. Dyeing and Garmenting. Very importantly our Company is moving from wholesale manufacturing to the life style segment. For its proposed garment project our Company is in the process of initializing brand setting and having tie up with leading retail outlets across the country. With the implementation of this project the Company has further plans to increase its capacities in processing by way of adding air jet looms and fabric processing.

Existing Capacity & Capacity Utilization

Past Capacity and Capacity Utilization at VPO Jugiana-Unit I

Particulars	31.03.2007	31.03.2008	31.03.2009
Licensed Capacity (Spindles no.)	23472	23472	23472
Installed Capacity (Spindles no.)	23472	23472	23472
Estimated Production at 100% capacity utilization (in kgs)	7000000	7000000	7000000
Total Production in Kgs.	6133679	6052513	6162527
Capacity Utilisation (%)	87.62%	86.46%	88.04%

Projected Capacity Utilization for next 3 years

Acrylic & Polyester Blended Yarn – Unit I

Particulars	FY 2009-10	FY 2010-11	FY 2011-12
Licensed Capacity (Spindles no.)	23472	23472	23472
Installed Capacity (Spindles no.)	23472	23472	23472
Estimated Production at 100% capacity utilization (in kgs)	7000000	7000000	7000000
Total Estimated Production	6300000	6300000	6300000
Capacity Utilisation (%)	90%	90%	90%

100% cotton yarns – Unit II

Particulars	FY 2009-10	FY 2010-11	FY 2011-12
Licensed Capacity (Spindles no.)	50,400	50,400	50,400
Installed Capacity (Spindles no.)	28,800*	50,400	50,400
Estimated Production at 100% capacity utilization (in kgs)	34,03,800*	98,00,000	1,12,00,000
Total Estimated Production	23,82,660*	78,40,000	89,60,000
Capacity Utilisation (%)	70%	70%	80%

* Production in October 2009 only

Dyeing – 6 TPD – Unit II

Particulars	FY 2009-10	FY 2010-11	FY 2011-12
Licensed Capacity (TPD)	6	6	6
Installed Capacity (TPD)	6	6	6
No. of Days working	Nil	350	350
Estimated Production at 100% capacity uti (in Tpa)	Nil	2100	2100
Total Estimated Production	Nil	1470	1680
Capacity Utilisation (%)	Nil	70%	80%

Garmenting – Unit II

Particulars	FY 2009-10	FY 2010-11	FY 2011-12
Licensed Capacity (in no. pcs)	1050000	1050000	1050000
Installed Capacity (in no. pcs.)	1050000	1050000	1050000
No. of Days working	Nil	350	350
Estimated Production at 100% capacity	Nil	10,50,000	1050000

utilization (in pcs.)			
Total Estimated Production	Nil	7,35,000	840000
Capacity Utilisation (%)	Nil	70%	80%

Export Possibilities & Export Obligations, if any

Our Company is currently exporting to countries like Vietnam, Indonesia, China, Canada, Bangladesh, Kenya, Iran, We look forward to expand our exports to other countries as well after the completion of our expansions. Furthermore, we are looking at aggressively expanding our export market base and escalating our global reach, manifolds.

Currently, we have an outstanding export obligation of US$ 1.51 mn which needs to be fulfilled. This amount pertains to various EPCG Licences. The detail of the licences and outstanding export obligations is as follows:

Sr. No.	Licence No.	Issue Date	Duty Saved (Rs. in Lacs)	Export Obligation (in US$)	Export Obligation completed (in US $)	Balance Export obligation to be completed (in US $)	Period upto which Export Obligation need to be completed
1	3030004020	12.05.08	41.98	938,226.00	0.00	938,226.00	8 years
2	3030004656	21.10.08	3.75	64,254.31	0.00	64,254.31	8 years
3	3030005231	29.04.09	1.80	28,245.70	0.00	28,245.70	8 years
4	3030004744	20.11.08	8.66	1,37,501.52	0.00	1,37,501.52	8 years
5	3030004863	31.12.08	30.49	4,85,485.86	1,41,172.67	3,44,313.19	8 years
	Total		**86.68**	**16,53,713.39**	**1,41,172.67**	**15,12,540.72**	

Further, our Company proposes to import certain plant & machinery, required for the current Project, under the EPCG Scheme, in terms of which, capital goods may be imported at a concessional rate of custom duty.

As per the EPCG scheme, we are required to export goods aggregating in value to eight times of the custom duty saved, failing which an amount equivalent to the duty amount saved along with interest at applicable rates would be required to be paid to the Government of India.

In case our Company does not fulfil the export obligation the company shall be liable to pay Rs. 77.81 lacs being duty saved with interest @ 15%p.a. on the amount saved from the date of first consignment till the date of payment.

INSURANCE

We have availed various insurance policies which provides insurance cover against loss or damage by fire, explosion, riot and strikes, terrorism, burglary, theft and robbery, which we believe is in accordance with customary industry practices.

However, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materialize. Further, there are many events that could cause significant damages to our operations, or expose us to third-party liabilities, whether or not known to us, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

Sr. No.	Policy Type/ Policy Number	Insurance Company	Risk Covered	Sum Insured (Rs. Lacs)	Valid upto
1.	Standard Fire and Special Perils Policy 200700/11/09/12/ 00000154	United India Insurance Company Limited	Stock of Raw Material, Finished Goods and all other Stocks	2,000.00	June 5, 2010
2.	Standard Fire and Special Perils Policy 200700/11/09/11/ 00000155		Stock in Process, Buildings, Plant & Machinery and Accessories, Furniture, Fixture and Fittings	3,950.00	June 5, 2010
3.	Standard Fire and Special Perils Policy 200700/11/09/11/ 00000203		Buildings (Godowns)	19.30	June 28, 2010
4.	Standard Fire and Special Perils Policy 200700/11/09/11/ 00000004		Wind mill (Power Plant) and all Inter Connected Facilities with all Machinery	650.00	March 31, 2010
5.	Money Insurance Policy 200700/48/08/07/ 00001428		Money Insurance	30.00	December 22, 2009
6.	Machinery Breakdown Insurance Policy 200700/44/08/51/ 30000218		Machinery Breakdown (Air Compressor, Air Drawer etc.)	13.29	October 2, 2009
7.	Marine Cargo Open Policy 200700/21/09/02/ 0000029		Inland Transit Open Policy- for yarn & fibre	15000.00	May 28, 2010
8.	Marine Cargo Open Policy 200700/21/08/02/ 00000109		Inland Transit Policy for Machinery	5,000.00	January 22, 2010

Vehicle Insurance

We have availed out various insurance policies to cover our vehicles at our all the offices and plants.

PROPERTY

Our Company has various owned/leased properties used for commercial purposes, details of which are given below:

(Rs.)

Description of Property	First Party	Date & Type of instrument executed	Consideration & Stamp Duty	Rent & Security Deposit	Maturity of Agreement & Area	Registration of the Agreement
Registered office & Corporate office & Factory (Unit I)						
*GT road,	Mr.	June 22,	SD –	Rs.12,000	20 Years	Registered

village Jugiana, district Ludhiana.	Yashpal Jindal, Mr. Ramesh K. Jindal and Mr. Rajinder Jindal	1998 Lease Deed	Rs.8,650	p.m (Rent) Rs.4,500,000 (SD)	i.e June 21, 2018 8.35acres (40260 Sq. yards approx.)	Rs.500
*GT road, village Jugiana, district Ludhiana.	Mr. Yashpal Jindal, Mr. Ramesh K. Jindal and Mr. Rajinder Jindal	April 21, 1999 Supplementary Lease deed	SD – Rs.4,350	Rs.12,000 p.m (Rent) Rs.4,500,000 (SD)	10 years i.e., June 21, 2018 to June 21, 2028	Registered Rs.500
New Manufacturing Unit						
*Khata no. 132/158 Khasra no. 10/6-7-12-13-14-15/1-11/9-10-11/1 -12/1. Village Mandiala Kalan, Hadbast No- 151, Tehsil Khannna, district Ludhiana	Mr. Sukhwinder Singh and Mrs. Charan Kaur	June 29, 2007 Sale Deed	Rs.9,810,000 SD- 588,600	--	35-k, 12-M (area)	Registered
*Khata no.213/263, khasra no. 10//8 Village Mandiala Kalan, Hadbast No- 151, Tehsil Khannna, district Ludhiana	Mr. Surjit Singh	June 29, 2007 Sale Deed	Rs.2,200,000 SD- Rs.132,000	--	8-K 0-M (area)	Registered
*132/158 khasra no-10//6-7-12-13-14-15/1-11//9-10-11/1-12/1 Village Mandiala Kalan, Handbast	Mr. Ajit Singh	June 29, 2007 Sale Deed	Rs.7,500,000 SD- Rs.450,000	--	27-K 3-M (area)	Registered

No-151, Tehsil Khanna, District Ludhiana						
**The property is mortgaged with The Oriental Bank of Commerce, overseas branch, Ludhiana for availing term loans and working capital limits from the Bank.* The aforesaid property is registered in the name of our Company. Our Company has a clear title to the said property and the aforesaid property is free from all encumbrances save and except the charges created in favour of banks on the security of the said property. No government approvals are required by our Company for the acquisition of the said property. No part of the purchase price has been paid otherwise than in cash.						
Godowns						
VPO, GT Road, Village Jugiana, district Ludhiana.	Jindal Cycle Private Limited	August 24, 2004 Lease Deed	SD-Rs.25	Rs.5000 (Rent per month)	10 years 147’x84’	Not Registered
Wind Mill Project Commissioning						
Pithla, Satta, Gorera, District Jaisalmer, Rajasthan	Suzlon	April 26, 2008 Commissioning Certificate	Our Company has received a Wind Mill project commissioning certificate from Executive Engineer-II, (C & M)/TCC IV) R.R.V.P.N.L, Barmer for the successful commissioning of 1 no. X 1250 KW Suzlon make wind Electrio Generator at Pithla. The date of commissioning was March 31, 2008. Our Company has entered into a sub-lease deed dated July 31, 2008 with Suzlon Infrastructure Limited ("**Suzlon**") whereby Suzlon has sub leased 0.81 hectors (5 Bigha) for a period of nineteen (19) years commencing from July 29, 2008 for the purpose of setting up wind farm project by our Company. Our Company is paying a yearly rent of Rs. 3,038 to the Government of Rajasthan directly (Principal Lessor).			

Note: *The above properties situated at Mandiala village are agricultural lands and our Company has the necessary NOC from the appropriate authorities including the Sarpanch, District Town Planner, Tehsildar and Greater Area Ludhiana Development Authority for the setting up of factory on the agricultural lands.*

Our Company has not yet acquired the land which we propose to purchase and consideration for which is to be paid for wholly or partly out of the proceeds of the issue.

The entities/persons from which our Company has acquired the land or propose to acquire the land are not related to any of the promoters / directors of our company.

INTELLECTUAL PROPERTY RIGHTS

The table below outlines the current status of our intellectual property (*Trade Marks*):

Sr. No	Trademark	Registration No.	Class	Date of application	Validity
1.	"J" (*Logo*)	997663	8	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
2.	"J" (*Logo*)	997665	16	March 19,	March 18, 2011 (*10 years from*

Sr. No	Trademark	Registration No.	Class	Date of application	Validity
				2001	*the date of application*)
3.	"J" (*Logo*)	997667	23	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
4.	"J" (*Logo*)	997668	24	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
5.	"J" (*Logo*)	997669	25	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
6.	"J" (*Logo*)	997670	26	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
7.	"J" (*Logo*)	997671	27	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
8.	"J" (*Logo*)	997672	30	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
9.	"J" (*Logo*)	997673	32	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
10.	"J" (*Logo*)	997664	33	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
11.	"Jindal VIP"	997681	23	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
12.	"Jindal VIP"	997680	24	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
13.	"Jindal VIP"	997678	26	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
14.	"Jindal Trends"	997677	23	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
15.	"Jindal Trends"	997676	24	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
16.	"Jindal Exclusive"	997685	23	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
17.	"Jindal Exclusive"	997684	24	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
18.	"Jindal Exclusive"	997683	25	March 19, 2001	March 18, 2011 (*10 years from the date of application*)
19.	"Jindal Exclusive"	997682	26	March 19, 2001	March 18, 2011 (*10 years from the date of application*)

Further, Our Company has filed an application with the Trade Marks Registry for registration of the logo of our Company "J" in class 6 and registration of its brand "Jindal Trends" in class 25 & 26 which is being reflected in the Trade Mark Journal No. 1375 (*Class 6*), 1374 (*Class 25*) and 1339 (*Class 26*) respectively.

KEY INDUSTRY REGULATIONS AND POLICIES

The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

The Government of India has over the years formulated various regulations and policies for the development of the textile sector in India. Some of regulations and policies applicable to our Company are discussed below.

Textile Sector

1. TUFS

TUFS is the "flagship" Scheme of the Ministry of Textiles, Government of India, which aims at making available funds to the domestic textile industry for technology upgradation of existing units as well as to set up new units with state-of-the-art technology to enhance their viability and competitiveness in the domestic as well as international markets. The Government of India launched the TUFS for textiles and jute industries with effect from April 01, 1999 for a period of five (5) years, which was subsequently extended up to March 31, 2007 and further continued the Scheme for a period of five (5) years for the textiles & jute industries making certain further provisions in the financial and operational parameters of the Scheme. The Scheme provides interest reimbursement on spinning machinery at the rate of 4 per cent (4%). However, all the remaining sub-sectors covered under the scheme would get interest reimbursement at the rate of 5 per cent (5%). The Powerloom units under TUFS have an additional option to avail of 20 per cent (20%) margin money subsidy in lieu of 5 per cent (5%) interest reimbursement on investment in TUFS compatible specified machinery subject to a capital ceiling of Rs. 200 Lakh and ceiling on subsidy Rs. 20 Lakh. The specified processing machinery, garmenting machinery and machinery required in manufacture of technical textiles will get a 5 per cent (5%) interest reimbursement plus 10 per cent (10%) capital subsidy. The Scheme further provides for 25 per cent (25%) capital subsidy on purchase of the new machinery and equipment for the pre-loom and post-loom operations, handlooms/upgradation of handlooms and testing and quality control equipment, for handloom production units. The main feature of the scheme is a 5% interest reimbursement in respect of loans availed thereunder from the concerned financial institution on a project of technology upgradation in conformity with this scheme.

2. National Textile Policy

Additionally, subsequent to the announcement of Textile Policy, the woven segment of readymade garment sector and the knitting sector have been de-reserved from the list of items reserved for exclusive manufacture in the small scale sector. The Textile Policy also targets the development of a strong multi-fibre base to facilitate product upgradation and diversification. The Textile Policy provides for government financing and venture capital funding for setting up textile plants. Particular emphasis is laid on exports with the proposal of multi-disciplinary institutional mechanisms to formulate policy and action plans, including the restructuring of Export Promotion Councils and operating a brand equity fund exclusively for textile and apparel products. The Textile Policy also contains sector specific agendas. For the cotton sector, it designates the Technology Mission of Cotton as the nodal body to bring about increase in productivity and stability in prices. For the spinning and weaving sectors, decentralised modernisation is the thrust of the government policy and for the garments sector, the government proposes a number of measures in light of the WTO rules and regulations, including strategic alliances with leading global manufacturers and the establishment of textile/apparel parks. The Ministry of Textiles announced the formulation of the National Textile Policy, 2000 ("Textile Policy") in November 2000 with the objective of enabling the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The Textile Policy envisages a multi-pronged strategy to achieve these long term goals. The strategy aims at modernising the equipment and technology that is used in the sector and simultaneously strengthening the traditional knowledge, skills and capabilities in this sector.

3. Cotton Control Order 1986

The Cotton (Control) Order, 1986 ("Cotton Order") prescribes the maximum quantity of cotton that may be possessed by a manufacturer, a cotton ginning factory, a cotton pressing factory, a cotton ginning and pressing factory and a person (other than a member of a Hindu Undivided Family growing cotton). The Cotton Order establishes the office of the Textile Commissioner as the regulator thereunder. The Cotton Order further specifies the quality standards that have to be met while picking cotton for the purposes of export and domestic consumption as well as the markings that have to be made on the cotton bale before marketing of the same.

4. Provisions related to the Textile Sector in the Finance Act, 2007

The Finance Act, for the financial year 2007, as passed by the Parliament of India, has made certain changes to the existing regulations and policies governing the textile industry in India. These changes relate to:

- increased allocation for the TUFS and the scheme for integrated textile parks;
- reduction in excise duty on man made fibre yarn and filament yarn from 16% to 8%; and
- Reduction in import duty on man made fibre yarn and filament yarn from 15% to 10%.

Trade related subsidies

1. Export Promotion Capital Goods Scheme

The scheme facilitates import of capital goods at 5% concessional rate of duty with appropriate export obligation. Import of second hand capital goods without any restriction on age is also allowed under the Foreign Trade Policy, which came into effect on September 01, 2004. The Foreign Trade Policy also permits EPCG licence holders to opt for technological upgradation for their existing capital goods imported under the EPCG licence, subject to certain prescribed conditions.

2. Advance licensing scheme

With a view to facilitating exports and to access duty-free inputs under the scheme, standard input-output norms for about 300 textiles and clothing export products have been prescribed and this scheme remained under operation.

3. Duty entitlement pass book ("DEPB") scheme

DEPB credit rates have been prescribed for 83 texiles and clothing products. The scheme aims to neutralise the incidence of basic and special custom duty on the import content of the export product, by way of grant of duty credit against the export product at specified rates. However, these export incentives may be reviewed shortly to make them WTO-compatible.

4. Duty drawback scheme

Exporters are allowed refund of the excise and import duty suffered on inputs of the export products under this scheme. The Ministry of Finance, GoI announced the revised "All Industry Rates of Duty Drawback", which came into effect on May 05, 2005. The drawback rates have been determined on the basis of certain broad parameters including, inter alia, the prevailing prices of input, standard input/output norms published by the Directorate General of Foreign Trade, share of imports in the total consumption of inputs and the applied rates of duty.

Regulations for Foreign Investment

1. FEMA Regulations

As laid down by the FEMA Regulations, no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the 'automatic route' within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. Presently, investments in companies engaged in the textile sector fall under the RBI's 'automatic route' for FDI/NRI investment of up to 100%. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, Government of India, which is regulated by the FIPB.

2. Ministry of Industry, Department of Industrial Policy and Promotion, Press Note No. 17 (1998 series)

With a view to encouraging investments towards setting up of integrated units and thus achieving value additions, as well as to address the current difficulties of the cotton yarn export oriented units, the Government of India promulgated Press Note No. 17 (1998 Series), which allows export oriented units the operational flexibility of exporting cotton yarn without being subject to domestic cotton sourcing restrictions to the extent provided for within the press note.

Others

1. Wind energy

The wind power programme in India was initiated towards the end of the Sixth Plan in 1983- 84. India has a separate Ministry for Non-Conventional Energy Sources ("MNES"). In 1980, Commission on Alternative Sources of Energy was set up to look into feasibility of tapping into sources of renewable energy. In 1982, a separate Department of Non-Conventional Energy Sources was created under the aegis of the Ministry of Energy for promoting activities relating to development, trial and induction of variety of renewable energy technologies for use in different sectors. In 1992, the MNES started functioning as a separate Ministry to develop all areas of renewable energy. Policy guidelines were issued by the MNES to all the States during the mid Nineties with a view to promote commercial development and private investment in this sector. The guidelines pertain to areas such as provision of facilities for wheeling, banking, third party sale, and buy-back of electricity. Nine states have introduced renewable energy policies following the MNES's Guidelines in the country.

Certain other laws and regulations that are relevant to the operation of our Company's business include the following:

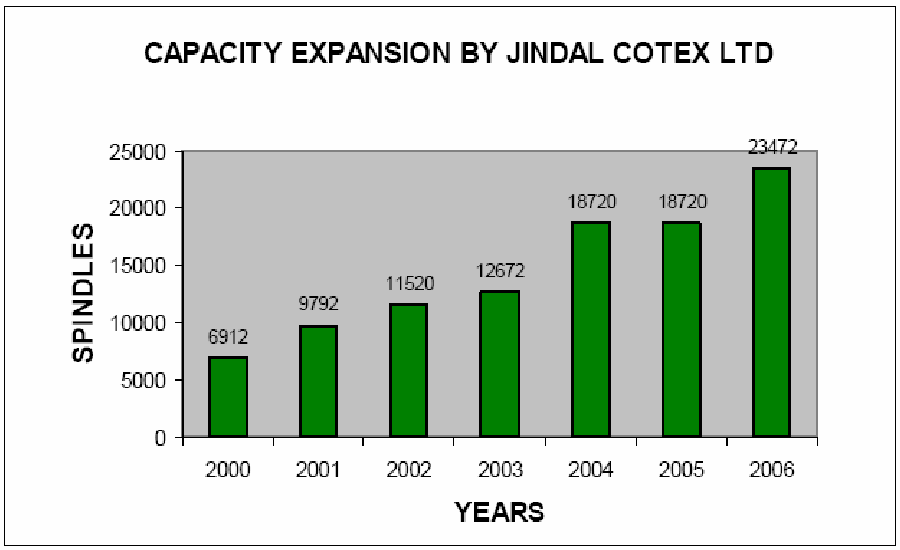
1. Factories Act, 1948;
2. Payment of Wages Act, 1936;
3. Payment of Bonus Act, 1965;
4. Employees' State Insurance Act, 1948;
5. Employees' Provident Funds and Miscellaneous Provisions Act, 1952;

6. Payment of Gratuity Act, 1972;
7. Minimum Wages Act 1948;
8. Workmen Compensation Act,1923;
9. Provident Funds and Miscellaneous Provisions Act 1952;
10. Contract Labour (Regulation and Abolition) Act, 1970;
11. Water (Prevention and Control of Pollution) Act, 1974;
12. Air (Prevention and Control of Pollution) Act, 1981;
13. Hazardous Wastes (Management and Handling) Rules 1989.

OUR HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as Jindal Cotex Limited under the Companies Act, 1956 on February 18, 1998 in the state of Punjab registered with the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh at Jalandhar vide Company registration No: 16-21084 and Corporate Identification No: U17115B1998PLC021084. The Registered Office of Our Company is situated at V.P.O. Jugiana, G. T. Road, Ludhiana - 141 420, Punjab. The Certificate of Commencement of Business was obtained on February 20, 1998. The current Promoters of our Company are Mr. Sandeep Jindal, Mr. Yash Paul Jindal, Mr. Rajinder Jindal and Mr. Ramesh Jindal.

Our Company has been promoted by Mr. Sandeep Jindal, Mr. Yash Paul Jindal, Mr. Rajinder Jindal and Mr. Ramesh Jindal along with other members of the Jindal family for setting up a spinning unit for the manufacture of Synthetic Yarns. Our Company initially set up 6912 spindles and started manufacturing acrylic yarns under the trade name 'JINDAL' which came into commercial production in May 1999. Our Company thereafter, ventured into polyester yams & further explored the markets of New Delhi, Bhilwara & Maharashtra. Starting from 6912 spindles in 1999 our Company has expanded its capacity to 23472 spindles.



Our company has also set up a wind mill of 1250KW in Village Pithla, Distt Jaisalmer, Rajasthan in the year 2007-08. We have entered into power purchase agreement with Ajmer Vidut Vitran Nigam Ltd. for the sale of electricity generated for 20 years.

Our Turnover and Profitability for last five years has been as follows:

(Rs. Lacs)

Particulars	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Total Income	13,825.52	9958.72	7459.93	6261.91	6431.52
PBDIT	1,014.12	967.26	631.07	537.77	483.97
PAT	433.80	415.00	87.98	78.42	58.88

Our Milestones

Year	Activities
1998	Our Company was incorporated under the name and style as Jindal Cotex Limited
1999	Our Company established its first plant with a capacity of 6912 spindles and started commercial of synthetic yarns production in May 1999.

2001	Our Company expanded its capacity by another 2880 spindles. Our Company started making polyester yarn.
2002	Our Company again expanded its capacity by establishing 1728 spindles.
2003	Added 1152 spindles thereby taking the total capacity to 12672 spindles
2003	Our Company received ISO 9001:2000 from TUV
2003	Our Company expanded its capacities to 18720 Spindles from 12672 spindles by adding 6048 spindles
2006	Our Company expanded its capacities to 23472 Spindles from 18720 spindles by adding 4752 spindles.
2006	Our Company expanded its product range as it introduced polyester cotton blended yarn both combed and carded. Our Company's product range included acrylic, polyester, polyester viscose, polyester cotton yarns.
2006	Our Company started exports of yarn mainly of polyester cotton
2007	Our Company initiated planning for major expansion (mega project) to take the capacity of spindles to about 75000 and also adding yarn dyeing and garmenting facilities
2007	Our Company started implementation of first phase of its mega project in October, 2007 at Village Mandiala Kalan, Bija, Dist. Ludhiana
2008	Company's achieved status of Mega Project for its expansion plan
2008	Our Company achieve financial close for its mega project from term lending banks
2008	Commissioned wind mill with a capacity of 1250 kw at Jaisalmer, Rajasthan
2008	Our Company established two 100% owned subsidiaries namely Jindal Medicot Limited for implementing a project to manufacture specialized medical textile products and Jindal Specialty Textiles Limited for implementing a project to manufacture technical textile product viz. Coated/Banner Fabrics

Changes in the Registered Office of our Company

We have not changed the registered office of our Company since inception.

Changes in the Memorandum of Association of our Company

Since Incorporation, the following changes have been incorporated in Memorandum of Association of our Company, after approval of the Members:

Sr. No.	Change	Date of Meeting	AGM/ EGM
1.	Increase in Authorised Capital from Rs. 25 lacs to Rs. 300 lacs	21-09-1998	EGM
2.	Increase in Authorised Capital from Rs. 300 lacs to Rs. 700 lacs	09-03-1999	EGM
3.	Increase in Authorised Capital from Rs. 700 lacs to Rs. 1,300 lacs	08-05-1999	EGM
4.	Change in object clause A new clause 63 was inserted in the other objects. "To generate, distribute, manufacture, purchase and sell power and equipments and to run all kinds of power projects including that on air, water, coal, gas otherwise."	17.12.2007	EGM
5.	Increase in Authorised Capital from Rs. 1,300 lacs to Rs. 2,500 lacs	09-06-2008	EGM
6.	Increase in Authorised Capital from Rs. 2,500 lacs to Rs. 2,700 lacs	04-07-2008	AGM

Our Main Objects:

The main objects of our Company as stated in the Memorandum of Association are:

1. To carry on in India or abroad, the business of manufacturing, processing, spinning, knitting, refining, carding, combing, gilling, regilling, mixing, doubling, twisting, cheese, winding, rewinding, raising, weaving, dyeing, bleaching, importing, exporting, trading and otherwise dealing in wholesale or in retail in all kinds & types of yarns including fancy yarns, fibres whether synthetic, artificial or natural, cotton, wool, worsted, shoddy, silk, nylon, polyester, acrylic, polyproptene, polynosic, blended materials or any other synthetic fibres, yarns or fibrous materials, textile substances, allied products, waste products and substitutes for all or any of them and to treat and utilise any waste arising from any such manufacture production, process and further to carry on the business of ginning, pressing, bailing or otherwise packing of cotton, kapas, yarn, waste or all kinds of raw materials, whether synthetic, artificial or natural, yarn, waste, hemp, jute or other fibrous materials and cultivation of such raw materials.

2. To carryon In India or abroad the business of manufacturers, processors, dealers, distributors, stockists, agents, purchasers, sellers, importers, exporters, traders of all kinds and description of hosiery goods, readymade garments, wearing apparels, knitwears, cloth, blankets, bad sheets, track suits, T -shirts, shawls, mufflers, socks, under garments, durries and carpets made of all kinds and description of woollen, cotton, Acrylic, silk, artificial silk, jute, angora, nylon, shoddy, mohair, polyester and Fabrics whether textile felted, netted and looped and other kinds of blends.

3. To carry on in India or abroad the business as manufacturers, importers, exporters, processors, traders and dealers in all kinds of cloth, knitted cloth, woollen fabrics, synthetic fabrics, cotton fabrics, synthetic tops, worsted, shoddy and all kinds of blankets, shawls, hosiery and readymade garments.

Subsidiaries of Our Company

Our Company has two wholly owned subsidiaries viz. Jindal Specialty Textiles Limited and Jindal Medicot Limited. For further details please refer to the section titled "Subsidiary Companies" beginning on page 206 of this Red Herring Prospectus.

Shareholders' Agreement

Our Company does not have any subsisting shareholder's agreement as on the date of filing of this Red Herring Prospectus.

Other Agreements

1. We have also entered into a Power Purchase Agreement dated February 21, 2008 with Suzlon Energy Limited and Ajmer Vidyut Vitran Nigam Limited (AVVNL). As per the agreement Suzlon gas agreed to provide the requisite evacuation and injection system for power produced by such power plant into State Grid at Common Delivery Point / Distribution System as approved by RVPN/Discom in consultation with Rajasthan Renewable Energy Corp. Ltd. Suzlon has also agreed to furnish the joint meter readings of Common Delivery Points along with readings of energy supplied by individual Power Producers at common delivery point. AVVNL has agreed to purchase the power at a price based on the tariff specified by Rajasthan Electricity regulatory Commission. The term of agreement is 20 years from the date of commercial operation of the power plant.

2. Our Company has entered into a Memorandum of Agreement dated April 3, 2008 with Secretary Industries & Commerce, Government of Punjab (State Government). State Government with a view to attract new investment in Punjab has under the Industrial Policy 2003 provided for consideration and determination of special package of incentives for new as well as existing industrial units undertaking expansion, provided fixed capital investment in the new unit or expansion is Rs. 100 crores or more. Our Company proposes to set up 50,400 Spindles for manufacturing of cotton yarn along with Dyeing Unit of 6 TPD and Garment Unit. The State Government has agreed to provide following reliefs and concessions to our Company for implementing of aforesaid project:

   - Exemption from Electricity Duty upto 5% for 5 years.
   - Exemption from Stamp Duty as levied in schedule 1-A of Indian Stamp Duty Act, on purchase/lease of land
   - Exemption from Advance Consumption Deposit in case of expansion projects, provided consumption does not exceed from the present level was granted, subject to clearance from the Punjab State Electricity Regulatory Aythority.

Notwithstanding normal Banking arrangements, and agreements which we enter with various contractors/suppliers/customers/government agencies for our business, our Company has not entered into any other agreements.

Except as mentioned above there are no other material agreements or contracts, which have been entered into other than normal course of business within a period of two years prior to the date of this Red Herring Prospectus, which are subsisting as on date.

Strategic Partners

Presently, our Company does not have any strategic partners.

Financial Partners

Presently, our Company does not have any financial partners.

OUR MANAGEMENT

Board of Directors

As per the Articles of Association, our Company cannot have less than three directors and more than twelve directors. The Board of Directors comprising of eight directors currently manages our Company. Mr. Yash Paul Jindal is the Chairman of our Board. Mr. Sandeep Jindal is the Managing Director; he is in-charge of the overall management of our Company subject to the supervision and control of the Board. He is ably supported by professional and technically qualified team of executives.

The following table sets forth the details regarding our Board of Directors as on the date of filing of this Red Herring Prospectus with SEBI:

Sr. No.	Name, Age, Fathers Name, Designation, Status, DIN, Address, Nationality & Occupation of Director	Other Directorships/Trustee	Date of Appointment & Term of Directorship
1)	Mr. Sandeep Jindal (32 years) S/o. Mr. Yash Paul Jindal Managing Director Executive & Non Independent DIN: 01639743 House No. – B - I - 980/2A Opp. Police Lines, Civil Lines Ludhiana , Punjab – 141 001 Indian Business	▪ Jindal Medicot Limited ▪ Jindal Specialty Textiles Limited ▪ Jindal Info Media Private Limited	Appointed as Managing Director w.e.f. October 1, 2007 for a period of three years.
2)	Mr. Yash Paul Jindal (54 years) S/o. Mr. Jagdish Rai Jindal Chairman Executive & Non Independent DIN:01923862 House No. – B - I - 980/2A Opp. Police Lines, Civil Lines Ludhiana , Punjab – 141 001 Indian Business	▪ Jindal Medicot Limited ▪ Jindal Specialty Textiles Limited ▪ Jindal Cycles Private Limited	Re-appointed as Managing Director from December 1, 2003 to September 30, 2008 and on November 11, 2007 his designation was changed to Whole-time Director. Re-appointed as Whole Time Director for a period of five years w.e.f July 1, 2008. Appointed as Chairman on August 2, 2008
3)	Mr. Ramesh Jindal (51 years) S/o. Mr. Jagdish Rai Jindal Whole time Director Executive & Non Independent DIN: 01923895 D – 40, Greater Kailash –II New Delhi - 110048 Indian	▪ Jindal Medicot Limited ▪ Jindal Specialty Textiles Limited ▪ Jindal Cycles Private Limited	Appointed as Whole Time Director on April 1, 2008 till September 30, 2008. Re-appointed as Whole Time Director for a period of five years w.e.f July 1,

	Business		2008.
4)	Mr. Rajinder Jindal (49 years) S/o. Mr. Jagdish Rai Jindal Whole time Director Executive & Non Independent DIN: 01923829 House No. – B-I, 979/2A Opp. Police Lines, Civil Lines Ludhiana, Punjab – 141 001 Indian Business	▪ Jindal Medicot Limited ▪ Jindal Specialty Textiles Limited ▪ Jindal Cycles Private Limited	Appointed as Whole Time Director on April 1, 2008 till September 30, 2008. Re-appointed as Whole Time Director for a period of five years w.e.f July 1, 2008.
5)	Mr. Vipan Kumar Mittal (50 years) S/o. Krishan Lal Mittal Director Non Executive & Independent DIN:01068548 319, Dr. Sham Singh Road, Civil Lines, Ludhiana, Punjab Indian Business	▪ Kudu Knit Process Pvt. Ltd. ▪ Supple Innovations Limited	September 30, 2005. To retire by rotation.
6)	Mr. Vijesh Gupta (35 years) S/o. Mr. Joginder Pal Gupta Director Non Executive & Independent DIN: 02281908 503, Dasondha Singh Road, Civil Lines, Ludhiana-141 001, Punjab Indian Professional	Nil	July 10, 2008. To retire by rotation.
7)	Mr. Madan Lal Arora (71 years) S/o. Mr. Devi Dayal Arora Director Non Executive & Independent DIN:01607490 H. No. 43, Model Gram, Ludhiana, Punjab Indian Professional	▪ Chuneja Management Consultants Private Limited	July 10, 2008. To retire by rotation.
8)	Mr. Nirmal Jain (55 years) S/o. Mr. Lajpat Rai Jain Director Non Executive & Independent DIN: 02265866 564/7, Overlock Road, Ludhiana – 141 001, Punjab Indian Business	Nil	July 10, 2008. To retire by rotation.

Brief Profile of Our Board of Directors

Mr. Sandeep Jindal, aged 32 years, is the Managing Director of our Company. He is an Executive and Non Independent Director. He is a Commerce Graduate from Punjab University. He has an overall experience of 10 years in Textiles sector. He looks after day to day affairs of Jindal Cotex Limited.

After completing the graduation in 1998 Mr. Sandeep Jindal joined the group business. He has been instrumental in devising the group's diversification strategy and pursuant to which he promoted Jindal Cotex Limited to set up yarn spinning project. In 1999, he set up the first project with a capacity of 6912 spindles. Since then, JCL is conserving its resources and increasing the capacity year on year basis. Under his management, our Company has grown both in terms of turnover and profitability besides increase in the production capacity. In 2006, he emphasized on the need for export and our Company commenced exports to various countries and has exported about 10% of its total turnover in FY 2007-08.

Under his leadership, during 2007 JCL has embarked upon the major expansion project to increase its spinning capacity to 73872 spindles, set up 6 TPD dyeing facility and 3000 pieces Garments per day facility at Village Mandiala Kalan.

He is also looking at adding the value added textile products to the product portfolio of Jindal group and with the same view JCL has set up two Subsidiaries which will set up manufacturing facilities for Medical Sterile Cotton Products and Coated/Banner fabrics.

Mr. Yash Paul Jindal, aged 54 years, is the Chairman of our Company, has graduated in Arts from Punjab University. He has an overall experience of 31 years in various businesses. He started his career as a partner of Jindal Fine Industries in 1977. The firm was mainly engaged in business of trading in Iron and Steel. In 1980 Jindal Fine Industries, under the leadership of Yash Paul Jindal, ventured in to manufacturing of Bi-cycle parts. Mr. Yash Paul Jindal and his brothers incorporated Jindal Cycles Private Limited in 1988 with an objective of manufacturing of bi-cycle parts. In 1994, he started steel rolling mill for captive consumption and also for catering to other markets. In 1998, he thought of diversification and he set up M/s Jindal Cotex Limited to manufacture yarn with his son Mr. Sandeep Jindal and his brothers Mr. Rajinder Jindal and Mr. Ramesh Jindal.

Mr. Ramesh Jindal, aged 51 years, is the Whole-time Director of our Company. He is an Executive and Non Independent Director. He is a Commerce graduate from Punjab University. He has an overall experience of 31 years in the trading and manufacturing of Cycle parts. He was one of the founder partners of Jindal Fine Industries, established in 1977. He was incharge of marketing and export of group businesses. He co-promoted Jindal Cycles Private Limited and was instrumental in exports of full bicycles in the year 2002. Later in 2006, he also launched the same in Indian market under the brand name LEADER. According to his marketing strategies, the firm also opened one retail outlet in Ludhiana for its bicycles and is planning to add 3 more within this year.

Mr. Rajinder Jindal, aged 49 years, is the Whole-time Director of our Company. He is an Executive and Non Independent Director. He is Science graduate from Government College, Ludhiana. He has an overall experience of 27 years in various businesses. He started his career with Jindal Fine Industries in 1981 and was incharge of manufacturing of bi-cycles parts. In 1988, he co-promoted Jindal Cycles Private Limited and later took responsibility of management of the affairs of steel rolling mill of Jindal Cycles Private Limited set up in the year 1994. He is also one of the Promoters of M/s Jindal Cotex Limited.

He is President of Engineering Exporters Association in Ludhiana for last 5 years and Vice President of Chamber of Industrial & Commercial Undertakings Ludhiana for past two years.

Mr. Vipan Kumar Mittal, aged 50 years, is an Independent and Non executive Director of our Company. Mr. Vipan Mittal is commerce graduate and after completing his graduation, he ventured into hosiery business. In 1995, he set up the company in the name of Kudu Knit Fab Pvt. Ltd. for processing of yarn and fabric. In 1999, they set up Kudu Knit Process Pvt. Ltd. as an integrated textile company encompassing yarn, fabric apparel and textile processing business. He has 29 years of experience in the hosiery and textile Industry.

Mr. Vijesh Gupta, aged 35 years is an Independent and Non executive Director of our Company. He is a practicing chartered accountant and has total 11 years of experience in practice. He has completed his graduation in commerce from Punjab University, Chandigarh. After graduation, he has done CA. After becoming a Chartered Accountant, he became partner in M/s Gupta Sanjiv & Co., Chartered Accountants based at Ludhiana. Mr. Vijesh Gupta has experience in internal audits and statutory audit field.

Mr. Madan Lal Arora, aged 71 years, is an Independent and Non executive Director of our Company. Currently, he is a practicing company secretary based in Ludhiana. After completing his graduation, he joined his family business and remained self employed. In 1972 he cleared Company Secretary Exams and obtained the membership of the Institute of Company Secretaries of India, in 1974. In 1975, he took up the job as Company Secretary with Sutlej Cotton Mills Limited, a Birla Group Company, where he served up to 1980. He also obtained LLB degree from Guru Nanak Dev University, Amritsar in 1983. In 1984, he joined as Company Secretary in Rockman Cycle Industries Limited, a Hero Cycles Group Company, at Ludhiana where he served till 1994. Thereafter he moved to the Cremica Group of Companies and became the Company Secretary in Cremica Agro Foods Limited. In 1997, he started his own practice. He is pursuing this profession as a member in practice till date. Mr. Madan Lal Arora has overall 33 years of experience as company secretary in the industry and profession.

Mr. Nirmal Jain, aged 55 years, is an Independent and Non executive Director of our Company. He has completed his B Sc. in 1975 from Panjabi University. After completing his graduation, he entered into his family business of iron and steel. He became proprietor of firm M/s Jain Steel Manufacturing Co. in 1982. The firm is engaged in the manufacturing of sewing machines, exports and trading of iron and steel. Mr. Nirmal Jain has overall 33 years of experience in the industry.

Borrowing Powers of the Board

The Board of Directors of our Company has power to borrow up to Rs. 200 Crores as per the members' resolution passed in the Extra Ordinary General Meeting of our Company held on March 25, 2008. The extract of the resolution of our Company authorizing the Board's borrowing powers is reproduced:

"Resolved that pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time as they may think fit, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the 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 maximum amount so borrowed by the Board of Directors shall not at any time exceed Rs. 200,00,00,000/- (Rupees Two Hundred Crores)."

COMPENSATION TO MANAGING DIRECTOR/WHOLE-TIME DIRECTORS

We have not entered into any service contract with our Managing Director/ Whole Time Directors.

Mr. Sandeep Jindal, Managing Director

The remuneration of our Managing Director, Mr. Sandeep Jindal as per resolution passed in the Annual General Meeting of the Board of Directors held on September 29, 2007 is detailed hereunder:

Remuneration: Rs. 2,50,000 per month including perquisites, if any.

Mr. Sandeep Jindal is also eligible to the following benefits which are not included in the Computation of the ceiling on Remuneration:

(a) Contribution to Provident Fund Superannuation Fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

(c) Encashment of leave at the end of the Tenure.

Mr. Yash Paul Jindal, Whole-time Director

The remuneration of our Chairman & Whole-time Director, Mr. Yash Paul Jindal as per resolution passed in the Annual General Meeting held on July 4, 2008 is Rs. 1,00,000 per month inclusive of perquisites if any till the remaining period of his tenure.

Mr. Yash Paul Jindal shall also eligible to the following benefits which are not included in the Computation of the ceiling on Remuneration:

(a) Contribution to Provident Fund Superannuation Fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

(c) Encashment of leave at the end of the Tenure.

Mr. Ramesh Jindal, Whole-time Director

The remuneration of our Whole-time Director, Mr. Ramesh Jindal as per resolution passed in the Annual General Meeting held on July 4, 2008 is Rs. 1,00,000 per month inclusive of perquisites if any till the remaining period of his tenure.

Mr. Ramesh Jindal shall also eligible to the following benefits which are not included in the Computation of the ceiling on Remuneration:

(a) Contribution to Provident Fund Superannuation Fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

(c) Encashment of leave at the end of the Tenure.

Mr. Rajinder Jindal, Whole-time Director

The remuneration of our Whole-time Director, Mr. Rajinder Jindal as per resolution passed in the Annual General Meeting held on July 4, 2008 is Rs. 1,00,000 per month inclusive of perquisites if any till the remaining period of his tenure.

Mr. Rajinder Jindal shall also eligible to the following benefits which are not included in the Computation of the ceiling on Remuneration:

(a) Contribution to Provident Fund Superannuation Fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

(c) Encashment of leave at the end of the Tenure.

Terms and Conditions of Employment of Non-Executive Directors

We have not entered into any formal arrangements with our Non-Executive Directors. Till date we have not paid any sitting fees to our non-executive directors.

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with BSE and NSE with respect to Corporate Governance and the SEBI (DIP) Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges.

Our Company has complied with SEBI Guidelines in respect of Corporate Governance specially with respect to broad basing of board, constituting the Committees such as Shareholders/ Investor Grievance Committee, Audit Committee and Remuneration Committee.

Our Company has taken necessary steps to implement the provisions of the Corporate Governance. The constitution of our Board of Directors is in compliance with the said provisions and it has the necessary committees in place in compliance with the said provisions:

(A) Audit Committee
(B) Shareholders/Investor Grievance Committee
(C) Remuneration Committee

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Our Board has eight Directors out of which 4 are independent directors in accordance with the requirement of clause 49 of the listing agreement of the stock exchanges. Mr. Sandeep Jindal is our Managing Director.

Sr. No.	Name of the Director	Designation	Category
1	Mr. Sandeep Jindal	Managing Director	Executive & Non Independent
2	Mr. Yash Paul Jindal	Chairman	Executive & Non Independent
3	Mr. Ramesh Jindal	Whole Time Director	Executive & Non Independent

4	Mr. Rajinder Jindal	Whole Time Director	Executive & Non Independent
5	Mr. Vipan Kumar Mittal	Director	Non-Executive & Independent
6	Mr. Vijesh Gupta	Director	Non-Executive & Independent
7	Mr. Madan Lal Arora	Director	Non-Executive & Independent
8	Mr. Nirmal Jain	Director	Non-Executive & Independent

AUDIT COMMITTEE

Constitution of Committee

Our Company has constituted an Audit Committee, as per the provisions of Section 292A of the Companies Act. The re-constitution of the Audit Committee was approved at the Meeting of the Board of Directors held on July 10, 2008.

The terms of reference of Audit Committee complies with the requirements of Clause 49 of the listing agreement, which will be entered into with the Stock Exchange in due course. The committee consists of all Non-Executive and Independent Directors. Mr. Vijesh Gupta is the chairman of Audit Committee.

Sr. No.	Name of the Director	Nature of Directorship
1	Mr. Vijesh Gupta	Non Executive & Independent
2	Mr. Madan Lal Arora	Non Executive & Independent
3	Mr. Nirmal Jain	Non Executive & Independent

Role of Audit Committee

The Terms of reference of the Audit Committee are given below:

1. 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.

2. 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.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management , the annual financial statements before submission to the board of approval , with particular references to;

    a. Matters, required to be included in the Director's Responsibility statement be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
    b. Changes, if any, in accounting policies and practices and reasons for the same.
    c. Major accounting entries involving estimates based on the exercise of judgment by management.
    d. Significant adjustments made in the financial statements arising out of audit findings.
    e. Compliance with listing and other legal requirements relating to financial statements.
    f. Disclosure of any related party transactions.
    g. Qualifications in the draft audit report.

5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.

6. Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc) the statement of funds utilized for

purposes other than those stated in the offer document /prospectus /notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

7. Reviewing with the Management, performance of statutory and internal auditors, and adequacy of the internal control systems.

8. 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.

9. Discussion with internal auditors any significant findings and follow up there on.

10. 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.

11. Discussion with the 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.

12. To look in to the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

13. To review the functioning of the Whistle Blower mechanism.

SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE

Constitution of Committee

Our Company has constituted an Investor Grievance Committee. The reconstitution of the Shareholders/ Investor Grievance Committee was approved by a Meeting of the Board of Directors held on July 10, 2008. Mr. Madan Lal Arora is the chairman of the Committee.

Sr. No.	Name of the Director	Nature of Directorship
1	Mr. Vipin Kumar Mittal	Non Executive & Independent
2	Mr. Vijesh Gupta	Non Executive & Independent
3	Mr. Madan Lal Arora	Non Executive & Independent
4	Mr. Sandeep Jindal	Executive

The terms of reference of the Investor Grievance Committee are as follows:

The Shareholders / Investor's Grievance Committee of the Board looks into the redressal of investor's complaints viz. non-receipt of annual report, dividend payments etc. and matters related to share transfer, issue of duplicate share certificate, dematerializations and also delegates powers to the executives of the Company to process transfers etc.

The status on various complaints received / replied is reported to the Board of Directors as an Agenda item.

The Board of Directors of our Company have delegated the powers of approving transfer of securities to our Company's Registrars under the supervision and control of Compliance Officer, subject to placing of summary statement of Transfer / Transmission etc., of securities of our Company at the meetings of the said Committee.

REMUNERATION COMMITTEE

Constitution of Committee

Our Company has constituted a Remuneration Committee, details of which are given below. The reconstitution of the Remuneration Committee was approved by a Meeting of the Board of Directors held on July 10, 2008. Mr. Nirmal Jain is the chairman of the Committee.

Sr. No.	Name of the Director	Nature of Directorship
1	Mr. Vijesh Gupta	Non Executive & Independent
2	Mr. Nirmal Jain	Non Executive & Independent
3	Mr. Vipan Kumar Mittal	Non Executive & Independent

The Remuneration Committee is vested with all necessary powers and authority to ensure appropriate disclosure on the Remuneration of the Directors and to deal with all elements of the Remuneration package of all the directors including but not restricted to the following:

- To review, assess and recommend the appointment and remuneration of Whole time Directors.

- To review the remuneration package including the retirement benefits, payable to the Directors periodically and recommend suitable revision / increments, whenever required, to the Board of Directors.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading.

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares on stock exchanges. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue.

Mr. Gopal Krishan Sharma, Company Secretary & Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the board.

Shareholding of Directors

As per the Article of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of Director of our Company. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as at the date of this Red Herring Prospectus.

Name of the Director	No. of Shares	% of Pre-Issue Paid-up Share Capital
Mr. Sandeep Jindal	1162998	9.27
Mr. Yash Paul Jindal	2943702	23.46
Mr. Ramesh Jindal	3229632	25.74
Mr. Rajinder Jindal	3160782	25.19
Mr. Vipan Kumar Mittal	--	--
Mr. Vijesh Gupta	--	--

Mr. Madan Lal Arora	--	--
Mr. Nirmal Jain	--	--

INTEREST OF DIRECTORS

All the Directors of our Company may be deemed to be interested to the extent of sitting fees and/or other remuneration if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses if any payable to them under the Articles of Association. The Managing Director will be interested to the extent of remuneration, if any, paid to him for services rendered by him as an officer or employee of our Company. All the Directors may also be deemed to be interested in the Equity Shares of our Company, if any, held by them, their relatives or by the companies or firms or trusts in which they are interested as directors / members / partners or that may be subscribed for and allotted to them, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any other company in which they have direct /indirect interest or any partnership firm in which they are partners.

Except as stated otherwise in this Red Herring Prospectus, our Company has not entered into any contract, agreements or arrangement during the preceding two 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.

Interest as to Property

For details refer to the section 'Promoters and their Background' beginning on page 151 of this Red Herring Prospectus. Except as stated otherwise in this Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Red Herring Prospectus in which the directors are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Directors Remuneration for the year ended March 31, 2009

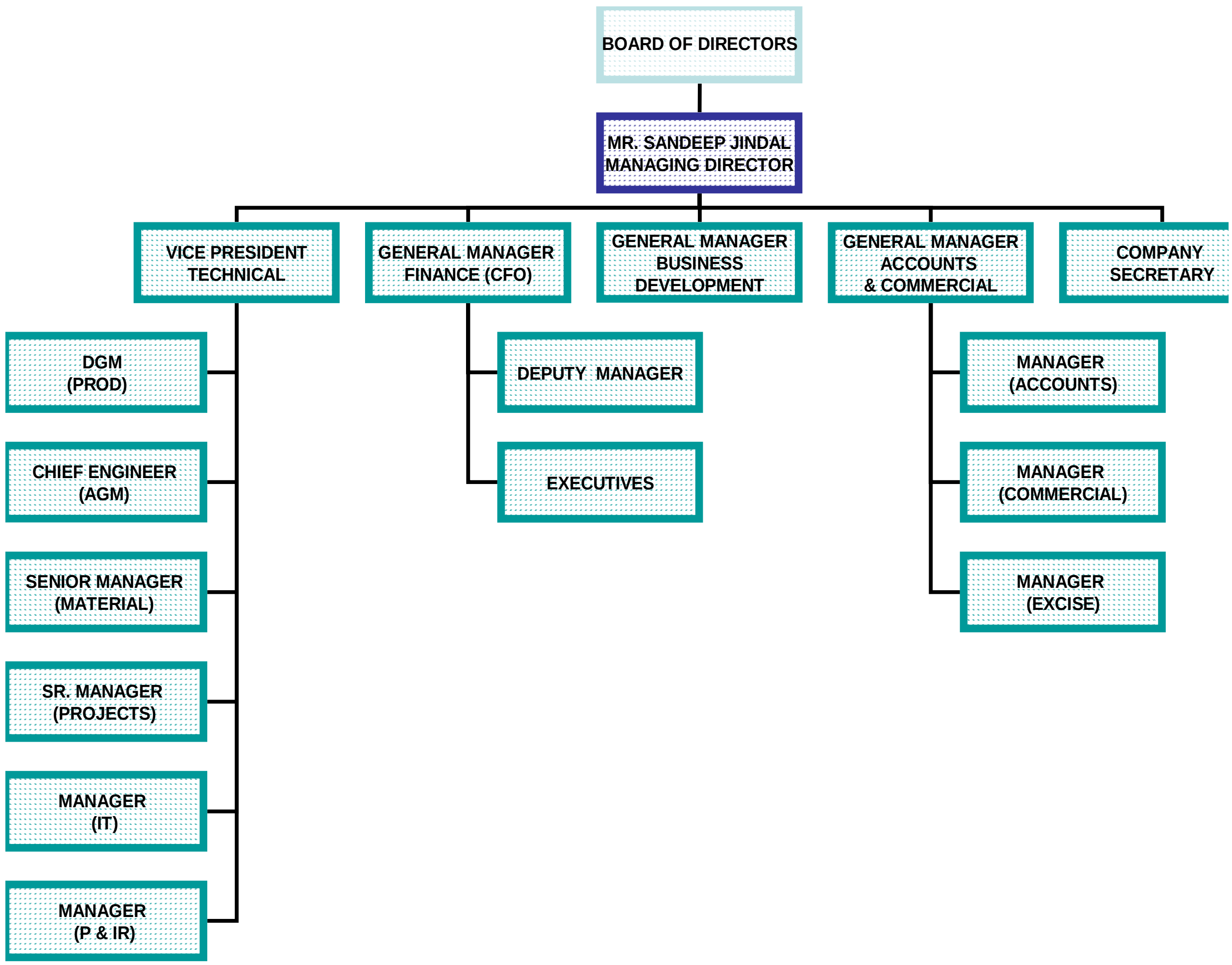
(Rs. Lacs)

Name of the Director	Sitting Fees per meeting	Salaries / Perquisites	Commission	Total
Mr. Sandeep Jindal	--	15.00	--	15.00
Mr. Yash Paul Jindal	--	12.00	--	12.00
Mr. Ramesh Jindal	--	12.00	--	12.00
Mr. Rajinder Jindal	--	12.00	--	12.00
Mr. Vipan Kumar Mittal	--	--	--	--
Mr. Vijesh Gupta	--	--	--	--
Mr. Madan Lal Arora	--	--	--	--
Mr. Nirmal Jain	--	--	--	--
Total	**--**	**51.00**	**--**	**51.00**

Changes in the Board of Directors in the last three years

Name	Date of Appointment	Date of Cessation	Reasons
Mr. Harsh Goyal	31.03.2005	10.07.2008	Pre- Occupation
Mr. Sanjay Gupta	31.03.2005	10.07.2008	Resignation
Mr. Vijesh Gupta	10.07.2008	--	To Broad base Board
Mr. Madan Lal Arora	10.07.2008		To Broad base Board
Mr. Nirmal Jain	10.07.2008		To Broad base Board

MANAGEMENT ORGANISATION STRUCTURE



KEY MANAGERIAL PERSONNEL

Sr. No.	Name, Age & Designation	Qualification	Industry exper-ience (in yrs)	Date of joining	Previous Employment	Compensation Paid during last F.Y. (Rs.)
1.	Mr. Ashish Jain (30 years) Chief Financial Officer	Chartered Accountant	6	November 23, 2007	Jain Subash & Co., Chartered Accountants	2,76,520
2.	Mr. Rajiv Jindal (37 years) General Manager (Accounts & Commercial)	Chartered Accountant	14	April 15, 2008	A.S.T. Paper Mills	3,11,790
3	Mr. Indu Prakash (37 years) Deputy General Manager`(Technical)	B. Tech. (Textiles)	18	May 8, 2007	Sambhav Spinning Mills, Ludhiana	4,62,473
4.	Mr. Pankaj Gupta (42 years) Assistant General Manager (Engineering)	Diploma (Electric Engineering)	24	August 10, 2005	Shiwalya Spinning Mills	4,31,495
5.	Mr. D. S. Kanwar (56 years) Senior Manager (Material)	M.A. Post Graduate Diploma (Material)	29	June 7, 2005	Shital Fibres Limited	2,54,795
6.	Mr. Gopal Krishan Sharma, (56 Years) Company Secretary	B.Sc., B.Ed., LLB, M.Com. & FCS	24	September 4, 2008	VMT Spinning Co. Ltd.	1,67,169
7.	Mr. Pawan Sharma (43 years) Vice President – Technical	Bachelor of Textiles	22	July 3, 2009	Texas Group, Ludhiana	--

BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL

1. **Mr. Ashish Jain,** aged 30 years, is the Chief Financial Officer of our Company. He has done his graduation in commerce from Punjab University in 1999, and is a member of the Indian Institute of Chartered Accounts. He has an overall experience of 6 years. He started his career in 2003 with Jain Subhash & Co., Chartered Accountants, before joining our Company in 2007. He is responsible for managing the financial and bank matters. He is also responsible for fund planning, MIS, secretarial and liasioning with Banks, Institutions and Government offices. The gross remuneration paid to Mr. Ashish Jain for FY 2007-08 was Rs.2,76,520.

2. **Mr. Rajiv Jindal,** aged 37 years, is the General Manager – Accounts and Commercial of our Company. He is Commerce graduate and Chartered Accountant. He has an overall experience of 14 years. He started his career in 1994 with Dass Khanna & Co., Chartered Accountants. He worked from 1999 to 2007 with Ganga Acrowools Limited, from 2007 to March 2008 with AST Paper Mills Limited before joining our Company. He is responsible for the overall accounting of our Company. The gross remuneration paid to Mr. Rajiv Jindal for FY 2007-08 was Rs. 3,11,790.

3. **Mr. Indu Prakash,** aged 37 years, is the DGM (Technical) of the company. He is Bachelor in Textile Technology from Kanpur University cleared in 1991. He has an overall experience of 18 years in Spinning Industry. He started his career in August 1991 in VPL , Bhatinda as a textile graduate trainee. Thereafter, he had worked in the Vardhman Spinning & General Mills as shift officer from September, 1992 to February, 1996. He had also worked as Shift Engineer in Pashupati Fabrics, Kosi from February, 1996 to Septermber, 1996. He has worked in Euro Cotspin Ltd, Lalru as Spinning Superintendent from September 1996 to December, 1997. Before joining our company, he was working as Asstt Vice President (Production) in Sambhav Spinning Mills, Ludhiana. He is now designated as Deputy General Manger-Technical in our Company and is responsible for the technical matters of existing unit and overall production of existing unit and implementation of Unit-II. The gross remuneration paid to Mr. Indu Prakash during F.Y. 2008-09 was Rs.4,62,473/-

4. **Mr. Pankaj Gupta,** aged 42 years is the Assistant General Manager (Engineering). He is Diploma holder in Electrical Engineering from Government Polytechnic, Ambala. He has an overall experience of 24 years. He started his career in 1984 with Sujata Textile Mills. He worked from 1995 to 2000 with Himachal Fibre Limited, from 2000 to August 2005 with Shiwalya Spinning and Weaving Mills (P) Limited before joining Jindal Cotex Limited. He is designated as Safety Officer as per Factory Act and is mainly responsible for liasioning with Electricity Board, Pollution Control Board, Boiler Inspection department, Explosive department etc. for renewal of licenses and other matters. The gross remuneration paid to Mr. Pankaj Gupta for FY 2007-08 was Rs. 4,31,495.

5. **Mr. D. S. Kanwar,** aged 56 years is the Senior Manager – Material of our Company. He is a M. A. in Sociology from Punjab University and has completed Post Graduate Diploma in Material Management from Punjabi University, Patiala. He has an overall experience of 29 years of experience in materials management. He started his career with Mahavir Spinning Mills Limited in December 1978 as Purchase officer. He worked from 1987 to 1990 with Oswal Agro Mills Limited, from 1990 to 1996 with Oswal Agro Furnace Limited, from 1997 to 2004 with Sharaman Woolen Mills Limited and from 2004 to May 2005 with Shital Fibres Limited before joing our Company. He is responsible for procurement of machines, machinery spares and other materials like packing, oil & lubricants, chemicals etc. The gross remuneration paid to Mr. D. S. Kanwar for FY 2007-08 was Rs. 2,54,795.

6. **Mr. G.K.Sharma,** aged 56 years, is the company secretary of the Company. He is B.Sc, B.Ed, M.Com, LLB and Fellow Company Secretary (FCS) of the Institute of Company Secretaries of India, New delhi. His responsibility is to take care of legal, secretarial work and company law matters of our Company. He is having more than 33 years experience in legal and secretarial matters. He started his career in Haryana State Small Industries & Export Corpn. Ltd, Chandigarh in 1984 and served upto 1993 as Legal Manager Cum Asstt Company Secretary. Thereafter in 1993, he associated with Vardhman Group of Industries. He has worked in Vardhman Spinning & General Mills Ltd for more than ten years and before Joining our company, he was working as company Secretary with VMT Spinning Co Ltd (Group company of Vardhman Group). He has rich experience of handling Public issues, right issues and bonus issues. The gross remuneration paid to Mr. G.K. Sharma during F.Y. 2008-09 was Rs.1,67,169.

7. **Mr. Pawan Kumar Sharma,** aged 43 years, is the Vice President (Technical) of the company. He is Bachelor in Textiles from Kanpur University (1987 batch) and has an overall experience of 22 years in spinning industry. He started his career as a textile graduate trainee in Vardhman Spinning & General Mills in 1987. Afterwards, he joined Anant Spinning Mills, Bhopal as Production Manager and worked there from May, 1995 to July, 1997. He has also worked in Indophil Textiles Ltd, Manila, Philippines as Production Manager from July, 1997 to May, 1998. Then he joined our company in May, 1998 and left the company in June, 2008. Before again joining our company, he was working in Texas Group in Ludhiana and worked there from July, 2008 to June, 2009. He is now designated as Vice President (Techncial) and is responsible for the technical matters of the existing unit and implementation of Unit-II. He has also completed the Rieter Training Course of 30 days in spinning.

Shareholding of Key Managerial personnel

None of the Key Managerial Personnel of our Company hold any shares of our Company as on the date of filing of this Red Herring Prospectus.

Changes in Key Managerial Personnel

Sr. No.	Name	Designation	Date of Appointment	Date of Resignation	Reasons
1.	Mr. Vijay Kumar Goel	Vice President (Technical)	May 6, 2008	January 30, 2009	Resigned
2.	Mr. Rajiv Jindal	General Manager – Accounts & Commercial	April 15, 2008	--	Appointed
3.	Mr. M. K. Sarkar	General Manager – Business Development	March 12, 2008	August 29, 2008	Resignation
4.	Mr. Ashish Jain	CFO	November 23, 2007	--	Appointed
5.	Mr. Pawan Sharma	Vice President	July 3, 2009		Appointed
6.	Mrs. Monica Bansal	Company Secretary	July 15, 2008	September 4, 2008	Resignation
7.	Mr. Gopal Krishan Sharma	Company Secretary	September 4, 2008	--	Appointed
8.	Mr. R.P. Rana	Vice President (Techincal)	September 16, 2008	June 20, 2009	Resignation

Except the above there has been no change in the Key Managerial Personnel.

Notes:

- All the Key Managerial Personnel mentioned above are on the payrolls of our Company as the permanent employees.
- There is no arrangement or understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
- The Key Management Personnel mentioned above are not related parties as per the Accounting Standard 18.

Bonus or profit sharing plan for Key Managerial Personnel

There is no specific bonus or profit sharing plan for the Key Managerial Personnel other than as may be decided by the Management.

EMPLOYEES

The details about our employees appear under the section titled ‘Manpower’ on page 120 of this Red Herring Prospectus.

ESOP/ESPS scheme to employees

Presently, we do not have ESOP/ESPS scheme for employees.

Payment or Benefit to our Officers

Except for the payment normal remuneration for the services rendered in their capacity as employees of our Company, no other amount or benefit has been paid or given within the two preceding years or intended to be paid or given to any of them.

PROMOTERS AND THEIR BACKGROUND

The Promoters of our Company are:

	**1. MR. SANDEEP JINDAL** **Mr. Sandeep Jindal**, aged 32 years, son of Mr. Yash Paul Jindal is the founder Promoter and Managing Director of our Company. He is an Executive and Non Independent Director. He is a Commerce Graduate from Punjab University. He has an overall experience of 10 years in Textiles sector. He looks after day to day affairs of our Company. After completing the graduation in 1998 Mr. Sandeep Jindal joined the group business. He has been instrumental in devising the group's diversification strategy and pursuant to which he promoted our Company to set up yarn spinning project. In 1999, he set up the first project with a capacity of 6912 spindles. Since then, our Company is conserving its resources and increasing the capacity year on year basis. Under his management, our Company has grown both in terms of turnover and profitability besides increase in the production capacity. In 2006, he emphasized on the need for the export and our Company commenced exports to various countries and has exported about 10% of its total turnover in FY 2007-08. Under his leadership, during 2007 JCL has embarked upon the major expansion project to increase its spinning capacity to 73872 spindles, set up 6 TPD dyeing facility and 3000 pieces Garments per day facility at Village Mandiala Kalan. He is also looking at adding the value added textile products to the product portfolio of Jindal group and with the same view JCL has set up two Subsidiaries which will set up manufacturing facilities for Medical Sterile Cotton Products and Coated/Banner fabrics. **Driving License No:** Not available* **Voter Id No:** GKC1074962 ***** Our Promoter Mr. Sandeep Jindal is not in the possession of driving license.
	**2. MR. YASH PAUL JINDAL** **Mr. Yash Paul Jindal**, aged 54 years, son of Mr. Jagdish Rai Jindal is the Founder Promoter, Chairman and Whole Time Director of our Company. He is an Executive and Non Independent Director. He has graduated in Arts from Punjab University. He has an overall experience of 31 years in various businesses. He started his career as a partner of Jindal Fine Industries in 1977. The firm was mainly engaged in business of trading in Iron and Steel. In 1980 Jindal Fine Industries, under the leadership of Yash Paul Jindal, ventured in to manufacturing of Bi-cycle parts. Mr. Yash Paul Jindal and his brothers incorporated Jindal Cycles Private

	Limited in 1988 with the prime objective of manufacturing of bi-cycle parts. In 1994, he started steel rolling mill for captive consumption and also for catering to other markets as well. In 1998, he thought of diversification and he set up M/s Jindal Cotex Limited to manufacture yarn with his son Mr. Sandeep Jindal and his brothers Mr. Rajinder Jindal and Mr. Ramesh Jindal. **Driving License No:** 054724/REN **Voter Id No:** GKC1073618
	**3. MR. RAMESH JINDAL** **Mr. Ramesh Jindal**, aged 51 years son of Mr. Jagdish Rai Jindal is the Founder Promoter and Whole-time Director. He is an Executive and Non Independent Director. He is a Commerce graduate from Punjab University. He has an overall experience of 31 years in the trading and manufacturing of Cycle parts. He was one of the founder partners of Jindal Fine Industries, established in 1977. He was incharge of marketing and export of group businesses. He co-promoted Jindal Cycles Private Limited and was instrumental in exports of full bicycles in the year 2002. Later in 2006, he also launched the same in Indian market under the brand name LEADER. According to his marketing strategies, the firm also opened one retail outlet in Ludhiana for its bicycles and is planning to add 3 more within this year. **Driving License No:** P03032008568988 **Voter Id No:** NEC0898056
	**4. MR. RAJINDER JINDAL** **Mr. Rajinder Jindal**, aged 49 years, son of Mr. Jagdish Rai Jindal is the Founder Promoter and Whole-time Director of our Company. He is an Executive and Non Independent Director. He is Science graduate from Government College, Ludhiana. He has an overall experience of 27 years in various businesses. He started his career with Jindal Fine Industries in 1981 and was incharge of manufacturing of bi-cycles parts. In 1988, he co-promoted Jindal Cycles Private Limited and later took responsibility of management of the affairs of steel rolling mill of Jindal Cycles Private Limited set up in the year 1994. He is also one of the Promoters of M/s Jindal Cotex Limited. He is President of Engineering Exporters Association in Ludhiana for last 5 years and Vice President of Chamber of Industrial & Commercial Undertakings Ludhiana for past two years. **Driving License No:** 55296 / REN **Voter Id No:** SGU0363184

The Permanent Account Number, Bank Account details and Passport Number of our Promoters have been submitted to Bombay Stock Exchange Limited and The National Stock Exchange of

India Limited (NSE), on which our Company proposes to list its Equity Shares at the time of filing of the Draft Red Herring Prospectus.

Further, the Promoters have not been identified as a wilful defaulter by RBI or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

Common Pursuits

There are no common pursuits amongst our Company and any other group companies. For details please refer to the section titled 'Financial Information of Group Companies and Ventures of the Promoters' on page no 206 of this Red Herring Prospectus.

Interest of Promoters

Our Promoters are interested in the promotion of our Company and are also interested to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by our Company. Further, our Promoters, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or Committees thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of the Articles.

Our Promoters may be deemed to be interested to the extent of the equity shares held by them, their friends and relatives, and benefits arising from his holding directorship / employment in our Company. They may also be deemed to be interested in the transactions entered into by our Company and the ventures where he is interested as a Promoter, Director or otherwise.

Our Company has taken on lease land owned by Mr. Yash Paul Jindal, Mr. Ramesh Jindal and Mr. Rajinder Jindal, at VPO Jugiana, GT Road, Ludhiana for a period of 30 years from June 22, 1998 at a monthly rental of Rs. 4000 each aggregating Rs. 12000 along with non interest bearing security deposit of Rs. 15.00 Lacs each aggregating Rs. 45 Lacs.

Further, our Promoter Group company Jindal Cycles Private Limited has given on lease, Godown to our Company at a rent of Rs. 5000 per month for a period of 10 years from August 24, 2004. The details of related party transactions have been disclosed as a part of the Auditors Report. For details, please refer page 179 of this Red Herring Prospectus.

Except stated above, our Promoters do not have any interest in any property acquired by our Company within two years of the date of this Red Herring Prospectus or proposed to be acquired by it.

Except as stated above and as mentioned in the Related Party Transactions there has been no other payment of benefits to the Promoters during the last two years from the date of filing of this Red Herring Prospectus.

Except as stated hereinabove and as stated in 'Related Party Transactions' appearing under section titled 'Financial Information' beginning on page 157 of this Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Sales or Purchases between companies in the Promoter Group

There are no sales or purchases between companies in the Promoter Group.

RELATED PARTY TRANSACTIONS

The details of related party transactions have been disclosed as a part of the Auditors Report. For details, please refer page 179 of this Red Herring Prospectus.

Details about Companies/Firms from which Promoters have disassociated during the last three years

Except as stated herein our Promoters have not disassociated themselves from any of the companies/firms during preceding three years.

1. M/s AMAN INTERNATIONAL

M/s. Aman International was a Partnership Firm formed vide Partnership Deed dated August 16, 1994 having its office at Opp. Dhandari Kalan Railway Station, G. T. Road, Ludhiana. The said partnership firm has been dissolved vide Dissolution deed dated December 07, 2007 due to discontinuation of business.

The firm was engaged in the business of trading and manufacturing of engineering goods.

Partners

Name of Partner	Profit / Loss Sharing %
Mr. Jagdish Rai Jindal	34
Mr. Yash Paul Jindal HUF	33
Mr. Rajinder Jindal HUF	33
Total	**100**

Audited Financial Performance

(Rs. in lacs.)

Particulars	As of 31 March		
	2005	2006	2007
Total Income	748.68	438.52	61.03
Profit (Loss) After Tax	2.90	2.96	(0.001)
Partners Capital	65.40	67.00	2.81

2. M/s SWASTIK JINDAL INTERNATIONAL

M/s Swastik Jindal International was a Partnership Firm formed vide Partnership Deed dated August 11, 1995 and reconstituted on June 01, 2006 having its office at GF-11 , Ansal Tower, 38 Nehru Place, New Delhi. The said partnership firm has been dissolved vide Dissolution deed dated September 11, 2008 due to discontinuation of business.

The firm was engaged in the business of export of Auto parts and engineering goods.

Partners

Name of Partner	Profit / Loss Sharing %
Mr. Yash Paul Jindal	33.33
Mr. Ramesh Jindal HUF	33.33
Mr. Rajinder Jindal	33.33
Total	**100.00**

Audited Financial Performance

(Rs. in lacs.)

Particulars	As of 31 March		
	2006	**2007**	**2008**
Sales	65.10	134.86	17.17
Total Income	67.85	136.51	17.28
Profit (Loss) After Tax	(1.97)	(4.40)	(2.54)
Partners Capital	24.90	54.83	(2.54)

3. M/s POONAM ENTERPRISES

M/s Poonam Enterprises is a Partnership Firm which is formed vide Partnership Deed dated October 01, 1980 and reconstituted on March 01, 2008 having its office at Dhandari Kalan, G.T. Road, Ludhiana.

The firm is engaged in the business of trading in commodity derivatives.

Old Partners

Name of Partner	Profit / Loss Sharing %
Mr. Jagdish Rai Jindal	22.50
Mr. Yash Paul Jindal	22.50
Mr. Ramesh Jindal	22.50
Mr. Rajinder Jindal	22.50
Jindal Cotex Limited	10.00
Total	**100.00**

Current Status

The partnership firm has been taken over by Jindal Cotex Limited as proprietor w.e.f August 29, 2008.

Audited Financial Performance

(Rs. in Lacs.)

Particulars	As of 31 March		
	2006	**2007**	**2008**
Total Income	0.15	0.17	0.15
Profit After Tax	0.15	0.17	(0.21)
Partners Capital	25.88	249.59**	199.59

The above figures are based on Un-audited accounts as the provisions of compulsory Auditing of account is not applicable.

****** The firm has revalued its Land from Rs.17.27 Lacs to Rs.222.27 Lacs.

CURRENCY OF PRESENTATION

In this Red Herring Prospectus, unless the context otherwise requires, all references to the word "Lakh" or "Lac", means "One hundred thousand" and the word "million" means "Ten Lacs" and the word "Crore" means "ten million" and the word "billion" means "One thousand million and the word "trillion" means "One thousand billion". In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Red Herring Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to "Rupees" and "Rs." in this Red Herring Prospectus are to the legal currency of India.

DIVIDEND POLICY

Dividends, other than interim dividends, will be declared at the AGM of the shareholders based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividends to be paid to the shareholders, considering a number of factors including, without limitation, our Company's 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 dividend payments in the past are not necessarily indicative of the dividend amounts, if any, or the dividend policy, of our Company in the future.

Our Company has not paid any Dividend till date.

SECTION VII - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Auditor's Report

The Board of Directors
Jindal Cotex Limited
VPO Jugiana, GT Road
Ludhiana

Dear Sirs,

A. a) We have examined the annexed financial information of Jindal Cotex Limited ('the Company") for the period ended June 30, 2009 and Financial Year ended 31st March, 2009, 31st March 2008, 31st March 2007, 31st March 2006 and 31st March 2005.

b) In accordance with the requirements of

i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
ii) The Securities and Exchange Board of India (Disclosure and investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by Securities and Exchange Board of India ('SEBI') on January, 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and
iii) Our terms of reference with the Company dated June 4, 2008 requesting us to carry out work in connection with the Offer Document as aforesaid.

We report that the restated assets and liabilities of the Company as at June 30, 2009, 31st March, 2009, 31st March 2008, 31st March 2007, 31st March 2006 and 31st March 2005 are as set out in **'Annexure 1'** to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in **'Annexure 3'** and Notes to the statements of Assets & Liabilities and Profit & Loss Account appearing in **'Annexure 4'** to this report.

We report that the restated profits of the Company for the period ended June 30, 2009 and Financial Year ended 31st March, 2009, 31st March 2008, 31st March 2007, 31st March 2006 and 31st March 2005 are as set out in **'Annexure 2'** to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in **'Annexure 3'** and Notes to the Statements of Assets & Liabilities and Profit & Loss Account appearing in **'Annexure 4'** to this report.

B. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report.

i. Notes to Adjustments in Restated Financial Statements 'Annexure 5' to this report
ii. Details of changes in Significant Accounting Policies as given in 'Annexure 6' to this report.
iii. Details of qualifications appearing in the audit report as given in 'Annexure 7' to this report.
iv. Statement of Cash Flow as appearing in 'Annexure 8' to this report;
v. Accounting Ratios as appearing in 'Annexure 9' to this report;
vi. Statement of Dividends as appearing in 'Annexure 10' to this report;
vii. Statement of Unsecured Loans taken including that from related parties enclosed as 'Annexure 11' to this report.
viii. Capitalisation Statement as appearing in 'Annexure 12' to this report;

ix. Statement of Tax Shelter as appearing in ‘Annexure 13’ to this report.
x. Statement of Secured Loans as appearing in ‘Annexure 14’ to this report.
xi. Statement of Investments as appearing in ‘Annexure 15’ to this report.
xii. Statement of Debtors including the related party debtors enclosed as ‘Annexure 16’ to this report.
xiii. Details of loans and advances as given in ‘Annexure 17’ to this report.
xiv. Statement of Other Income as appearing in ‘Annexure 18’ to this report.
xv. Details of transactions with the Related Parties as appearing in ‘Annexure 19’ to this report;
xvi. Details of Contingent Liabilities as appearing in ‘Annexure 20’ to this report;

C. a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure 3 to this report, after making adjustments/restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements, has been prepared in accordance with Part II of Schedule II of the Act and we have complied with the clause 6.10.2.7 of the SEBI Guidelines.

In terms of Clause 6.10.2.7 (b) of the SEBI (DIP) Guidelines and Other provisions relating to accounts of the Jindal Cotex Limited, we hereby confirm that Statements of Assets and Liabilities and Profit and Loss or any other financial information have been incorporated in the offer document after making the following adjustments, wherever quantification is possible:

1. Adjustments/ rectification for all incorrect accounting practices or failures to make provisions or other adjustments which resulted in audit qualifications.
2. Material amounts relating to adjustments for previous years has been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred.
3. Where there has been a change in accounting policy, the profits or losses of the earlier years (required to be shown in the prospectus) and of the year in which the change in the accounting policy has taken place has been recomputed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years.
4. If an incorrect accounting policy is followed, the re-computation of the financial statements has been in accordance with correct accounting policies.
5. Statement of profit or loss discloses both the profit or loss arrived at before considering extraordinary items and after considering the profit or loss from extraordinary items.
6. The statement of assets and liabilities has been prepared after deducting the balance outstanding on revaluation reserve account from both fixed assets and reserves and the net worth arrived at after such deductions.

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

For Aggarwal Garg & Associates
Chartered Accountants

Pawan Garg
Partner
Membership No. 083139
Date : 16.07.2009
Place : Ludhiana

ANNEXURE 1

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Lacs)

Particulars		As at					
		30.06.09	**31.03.09**	**31.03.08**	**31.03.07**	**31.03.06**	**31.03.05**
A.	**Fixed Assets**						
	Gross block	4674.17	4662.61	4640.38	3908.76	3791.25	2781.90
	Less: Depreciation	2687.43	2628.55	2374.61	2127.77	1842.58	1585.83
	Net Block	1986.74	2034.06	2265.77	1780.99	1948.67	1196.07
	Capital Work-in-Progress & Capital Advances	3567.12	3422.23	1061.41	62.52	32.13	58.93
	Total fixed assets (A)	**5553.86**	**5456.29**	**3327.18**	**1843.51**	**1980.80**	**1255.00**
B.	**INVESTMENTS**	**10.00**	**10.00**	**18.00**	**0.00**	**0.00**	**0.00**
C.	**Current assets, loans and advances**						
	Inventories	1106.71	1171.31	1406.36	1429.32	1013.88	911.97
	Receivables	983.32	765.36	921.75	545.42	215.21	182.84
	Cash and bank balances	551.11	848.35	282.76	327.75	110.04	194.13
	Loans and advances	2140.99	1814.56	1092.41	943.77	1012.03	612.19
	Total (C)	**4782.14**	**4599.58**	**3703.28**	**3246.26**	**2351.16**	**1901.13**
	Total assets (A + B + C)	**10346.00**	**10065.87**	**7048.46**	**5089.77**	**4331.96**	**3156.13**
D.	**Liabilities and provisions**						
	Secured loans	5509.34	5697.35	3630.82	2352.80	2435.80	1432.11
	Unsecured loans	103.06	112.52	22.95	466.62	453.10	497.30
	Deferred Tax Liability	114.09	93.57	105.31	116.07	120.36	88.16
	Current liabilities	974.30	743.50	883.57	951.40	253.09	137.97
	Provisions	144.78	102.60	106.28	60.36	15.08	24.48
	Total Liabilities (D)	**6845.57**	**6749.54**	**4748.93**	**3947.25**	**3277.43**	**2180.02**
E.	**Net worth (A+B+C-D)**	**3500.43**	**3316.33**	**2299.53**	**1142.52**	**1054.53**	**976.11**
F.	**Represented by**						
	Share capital						
	-Equity Share Capital	1254.61	1254.61	774.45	700.25	700.25	700.25
	-Preference Share Capital	0.00	0.00	0.00	0.00	0.00	0.00
	Less:- Call in Arrears	0.00	0.00	0.00	0.00	0.00	0.00
	Total	1254.61	1254.61	774.45	700.25	700.25	700.25
	Share Application Money	590.00	590.00	0.00	0.00	0.00	0.00
	Reserves and surplus	1662.82	1478.72	1525.08	442.27	354.28	275.86
	TOTAL	**3507.43**	**3323.33**	**2299.53**	**1142.52**	**1054.53**	**976.11**
	Less Miscellaneous Expenditure (To the extent not written off)	7.00	7.00	0.00	0.00	0.00	0.00
	Net Worth	**3500.03**	**3316.33**	**2299.53**	**1142.52**	**1054.53**	**976.11**

ANNEXURE 2

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. in Lacs)

	Particulars	Period ended	Year ended				
		30.06.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
A	**Income**						
	Sales of Products Manufactured by the Company	2138.21	8994.98	8112.18	7201.63	7096.37	6967.03
	Sales of Products Traded by the Company	770.53	4880.99	2023.69	266.06	-	-
	Less Excise Duty	1.06	17.83	193.48	520.37	536.16	592.50
	Net Sales	2907.68	13858.14	9942.39	6947.32	6560.21	6374.53
	Other Income	83.23	61.64	86.64	50.38	98.14	0.19
	Increase/(Decrease) in Inventories	(49.31)	(94.26)	(70.31)	462.23	(396.44)	56.80
	Total (A)	**2941.60**	**13825.52**	**9958.72**	**7459.93**	**6261.91**	**6431.52**
B	**Expenditure**						
	Materials consumed	1469.13	6629.00	5700.24	5392.40	4566.68	4919.68
	Cost of Goods Sold	733.48	4840.31	2056.26	192.13	0.00	0.00
	Staff Costs	93.02	315.47	258.98	256.42	342.31	261.21
	Other manufacturing expenses	230.35	818.54	833.46	898.10	735.50	606.91
	Administrative, selling and distribution expenses	31.43	208.08	142.51	89.71	78.29	159.75
	Loss on sales of Fixed assets	0.00	0.00	0.01	0.10	1.36	0.00
	Total (B)	**2557.41**	**12811.40**	**8991.46**	**6828.86**	**5724.14**	**5947.55**
C	**Profit Before Interest, Depreciation and Tax**	**384.19**	**1014.12**	**967.26**	**631.07**	**537.77**	**483.97**
	Depreciation	58.88	260.94	250.82	285.24	267.46	315.29
	Profit Before Interest and Tax	**325.31**	**753.18**	**716.44**	**345.83**	**270.31**	**168.68**
	Financial Charges	78.81	228.51	205.92	201.78	144.61	84.32
D	**Profit after Interest and Before Tax**	**246.50**	**524.67**	**510.52**	**144.05**	**125.70**	**84.36**
	Preliminary Expenses W/o	0.00	0.00	0.00	0.00	0.00	0..00
E	**Profit before Taxation**	**246.50**	**524.67**	**510.52**	**144.05**	**125.70**	**84.36**
	Provision for Taxation	41.89	97.35	94.50	57.04	11.33	24.28
	Provision for Deferred Tax	20.51	(11.73)	(10.76)	(4.29)	32.20	1.01
	Provision for FBT	0.00	5.25	3.00	2.74	2.85	0.00
	Add/Less Tax adjustment	0.00	0.00	0.00	0.00	0.00	0.00
F	**Profit After Tax but Before Extra ordinary Items**	**184.10**	**433.80**	**423.78**	**88.56**	**79.32**	**59.08**
	Extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00
	Impact of material adjustments for restatement in corresponding years (net of tax) (B)	0.00	0.00	8.78	0.58	0.90	0.20

G	**Net Profit after adjustments**	**184.10**	**433.80**	**415.00**	**87.98**	**78.42**	**58.88**
H	**Net Profit Available for Appropriation**	**184.10**	**433.80**	**415.00**	**87.98**	**78.42**	**58.88**
	Proposed dividend	0.00	0.00	0.00	0.00	0.00	0.00
	Tax on Proposed dividend	0.00	0.00	0.00	0.00	0.00	0.00
	Transfer to General Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Balance c/d to Balance Sheet	**184.10**	**433.80**	**415.00**	**87.98**	**78.42**	**58.88**

ANNEXURE 3

SIGNIFICANT ACCOUNTING POLICIES

1. a) Accounting convention

The accounts are prepared on accrual basis under the historical cost convention in accordance with the accounting standards referred to in section 211(3C) of the Companies Act, 1956 and other relevant provisions of the said Act.

b) Going Concern Convention

The accounts of the company have been prepared on going concern basis.

2. Revenue Recognition

(a) Sales

i. Sales comprise sale of goods, services and export incentives net of excise duty, sales tax/VAT and trade discount. Revenue from sale of goods is recognized:

ii. When all the Significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and

iii. No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

(b) Interest:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(c) Export Benefits/Incentive:

Revenue in respect of the above benefit is recognized on post export basis.

(d) Insurance and Other Claims:

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized.

3. Retirement Benefits

- **Gratuity**
  Provision for gratuity liability to employees is made on the basis of actuarial valuation as at the close of the year.
- **Provident Fund**
  Contribution to Provident Fund is made in accordance with the provisions of the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and charged to the Profit & Loss Account.
- **Leave with wages**
  Provision for leave with wages is made on the basis of leave accrued to the workers during the financial year.

4. Fixed Assets

Fixed assets are stated at the values at which they are acquired, less accumulated depreciation and cenvat credit if availed. The cost of fixed assets included interest on borrowing attributable to acquisition of fixed assets up to the date of commissioning of the assets and other incidental expenses incurred up to that date. Machinery spares whose use is expected to be irregular are capitalized and depreciated over the useful life of the principal item of asset.

5. Capital Work in Progress

Projects under commissioning and other Capital Work in Progress are carried at Cost, comprising direct cost, related incidental expenses, indirect expenditure and attributable interest related to that project.

6. Inventories

Inventories are valued at cost or net realizable value, whichever is lower. The cost In respect of the various items of inventory is computed as under:

- In case of raw material at actual cost determined on FIFO basis plus direct expenses.
- In case of Stores and spares at weighted average cost.
- In case of Work in process at raw material cost plus appropriate proportion of direct labour and overhead.
- In case of finished goods at raw material cost plus conversion cost and appropriate proportion of overhead.

7. Impairment of Assets

At each balance sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which carrying amount of an asset exceeds its recoverable amount is provided in the books of accounts.

8. Depreciation

Depreciation is provided in accordance with and in the manner and at the rates specified in schedule XIV to the Companies Act, 1956 as under:

a) on written down value basis for assets acquired prior to 06/03/2006 and
b) on straight line basis for assets acquired after that date.

9. Foreign Currency Conversion/Translation

Purchase and Sales are accounted at exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency as at Balance Sheet date are translated at rates prevailing at the year end and the resultant net gains or losses are recognized as income or expense in the year in which they arise except the net variation arising on account of such conversion in case of liabilities incurred for acquisition of fixed assets is adjusted to the cost of the respective fixed asset.

10. Borrowing Costs

Borrowing cost attributable to construction periods is capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.

11. Investments

Long term investments are carried at cost, less provision for diminution, in value of such investments. Current Investments are carried individually at lower of Cost and fair value.

12. CENVAT Credit

The cenvat credit of excise duty if any availed on inputs and capital goods is accordingly reduced from the purchase cost of related inputs or capital goods as the case may be.

13. Accounting for Taxes on Income

Provision for tax if any, is based on the assessable profits computed in accordance with the provisions of Income Tax Act 1961 and the Accounting Standard 22 issued by the Institute of Chartered Accountants of India. Fringe Benefit Tax is provided on the aggregate amount of fringe benefits determined in accordance with the provisions of the relevant enactments at the specified rate of tax.

14. Cash Flow Statement

The company has prepared the Cash Flow Statement using the Indirect Method in compliance of Accounting Standard issued by The Institute of Chartered Accountants of India (AS-3).

15. Segmental Reporting

The company is principally engaged in the business of textiles (mainly manufacturing of yarn of different kinds and trading of knitted cloth & acrylic top etc.) and the project of wind mill (for generation of electricity for re-sale.) The company is also operating in different geographical segments. The relevant information about these segments are given as part of Notes on Accounts.

16. Earning per share:

Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into account the aggregate of the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.

ANNEXURE 4

NOTES ON ACCOUNTS FOR THE PERIOD ENDING 30.06.2009

1. Estimated amount of contracts remaining to be executed on capital account (net of advances)

2009-10 (June, 2009)	2008-09
Rs. 4757.46 lacs	Rs. 4592.46 lacs

2. *Payment to Auditors :*

	June, 2009	2008-09
i) Audit fees.	Rs.18000.00	Rs.70725.00
ii) Tax audit fees.	----	Rs.12000.00
iii) Other expenses.	Rs.1750.00	Rs.7800.00

3. All figures have been rounded off to nearest rupees.

4. Figures in brackets indicate deductions.

5. In the opinion of the Board, current assets, loans and advances have a value in the ordinary course of business at least equal to that stated in the balance sheet and adequate provisions have been made for all known liabilities and depreciation in the books of accounts.

6. During the year a total remuneration of Rs.1275000.00 (Previous year Rs. 5100000.00) have been paid to the director of the Company in accordance with the provisions of Schedule XIII and other applicable provisions of the Companies Act, 1956.

7. Segment information for the year ended 30th June, 2009

   (a) Information about Primary Business Segments

	Textile		Wind Mill		Total (Rs in lacs)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenue:						
External (Net of Excise)	2882.19	13791.05	25.49	67.09	2907.68	13858.14
Inter-segment						
Total Revenue	2882.19	13791.05	25.49	67.09	2907.68	13858.14
Result:						
Segment Result	246.88	566.62	2.81	(29.20)	249.69	537.42
Unallocated Expenditure					3.19	12.75
Profit before Tax					246.50	524.67
Provision for Tax					62.40	90.87
Profit After Tax					184.10	433.80

	Textile		Wind Mill		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Segment Assets	9731.88	9443.20	614.11	622.67	10345.99	10065.87
Segment Liabilities	6411.56	6301.28	434.00	448.26	6845.56	6749.54
Capital Expenditure	156.65	1880.25	---	---	156.65	1880.25
Depreciation	50.32	226.22	8.56	34.71	58.88	260.93

(b) Information about Secondary Geographical Segments
Revenue by geographical market

	India		Asia (other than India)		Europe		America North & South		Africa		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
External	2805.69	12148.78	70.94	1366.73	-	-	20.39	308.51	10.66	34.12	2907.68	13858.14
Inter-segment	-	-	-	-	-	-	-		-	-	-	-
Total	2805.69	12148.78	70.94	1366.73	-	-	20.39	308.51	10.66	34.12	2907.68	13858.14

(c) Notes:

(i) Management has identified two reportable business segments, namely:

- Textile:– Production of Acrylic Yarn, Polyester Yarn, Polyester/cotton Blended Yarn and other Blended Yarns.
- Energy Generation:- Generation of Energy from Wind Mill.

Segments have been identified and reported taking into account the nature of products.

(ii) The segment in the geographical segments considered for the disclosure is as follows:-

- India: comprising of sales to customers located within India and earnings in India
- Asia (other than India) : comprising of sales to customers located in Asia.
- Europe: comprising of sales to customers located in Europe.
- America North & South: comprising of sales to customers located in America North & South.
- Africa: comprising of sales to customers located in Africa.

(iii) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

8. Deferred Tax Liability (Net) as on 30^{th} June, 2009 is as follows:

(Rs. in lacs)

	Current Year	Previous Year
Timing Difference on account of Depreciation	114.08	112.05
Less: Deferred Tax Asset arising on account of timing difference Due to disallowance u/s 43-B of the Income Tax Act, 1961	0.00	6.74
Net Timing difference	114.08	105.31

So net Deferred Tax Liability of Rs.20.51 lacs have been provided for upto 30.06.2009 (Previous year written back Rs. 11.73 lacs in Profit and Loss Account)

9. Small Scale Industrial Undertakings having outstanding exceeding Rs. 1.00 lac, which is outstanding for over a period of more than 30 days are as under:-

   a) Gupta packwell Rs. 1,11,941/-
   b) Laxmi Narain Vishambharnath Rs. 1,41,097/-
   c) Band Box Electronics Rs. 2,06,054/-

10. The institute of Chartered Accountants of India has issued an Accounting Standard – 28 on Impairment of Assets, which is mandatory for the accounting periods commencing on or after 1st April, 2004. In accordance with the said standards, the company has assessed as on date of applicability of the aforesaid standard and as well as on balance sheet date, whether there are any indications with regard to the impairment of any of the assets. Based on such assessment, it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of accounts.

ANNEXURE 5

NOTES TO ADJUSTED ACCOUNTS

1. Provision for tax of earlier years and Excess/(short) provision for income tax

Excess or short provision of taxes relating to earlier years has been adjusted to the year to which they relate.

2. Expenses relating to earlier years

These represent adjustments in respect of prior period items being material charges or credits which arise in a particular period as a result of errors or omission in the preparation of financial statements of one or more prior periods and/or material adjustments. These have been adjusted to the year to which they pertain.

3. Exceptional and non-recurring items **(Amount Rs. In lacs)**

a) The Company has derived profit/(Loss) on sale of fixed assets as given below.

Financial Year	Profit/(Loss)
2004-05	-
2005-06	(1.36)
2006-07	(0.10)
2007-08	(0.06)
2008-09	26.52

b) Charge to Profit and Loss Account on account of amortization of Preliminary Expenditure/Expenditure of Capital nature as given below:-

Financial Year	Profit/(Loss)
2003-04	0.81

STATEMENT OF ADJUSTMENTS TO AUDITED PROFIT AND LOSS ACCOUNTS

Particulars	**Period ended**	**Year ended March 31st**				
	30.06.09	**2009**	**2008**	**2007**	**2006**	**2005**
Prior Period Adjustments - Provision for tax	-	-	8.78	0.58	0.90	0.20

ANNEXURE 6

DETAILS OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Period Ended 30th June, 2009	NIL
Financial Year ended 31st March, 2009	NIL
Financial Year ended 31st March, 2008	NIL
Financial Year ended 31st March, 2007	NIL
Financial Year ended 31st March, 2006	NIL
Financial Year ended 31st March, 2005	NIL

ANNEXURE 7

STATEMENT OF QUALIFICATIONS/OBSERVATIONS IN AUDITOR'S REPORT

Period Ended 30th June, 2009	NIL
Financial Year ended 31st March, 2009	NIL
Financial Year ended 31st March, 2008	NIL
Financial Year ended 31st March, 2007	NIL
Financial Year ended 31st March, 2006	NIL
Financial Year ended 31st March, 2005	NIL

ANNEXURE 8

STATEMENT OF CASH FLOWS

(Rs. in Lacs)

PARTICULARS	As at 30.06.2009	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit before tax	246.50	524.67	510.52	144.05	125.70	84.36
Adjustment For: -						
Depreciation	58.88	260.93	250.82	285.24	267.46	315.29
Misc Expenditure written off	-	-	-	-	-	-
Foreign Exchange Fluctuation Gain/Loss	(80.50)	319.06	(72.13)	(24.04)	22.79	-
Income from Commodity Derivatives	-	(246.87)				
Interest Received	(1.17)	(31.80)	(4.73)	(1.75)	(2.14)	(0.13)
Interest Expense	78.81	228.51	205.92	201.77	121.82	84.32
Profit/Loss on sales of fixed assets	0.00	(26.51)	0.01	0.10	1.36	(0.06)
Provision For Tax	(41.90)	(102.60)	(97.50)	(59.77)	(14.18)	(24.28)
Adjustment of Tax	-	-	(8.78)	(0.58)	(0.90)	(0.20)
Operating Profit before working capital Changes	**260.62**	**925.39**	**784.11**	**545.02**	**521.92**	**459.30**
Adjustment For						
Trade & Other Receivables	(217.96)	156.39	(376.33)	(330.21)	(32.37)	(89.06)
Loans and advances	(163.94)	(499.22)	(148.64)	68.27	(399.84)	(156.32)
Inventories	64.60	235.05	22.96	(415.45)	(101.90)	38.73
Sundry Creditors & Payables	272.98	(143.74)	(21.91)	743.59	105.71	65.84
NET CASH FLOW FROM OPERATING ACTIVITES	**216.30**	**673.87**	**260.19**	**611.22**	**93.52**	**318.49**
B. CASH FLOW FROM INVESTING ACTIVITIES						
Net Addition in Fixed Assets & CWIP	(156.06)	(1887.25)	(1400.42)	(156.51)	(1029.82)	(55.26)
Increase in Capital Advances	(0.39)	(502.79)	(334.07)	8.56	36.56	(55.01)
Profit(Loss) on sales of fixed assets	-	26.52	(0.01)	(0.10)	(1.36)	0.06
Income from Commodity Derivatives	-	246.87	-	-	-	-
Investments	-	18.00	(18.00)	-	-	-
Investments in Subsidiaries	-	(10.00)	-	-	-	-
Advances to Subsidiaries	(162.50)	(222.94)	-	-	-	-
NET CASH FLOW FROM INVESTING ACTIVITES	**(318.95)**	**(2331.58)**	**(1752.50)**	**(148.05)**	**(994.62)**	**(110.21)**
C. CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from long term borrowing	(52.77)	1168.95	775.15	(270.41)	565.32	(140.99)
Proceeds from Short term borrowing	(135.23)	897.57	502.87	187.40	438.37	222.49
Foreign Exchange Fluctuation Gain	80.50	(319.06)	72.12	24.03	(22.79)	-

Interest Received	1.17	31.80	4.74	1.75	2.14	0.14
Interest Expense	(78.81)	(228.51)	(205.92)	(201.77)	(121.82)	(84.32)
Proceeds from Unsecured Loans	(9.45)	89.56	(443.67)	13.53	(44.20)	(21.56)
Net Proceeds from Issue of Equity Shares	-	-	742.01	-	-	-
Proceeds from Share Application	-	590.00	-	-	-	-
Misc Expenditure	-	(7.00)				
NET CASH FLOW FROM FINANCING ACTIVITIES	**(194.59)**	**2223.31**	**1447.31**	**(245.46)**	**817.02**	**(24.24)**
Net increase/(decrease) in cash & Cash equivalents	**(297.24)**	**565.60**	**(44.99)**	**217.71**	**(84.08)**	**184.04**
Cash and Cash Equivalent at beginning of year	**848.36**	**282.76**	**327.75**	**110.04**	**194.13**	**10.09**
Cash and Cash Equivalent at the end of year	**551.12**	**848.36**	**282.76**	**327.75**	**110.04**	**194.13**

ANNEXURE 9

SUMMARY ACCOUNTING RATIOS

(Rs. in Lacs)

				As at			
Particulars		**30.06.09**	**31.03.09**	**31.03.08**	**31.03.07**	**31.03.06**	**31.03.05**
Net Profit as restated	A	184.1	433.8	415	87.98	78.42	58.88
Net Worth	B	2910.03	2726.33	2299.53	1142.52	1054.53	976.11
Return on Net Worth (%)	A/B*100	6.33%	15.91%	18.04%	7.75%	7.52%	6.05%
Equity Shares at the end of year (Face Value Rs. 10/-)	C	12546106	12546106	7744510	7002500	7002500	7002500
Weighted No of Equity Shares without considering bonus shares	D	12546106	12546106	7012665	7002500	7002500	7002500
Basic Earnings per share	A/D	1.47	3.46	5.92	1.26	1.13	0.84
Weighted No of Equity Shares after considering bonus shares	E	12546106	12546106	11814261	11804096	11804096	11804096
Adjusted Earning per shares	A/E	1.47	3.46	3.51	0.75	0.66	0.5
Net Asset Value/Book Value per share	B/C	23.1	21.73	29.69	16.32	15.07	13.94

Notes:

1. These ratios are computed on the basis of the standalone (unconsolidated) restated summary financial statements of the issuer Company.

2. Earnings per share calculations are done in accordance with Accounting Standard 20 Earnings per Share issued by the Institute of Chartered Accountants of India.

3. Calculation of ratios post issue has not been considered.

4. Weighted average number of shares as per D is arrived after considering issue of bonus shares only in the year of issue.

5. Weighted average number of shares as per E is arrived after considering issue of bonus shares for all the prior years.

6. Net worth referred above excludes share application money.

ANNEXURE 10

STATEMENT SHOWING RATES AND AMOUNT OF DIVIDEND

No dividend has been declared in past five years.

ANNEXURE 11

STATEMENT OF UNSECURED LOANS

(Rs. in Lacs)

	Particulars	**30.06.09**	**31.03.09**	**31.03.08**	**31.03.07**	**31.03.06**	**31.03.05**
	From Directors	4.87	13.37	22.45	356.42	348.41	455.99
	From Others	0.50	0.50	0.50	110.20	104.67	41.30
	Inter Corporate Deposits	97.69	98.65	-	-	-	-
	Total	**103.06**	**112.52**	**22.95**	**466.62**	**453.08**	**497.29**
	Above amount includes transactions with following related parties:						
A	**LOAN FROM DIRECTORS**						
1	Sh. Yash Paul Jindal	3.87	3.87	2.57	46.07	116.27	160.92
2	Sh. Sandeep Jindal	0.28	8.78	17.77	211.28	195.82	104.65
3	Sh. Ramesh Jindal	0.06	0.06	1.11	39.97	35.32	85.92
4	Sh. Rajinder Jindal	0.66	0.66	1.00	59.10	1.00	94.50
	TOTAL [A]	**4.87**	**13.37**	**22.45**	**356.42**	**348.41**	**455.99**
B	**LOAN FROM OTHERS**						
1	Jagdish Rai Jindal & Sons HUF	0.50	0.50	0.50	0.50	-	-
2	Ms. Neha Jindal	-	-	-	11.21	10.54	9.92
3	Ms. Ritika Jindal	-	-	-	21.83	21.35	20.75
4.	Smt. Santosh Jindal	-	-	-	33.22	19.95	-
5.	Smt. Geeta Jindal	-	-	-	16.12	15.83	-
6.	Smt. Reen Prabha Jindal	-	-	-	16.83	15.83	-
7.	Sandeep Jindal & Sons HUF	-	-	-	10.49	9.87	-
8.	Smt. Saruchi Jindal	-	-	-	-	11.30	10.63
	TOTAL [B]	**0.50**	**0.50**	**0.50**	**110.20**	**104.67**	**41.30**
C	**INTER CORPORATE DEPOSITS**						

1.	M/s Jindal Cycles Pvt. Ltd	97.69	98.65	-	-	-	-
	TOTAL [C]	**97.69**	**98.65**	**-**	**-**	**-**	**-**
	TOTAL [A+B+C]	**103.06**	**112.52**	**22.95**	**466.62**	**453.08**	**497.29**

INTEREST RATES DETAILS OF THE RELATED PARTIES

		30.06.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
A	**LOAN FROM DIRECTORS**	**-**	**-**	**-**	**-**	**-**	**-**
B	**LOAN FROM OTHERS**						
1	Jagdish Rai Jindal & Sons HUF	-	-	-	-	-	-
2	Ms. Neha Jindal	-	-	8%	7%	7%	7%
3	Ms. Ritika Jindal	-	-	8%	7%	7%	7%
4.	Smt. Santosh Jindal	-	-	8%	7%	7%	-
5.	Smt. Geeta Jindal	-	-	8%	7%	7%	-
6.	Smt. Reen Prabha Jindal	-	-	8%	7%	7%	-
7.	Sandeep Jindal & Sons HUF	-	-	8%	7%	7%	-
8.	Smt. Suruchi Jindal	-	-	-	7%	7%	7%
C	**INTER CORPORATE DEPOSITS**						
1.	M/s Jindal Cycles Pvt. Ltd	12%	12%	-	-	-	-

ANNEXURE 12

CAPITALIZATION STATEMENT

(Rs. in Lacs)

Particulars	Post Issue	Pre Issue
	(Refer note 2)	30.06.09
Borrowing		
Short Term Debt	(*)	2899.47
Long Term Debt (A)	(*)	2609.88
Total Debts	(*)	**5509.34**
Equity (Share Holders' Funds)		
Equity Share Capital	(*)	1254.61
Share Application money	(*)	590.00
Share Premium	(*)	667.81
Reserves and Surplus (excluding share premium)	(*)	995.01
Total Equity (B)	**(*)**	**3507.43**
Less:-Miscellaneous Expenditure	(*)	7.00
Net Worth	**(*)**	**3500.43**
Long term Debt / Equity Share Holders' Funds ((A) / (B))	(*)	1.57

Notes:
1) Long term debt is debt with tenure of more than one year.
2) Working Capital Limits as on June 30, 2009 are considered as short- term debts.
3) Post Issue capitalization will be finalized after the issue.

ANNEXURE 13

STATEMENT OF TAX SHELTER

(Rs. in Lacs)

Particulars	**Period/Year ended**					
	30.06.09	**31.03.09**	**31.03.08**	**31.03.07**	**31.03.06**	**31.03.05**
Profit before tax as per books of accounts	246.50	524.67	510.51	144.05	125.70	84.36
Normal tax rates	33.99%	33.99%	33.99%	33.66%	33.66%	36.59%
Minimum alternative tax rates	16.99%	11.33%	11.33%	11.22%	11.22%	7.84%
Notional tax at normal rates (A)	83.78	178.34	173.52	48.49	42.31	30.87
Permanent Differences						
Other adjustments – Disallowances	7.79	18.51	10.23	10.74	6.40	8.78
Total (B)	7.79	18.51	10.23	10.74	6.40	8.78
Timing Differences						
Difference between tax depreciation and book depreciation	-136.03	-246.40	-236.05	6.18	-94.40	-18.10
Other adjustments	-7.89	-10.39	-7.09	-7.20	-3.60	-9.00
Total (C)	-143.92	-256.79	-243.14	-1.02	-98.00	-27.10
Net Adjustments (B+C)	-136.13	238.28	-232.91	9.72	-91.60	-18.32
Tax expense / (savings) thereon (D)	-46.27	-80.99	-79.17	3.27	-30.83	-6.70
Total taxation (E=A+D)	37.51	97.35	94.35	51.76	11.48	24.17
Brought forward losses set off (Depreciation)	0	0.00	0.00	0.00	0.00	0.00
Tax effect on the above (F)	0	0.00	-0.00	0.00	0.00	0.00
Net tax for the year / period (E+F)	37.51	97.35	94.35	51.76	11.48	24.17
Tax payable as per MAT	41.80	59.44	57.85	16.16	14.10	6.61
Tax expense recognised	41.81	97.35	94.50	57.04	11.33	24.28
Tax as per return of income	0	-	94.35	51.76	11.48	24.17

The statement of tax shelter has been prepared based on returns of income filed by the Company with the Income tax authorities, except for the period ending 30.06.2009 and year ending March 31, 2009 and not based on restated profits as per Annexure I. The effect of assessment/appellate orders has not been considered for the above statement.

ANNEXURE 14

SECURED LOANS

(Rs. in Lacs)

Particulars	As at					
	30.06.09	**31.03.09**	**31.03.08**	**31.03.07**	**31.03.06**	**31.03.05**
Term loan from banks	2609.88	2662.65	1493.70	718.54	988.96	423.63
Working capital loan from banks	505.34	500.00	500.00	-	-	-
Cash Credits	2383.13	2362.45	1202.49	1524.74	1446.85	1008.47
Bill Discounting	10.99	172.25	434.63	109.51	-	-
Specify others if any	-	-	-	-	-	-
Total	**5509.34**	**5697.35**	**3630.82**	**2352.79**	**2435.81**	**1432.10**

PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARED AS SECURITY

(Rs. in lacs)

Name of the lender	Facility	Sanctioned Amount	Balance as on 30.06.09	Rate of Interest	Repayment Schedule	Securities offered
TERM LOANS FOR THE EXISTING UNIT						
State Bank of Patiala, SCB, Millerganj, Ludhiana	Term Loan	700.00	282.59	11.75% (PLR-1.50%)	Repayable in quarterly installment of Rs.35.00 lacs each, last installment due on March, 2011.	1st Charge on fixed assets of the company on pari passu basis with Oriental Bank of Commerce, secured by personal guarantee of directors, EM of land at VPO Jugiana, GT Road, Ludhiana
TERM LOAN FOR THE WIND MILL						
Punjab & Sind Bank, IBD, Ludhiana	Term Loan	448.00	434.00	12.50% (PLR-1%)	Repayable in 32 quarterly installments of Rs.14.00 lacs each, first installment due on March, 2009.	Exclusive charge over the wind power project and second charge on the fixed assets of the company at VPO Jugiana, GT Road, Ludhiana.
TERM LOAN FOR THE EXPANSION UNIT-II AT VILLAGE MANDIALAN KALAN						
Oriental Bank of Commerce, Overseas Branch, Ludhiana	Term Loan	4400.00	1862.32	11.00%. (PLR-1%)	Repayable in 25 quarterly installments, with first 13 quarterly	1st charge over the fixed assets of the company to be financed out of this term

					installments shall be of Rs.1.46 Crores from March, 2011 upto March, 2014, 11 quarterly installments of Rs.2.09 Crores from June, 2014 to December, 2016 and last 25th installment shall be Rs.2.03 crores in March, 2017.	loan having a total cost of Rs.58.07 crores EM of land purchased or to be purchased for a value of Rs.4.18 crores along with building to be constructed at Village Mandiala Kalan, Bija, Tehsil Khanna, Ludhiana
----do----	Term Loan	700.00	-	11.00%. (PLR-1%)	Repayable in 25 quarterly installments, with first 13 quarterly installments shall be of Rs.0.24 Crores from March, 2011 upto March, 2014, 11 quarterly installments of Rs.0.33 Crores from June, 2014 to December, 2016 and last 25th installment shall be Rs.0.25 crores in March, 2017.	1st charge over the fixed assets of the company to be financed out of this term loan having a total cost of Rs.56.16 crores EM of land along with building to be constructed thereon total cost of Rs4.82 crores and hypothecation of plant and machinery.
VEHICLE LOANS						
ICICI Bank, Ludhiana	Car Loan	38.00	30.97	-	Repayable in 60 EMI of Rs.81320/- each, first due on May, 2008 .	Hypothecation of Car (BMW)
CASH CREDIT ACCOUNTS AND BILL DISCOUNTING						
Oriental Bank of Commerce, Overseas Branch, Ludhiana	CC-Limit `	1700.00	1674.15	11.00%. (PLR-1%)	On Demand	Hypothecation of stocks of raw materials, Stock in process, finished goods,

	FUDBP	200.00	10.99	9.50%		stores and spares and receivables. Foreign Demand/ Usance Bills Further secured by Personal guarantee of four directors, collaterally secured by equitable mortgage of land at VPO Jugiana, GT Road, Ludhiana.
Punjab & Sind Bank, IBD, Ludhiana	Short Term Loan	500.00	505.34	13.00%	Repayable on 14.11.2009	Second Charge over the current assets of the company, sub-servient charge over fixed assets of the company and personally guaranteed by the promoter directors of the company
State Bank of India, SCB, Millerganj, Ludhiana	Cash Credit	700.00	708.98	12.25%	On Demand	Hypothecation of stocks of raw materials, Stock in process, finished goods, stores and spares and receivables on pari passu with OBC
Total		**10186.00**	**5509.34**			

ANNEXURE 15

INVESTMENTS, AS RESTATED

(Rs. in Lacs)

Particulars	**As at**					
	30.06.09	**31.03.09**	**31.03.08**	**31.03.07**	**31.03.06**	**31.03.05**
(a) Long Term (at cost)						
Partner in M/s Poonam Enterprises		-	18.00	-	-	-
In Subsidiary Company (Trade)						
Jindal Medicot Limited	5.00	5.00	-	-	-	-
Jindal Specialty Textiles Limited	5.00	5.00	-	-	-	-
(b) Short Term (at cost)	-	-	-	-	-	-
(c) Current (at lower of cost and fair value)	-	-	-	-	-	-
Total (a+b+c)	**10.00**	**10.00**	**18.00**	-	-	-

ANNEXURE 16

STATEMENT OF AGE WISE ANALYSIS OF RECEIVABLES

(Rs. in Lacs)

Particulars	**30.06.09**	**31.03.09**	**31.03.2008**	**31.03.2007**	**31.03.2006**	**31.03.2005**
Sundry Debtors						
(Unsecured) a)Outstanding for more than six months (Considered good)						
from related parties	-	-	-	-	-	-
from Others	1.75	1.75	1.75	2.42	2.96	0.11
Considered Doubtful	-	-	-	-	-	-
Sub Total	1.75	1.75	1.75	2.42	2.96	0.11
b) Other Debts - Considered good	981.57	808.36	920.00	542.99	212.24	182.73
TOTAL	**983.32**	**810.11**	**921.75**	**545.41**	**215.20**	**182.84**

ANNEXURE 17

LOANS AND ADVANCES, AS RESTATED (Unsecured considered good)

(Rs. in Lacs)

Particulars	As at					
	30.06.09	**31.03.09**	**31.03.2008**	**31.03.2007**	**31.03.2006**	**31.03.2005**
Advance to Wholly owned subsidiary	385.44	222.94	-	-	-	-
Advance against supplies	239.39	152.37	140.94	66.74	10.21	26.43
Securities	77.62	77.62	77.62	77.40	77.43	67.68
Employees	1.07	1.71	5.23	0.57	0.52	1.25
Advances Income Tax	42.02	42.02	27.66	18.15	10.70	24.00
Excise duty credits	557.31	502.25	519.20	644.77	734.74	485.47
Interest Reimbursement Receivable	23.17	23.17	46.54	32.69	13.64	1.65
VAT Under Protest	26.09	26.09	26.09	0.00	0.00	0.00
VAT Recoverable	385.24	336.53	101.26	4.66	6.82	0.00
Export Incentives Receivable	12.13	68.76	99.10	66.32	54.47	0.00
Discount Receivable	49.33	49.33	9.38	11.02	0.05	0.00
Prepaid Bank Interest/ Charges	3.25	12.76	3.89	12.63	0.00	0.00
RPPC Ajmer Discom	29.78	4.29	0.01	0.00	0.00	0.00
Prepaid Expenses	2.22	1.73	3.68	3.73	7.45	5.22
Advance Others	264.90	292.98	31.81	21.43	96.00	0.48
Total	**2140.99**	**1814.55**	**1092.41**	**943.77**	**1012.03**	**612.18**
Above amount includes balances of following related parties	-	-	-	-	-	-
Total	**-**	**-**	-	-	-	-

ANNEXURE 18

OTHER INCOME, AS RESTATED

(Rs. in Lacs)

Particulars	**As at**					
	30.06.2009	**31.03.2009**	**31.03.2008**	**31.03.2007**	**31.03.2006**	**31.03.2005**
Recurring						
Interest From Banks	1.16	31.80	4.74	1.75	2.14	0.13
Total (A)	**1.16**	**31.80**	**4.74**	**1.75**	**2.14**	**0.13**
Non Recurring						
Foreign Exchange Fluctuations	80.50	(243.60)	81.90	24.03	0.00	0.00
Income from Derivatives	0.00	246.87	0.00	0.00	0.00	0.00
Miscellaneous	1.56	0.05	0.00	0.00	0.00	0.06
Profit from sale of fixed assets	0.00	26.52				
Key-man Insurance Proceeds	0.00	0.00	0.00	4.10	96.00	0.00
Total (B)	**82.07**	**29.84**	**81.90**	**28.13**	**96.00**	**0.06**
Total (A+B)	**83.23**	**61.64**	**86.64**	**29.88**	**98.14**	**0.19**

Notes:

1. Other income considered above is as per the statement of the restated profit and loss.

2. The classification of other income by the management into recurring and non-recurring is based on the current operations and business activities of the Company.

ANNEXURE 19

DETAILS OF RELATED PARTY TRANSACTION

The company has entered into following related party transactions. As on June 30,2009 such parties and transactions are identified as per accounting standard 18 issued by Institute of Chartered Accountants of India

List of Related Parties

Sr. No.	Name of the Key Managerial Personnel	Relationship
1.	Mr. Sandeep Jindal	Managing Director
2.	Mr. Yash Paul Jindal	Chairman cum Whole Time Director
3.	Mr. Ramesh Jindal	Whole Time Director
4.	Mr. Rajinder Jindal	Whole Time Director

Sr. No.	Subsidiary Company
1.	Jindal Medicot Limited
2.	Jindal Specialty Textiles Limited

Sr. No.	Companies/Firms in which KMP are interested
1.	Jindal Cycles Private Limited
2.	Jindal Fine Industries
3.	Jindal Info Media Pvt. Ltd

Sr. No.	Relatives of Key Managerial Personnel	
1.	Mr. Sandeep Jindal	Mrs. Manu Jindal-Wife
		Sandeep Jindal & Sons HUF
2.	Mr. Yash Paul Jindal	Mr. Jagdish Rai Jindal-Father
		Mrs. Vidyawati Jindal- Mother
		Mrs. Santosh Jindal-Wife
		Mrs. Saruchi Jindal-Daughter
		Jagdish Rai Jindal & Sons
3.	Mr. Ramesh Jindal	Mr. Jagdish Rai Jindal-Father
		Mrs. Vidyawati Jindal- Mother
		Mrs. Reen Prabha Jindal-Wife
		Ms. Neha Jindal-Daugther
		Jagdish Rai Jindal & Sons
4.	Mr. Rajinder Jindal	Mr. Jagdish Rai Jindal-Father
		Mrs. Vidyawati Jindal- Mother
		Mrs. Geeta Jindal-Wife
		Ms. Ritika Jindal-Daughter
		Jagdish Rai Jindal & Sons

(Rs. Lacs)

Sr. no.	Name of the party	Nature of Transaction	30.06.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
1	Jindal Cycles Pvt Ltd	Lease Rent	0.15	0.60	0.60	0.60	0.60	0.60
		Purchase of Misc Assets	-	6.79	4.62	-	-	-
		Unsecured loan paid/taken	-	199.69	32.00	-	-	-
		Unsecured loan refunded/placed	0.96	115.30	32.00	-	-	-
		Interest Paid	2.94	17.96				
2	Sandeep Jindal	Director Remuneration	3.75	15.00	15.00	12.00	80.00	30.00
		Unsecured loan received/taken	-	-	46.00	15.46	100.07	57.93
		Unsecured loan refunded/placed	8.50	9.00	239.50	-	18.90	13.64
3	Yash Paul Jindal	Director Remuneration	3.00	12.00	12.00	12.00	2.40	1.20
		Unsecured loan received/taken	-	48.30	38.40	8.10	44.00	64.92
		Unsecured loan refunded/placed	-	47.00	81.90	78.30	88.65	24.00
		Lease Rent	0.12	0.48	0.48	0.48	0.48	0.48
4	Rajinder Jindal	Director Remuneration	3.00	12.00	12.00	12.00	2.40	1.20
		Unsecured loan received/taken	-	44.67	38.39	153.10	-	81.92
		Unsecured loan refunded/placed	-	45.00	96.50	95.00	93.50	142.92
		Lease Rent	0.12	0.48	0.48	0.48	0.48	0.48
5	Ramesh Jindal	Director Remuneration	3.00	12.00	12.00	12.00	2.40	1.20
		Unsecured loan received/taken	-	55.93	37.39	7.65	15.00	0.92
		Unsecured loan refunded/placed	-	56.98	76.25	3.00	65.60	48.00
		Lease Rent	0.12	0.48	0.48	0.48	0.48	0.48
6	Manu Jindal	Salary Paid	1.05	4.36	3.12	2.73	2.16	1.82
7	Saruchi Jindal	Interest Paid	-	-	-	0.33	0.74	0.70
		Unsecured loan refunded/placed	-	-	-	11.59	-	-
8	Neha Jindal	Interest Paid	-	-	0.88	0.74	0.69	0.69
		Unsecured loan refunded/placed	-	-	12.00	-	-	0.70
9	Ritika Jindal	Interest Paid	-	-	1.71	1.48	1.45	1.39
		Unsecured loan refunded/placed	-	-	23.36	0.85	0.70	0.50
10	Santosh Jindal	Interest Paid	-	-	2.60	1.85	1.18	-
		Unsecured loan	-	-	-	11.60	18.90	-

		received/taken						
		Unsecured loan refunded/placed	-	-	35.56	-	-	-
11	Geeta Jindal	Interest Paid	-	-	1.27	1.10	0.92	-
		Unsecured loan received/taken	-	-	-	-	15.00	-
		Unsecured loan refunded/placed	-	-	17.26	0.70	-	-
12	Sandeep Jindal HUF	Interest Paid	-	-	0.81	0.69	0.63	-
		Unsecured loan received/taken	-	-	-	-	10.00	-
		Unsecured loan refunded/placed	-	-	11.22	-	0.70	-
13	Smt Reen Prabha Jindal	Interest Paid	-	-	1.32	1.11	0.93	-
		Unsecured loan received/taken	-	-	-		15.00	-
		Unsecured loan refunded/placed	-	-	18.01			
14	Sh Jagdish Rai Jindal	Unsecured loan received/taken	-	47.00	30.75	-	-	-
		Unsecured loan refunded	-	47.00	30.75	-	-	-
15	Jagdish Rai Jindal & Sons	Unsecured loan received/taken	-	-	-	0.50	-	-
16	Jindal Fine Industries	Loan/Advance Given	-	34.00	-	-	-	-
		Loan/Advance received	-	34.00				
		Interest Received	-	2.93	-	-	-	-
17	Jindal Medicot Ltd	Investment in Shares	-	5.00	-	-	-	-
		Loan/Advance Given	162.50	171.37	-	-	-	-
18	Jindal Specialty Textiles Limited	Investment in Shares	-	5.00	-	-	-	-
		Loan/Advance Given	-	51.57	-	-	-	-
19	Jindal Info Media Pvt Ltd	Loan/Advance Given	0.42	0.64	-	-	-	-
		Loan/Advance received	-	0.64				

ANNEXURE 20

CONTIGENT LIABLITIES

Rs. in lacs

Sr. no.	Nature of Liability	30.06.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
1	Bonds Executed in favour of Central Excise Authorities	-	-	5.50	5.50	5.50	5.50
2	Bonds Executed in favour of Custom Authorities & DGFT	1108.12	1044.67	26.43	-	-	-
3	Outstanding Letter of Credit	-	-	-	247.84	-	172.70
4	Sales Tax Demand for the year 2005-06 disputed by the company	104.36	104.36	104.36	-	-	-
5	Vat not charged in sales invoices to customer due to dispute in sales tax exemption	417.29	354.87	79.41	-	-	-

CONSOLIDATED FINANCIAL STATEMENTS

Auditor's Report

The Board of Directors
Jindal Cotex Limited
VPO Jugiana, GT Road
Ludhiana

Dear Sirs,

A. a) We have examined the annexed financial information of Jindal Cotex Limited ('the Company") for the period ending 30.06.2009 and the year ending March 31, 2009 on consolidated basis.

b) In accordance with the requirements of

iv) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

v) The Securities and Exchange Board of India (Disclosure and investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by Securities and Exchange Board of India ('SEBI') on January, 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and

vi) Our terms of reference with the Company dated June 4, 2008 requesting us to carry out work in connection with the Offer Document as aforesaid.

We report that the consolidated restated assets and liabilities of the Company as at June 30, 2009 and March 31, 2009 are as set out in **'Annexure 1'** to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in **'Annexure 3'** and Notes to the statements of Assets & Liabilities and Profit & Loss Account appearing in **'Annexure 4'** to this report.

We report that the consolidated restated profits of the Company for the period ended June 30, 2009 are as set out in **'Annexure 2'** to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in **'Annexure 3'** and Notes to the Statements of Assets & Liabilities and Profit & Loss Account appearing in **'Annexure 4'** to this report.

B. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report.

i. Notes to Adjustments in Restated Financial Statements 'Annexure 5' to this report
ii. Details of changes in Significant Accounting Policies as given in 'Annexure 6' to this report.
iii. Details of qualifications appearing in the audit report as given in 'Annexure 7' to this report.
iv. Statement of Cash Flow as appearing in 'Annexure 8' to this report;
v. Accounting Ratios as appearing in 'Annexure 9' to this report;
vi. Statement of Dividends as appearing in 'Annexure 10' to this report;
vii. Statement of Unsecured Loans taken including that from related parties enclosed as 'Annexure 11' to this report.
viii. Capitalisation Statement as appearing in 'Annexure 12' to this report;
ix. Statement of Tax Shelter as appearing in 'Annexure 13' to this report.
x. Statement of Secured Loans as appearing in 'Annexure 14' to this report.
xi. Statement of Investments as appearing in 'Annexure 15' to this report.
xii. Statement of Debtors including the related party debtors enclosed as 'Annexure 16' to this report.
xiii. Details of loans and advances as given in 'Annexure 17' to this report.

xiv. Statement of Other Income as appearing in ‘Annexure 18’ to this report.
xv. Details of transactions with the Related Parties as appearing in ‘Annexure 19’ to this report;
xvi. Details of Contingent Liabilities as appearing in ‘Annexure 20’ to this report;

C. a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure 3 to this report, after making adjustments/restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements, has been prepared in accordance with Part II of Schedule II of the Act and we have complied with the clause 6.10.2.7 of the SEBI Guidelines.

In terms of Clause 6.10.2.7 (b) of the SEBI (DIP) Guidelines and Other provisions relating to accounts of the Jindal Cotex Limited, we hereby confirm that Statements of Assets and Liabilities and Profit and Loss or any other financial information have been incorporated in the offer document after making the following adjustments, wherever quantification is possible:

1. Adjustments/ rectification for all incorrect accounting practices or failures to make provisions or other adjustments which resulted in audit qualifications.
2. Material amounts relating to adjustments for previous years has been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred.
3. Where there has been a change in accounting policy, the profits or losses of the earlier years (required to be shown in the prospectus) and of the year in which the change in the accounting policy has taken place has been recomputed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years.
4. If an incorrect accounting policy is followed, the re-computation of the financial statements has been in accordance with correct accounting policies.
5. Statement of profit or loss discloses both the profit and loss arrived at before considering extraordinary items and after considering the profit or loss from extraordinary items.
6. The statement of assets and liabilities has been prepared after deducting the balance outstanding on revaluation reserve account from both fixed assets and reserves and the net worth arrived at after such deductions.

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

For Aggarwal Garg & Co.
Chartered Accountants

Pawan Garg
Partner
Membership No. 083139
Place:- Ludhiana
Date:- 16.07.2009

ANNEXURE 1

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Lacs)

	Particulars	As at 30.06.2009	As at 31.03.2009
A.	**Fixed Assets**		
	Gross block	4674.17	4662.61
	Less: Depreciation	2687.43	2628.55
	Net Block	1986.74	2034.06
	Capital Work-in-Progress & Capital Advances	3948.12	3683.22
	Total fixed assets (A)	**5934.86**	**5717.29**
B.	**Investments (B)**	**0.00**	**0.00**
C.	**Current assets, loans and advances**		
	Inventories	1106.71	1171.31
	Receivables	983.32	765.36
	Cash and bank balances	554.72	809.21
	Loans and advances	1760.41	1594.71
	Total (C)	**4405.16**	**4340.59**
	Total assets (A + B + C)	**10340.02**	**10057.88**
D.	**Liabilities and provisions**		
	Secured loans	5509.34	5697.35
	Unsecured loans	103.06	112.52
	Deferred Tax Liability	114.09	93.58
	Current liabilities	981.02	744.13
	Provisions	144.78	102.60
	Total Liabilities (D)	**6852.29**	**6750.18**
E.	**Net worth (A+B+C-D)**	**3487.73**	**3307.70**
F.	**Represented by**		
	Share capital		
	-Equity Share Capital	1254.61	1254.61
	-Preference Share Capital	0.00	0.00
	Less:- Call in Arrears	0.00	0.00
	Total	1254.61	1254.61
	Share Application Money	590.00	590.00
	Reserves and surplus	1662.82	1478.72
	TOTAL	**3507.43**	**3323.33**
	Less Miscellaneous Expenditure (To the extent not written off)	19.70	15.63
	Net Worth	**3487.73**	**3307.70**

ANNEXURE 2

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. in Lacs)

	Particulars	Period ended 30.06.2009	Year ended 31.03.2009
A	**Income**		
	Sales of Products Manufactured by the Company	2138.21	8994.98
	Sales of Products Traded by the Company	770.53	4880.99
	Less Excise Duty	1.06	17.83
	Net Sales	2907.68	13858.14
	Other Income	83.23	61.64
	Increase/(Decrease) in Inventories	(49.31)	(94.26)
	Total (A)	**2941.60**	**13825.52**
B	**Expenditure**		
	Materials consumed	1469.13	6629.00
	Cost of Goods Sold	733.48	4840.31
	Staff Costs	93.02	315.47
	Other manufacturing expenses	230.35	818.54
	Administrative, selling and distribution expenses	31.43	208.08
	Loss on sales of Fixed assets	0.00	0.00
	Total (B)	**2557.41**	**12811.40**
C	**Profit Before Interest, Depreciation and Tax**	**384.19**	**1014.12**
	Depreciation	58.88	260.94
	Profit Before Interest and Tax	**325.31**	**753.18**
	Financial Charges	78.81	228.51
D	**Profit after Interest and Before Tax**	**246.50**	**524.67**
	Preliminary Expenses W/o	0.00	0.00
E	**Profit before Taxation**	**246.50**	**524.67**
	Provision for Taxation	41.89	97.35
	Provision for Deferred Tax	20.51	(11.73)
	Provision for FBT	0.00	5.25
	Add/Less Tax adjustment	0.00	0.00
F	**Profit After Tax but Before Extra ordinary Items**	**184.10**	**433.80**
	Extraordinary items	0.00	0.00
	Impact of material adjustments for restatement in corresponding years (net of tax) (B)	0.00	0.00
G	**Net Profit after adjustments**	**184.10**	**433.80**
H	**Net Profit Available for Appropriation**	**184.10**	**433.80**
	Proposed dividend	0.00	0.00
	Tax on Proposed dividend	0.00	0.00
	Transfer to General Reserve	0.00	0.00
	Balance c/d to Balance Sheet	**184.10**	**433.80**

ANNEXURE 3

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of consolidated financial statements

The accompanying consolidated financial statements are prepared and presented under the historical cost convention. On the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable.

1.1 Principles of consolidation

a) The consolidated financial statements relates to Jindal Cotex Limited ('the Company') and its subsidiary companies ('the Group'). The consolidated financial statements have been prepared on the following basis:

- In respect of subsidiary companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after as far as possible eliminating intra-group balances and intra-group-transactions resulting in unrealized profits or losses in accordance with Accounting Standard 21- Consolidated Financials Statements prescribed by Companies (Accounting Standards) Rules, 2006.
- The share of minority interest in net assets of subsidiaries for the year is identified and presented in the consolidated financial statements separate from liabilities and the equity of the Group.
- The consolidated financial statements are prepared using uniform accounting policies for like Transactions and other events in similar circumstances and are presented as the Company's separate financial statements.

b) The subsidiary co's considered in consolidated financial statements are as below:

Sr. no.	Name of the Entity	Country of incorporation	Proportion of ownership interest at 30th June 2008
1.	Jindal Medicot Limited	India	100%
2.	Jindal Specialty Textiles Limited	India	100%

b) Going Concern Convention
The accounts of the company have been prepared on going concern basis.

2. Revenue Recognition

(e) Sales

iv. Sales comprise sale of goods, services and export incentives net of excise duty, sales tax/VAT and trade discount. Revenue from sale of goods is recognized:

v. When all the Significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and

vi. No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

(f) Interest:
Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(g) Export Benefits/Incentive:
Revenue in respect of the above benefit is recognized on post export basis.

(h) Insurance and Other Claims:

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized.

3. Retirement Benefits

- **Gratuity**
  Provision for gratuity liability to employees is made on the basis of actuarial valuation as at the close of the year
- **Provident Fund**
  Contribution to Provident Fund is made in accordance with the provisions of the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and charged to the Profit & Loss Account.
- **Leave with wages**
  Provision for leave with wages is made on the basis of leave accrued to the workers during the financial year.

4. Fixed Assets

Fixed assets are stated at the values at which they are acquired, less accumulated depreciation and Cenvat credit if availed. The cost of fixed assets included interest on borrowing attributable to acquisition of fixed assets up to the date of commissioning of the assets and other incidental expenses incurred up to that date. Machinery spares whose use is expected to be irregular are capitalized and depreciated over the useful life of the principal item of asset.

5. Capital Work in Progress

Projects under commissioning and other Capital Work in Progress are carried at Cost, comprising direct cost, related incidental expenses and attributable interest.

6. Inventories

Inventories are valued at cost or net realizable value, whichever is lower. The cost In respect of the various items of inventory is computed as under:

- In case of raw material at actual cost determined on FIFO basis plus direct expenses.
- In case of Stores and spares at weighted average cost.
- In case of Work in process at raw material cost plus appropriate proportion of direct labour and overhead.
- In case of finished goods at raw material cost plus conversion cost and appropriate proportion of overhead.

7. Impairment of Assets

At each balance sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which carrying amount of an asset exceeds its recoverable amount is provided in the books of accounts.

8. Depreciation

Depreciation is provided in accordance with and in the manner and at the rates specified in schedule XIV to the Companies Act, 1956 as under:

a) On written down value basis for assets acquired prior to 06/03/2006 and
b) On straight line basis for assets acquired after that date.

9. Foreign Currency Conversion/Translation

Purchase and Sales are accounted at exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency as at Balance Sheet date are translated at rates prevailing at the year end and the resultant net gains or losses are recognized as income or expense in the year in which they arise except the net variation arising on account of such conversion in case of liabilities incurred for acquisition of fixed assets is adjusted to the cost of the respective fixed asset. However, foreign currency assets and liabilities have not been restated for the purpose of these interim financial statements as the respective adjustments are made only at the end of the financial year.

10. Borrowing Costs

Borrowing cost attributable to construction periods is capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.

11. Investments

Long term investments are carried at cost, less provision for diminution, in value of such investments. Current Investments are carried individually at lower of Cost and fair value.

12. CENVAT Credit

The cenvat credit of excise duty if any availed on inputs and capital goods is accordingly reduced from the purchase cost of related inputs or capital goods as the case may be.

13. Accounting for Taxes on Income

Provision for tax if any, is based on the assessable profits computed in accordance with the provisions of Income Tax Act 1961 and the Accounting Standard 22 issued by the Institute of Chartered Accountants of India. Fringe Benefit Tax is provided on the aggregate amount of fringe benefits determined in accordance with the provisions of the relevant enactments at the specified rate of tax.

14. Cash Flow Statement

The company has prepared the Cash Flow Statement using the Indirect Method in compliance of Accounting Standard issued by The Institute Of Chartered Accountants of India (AS-3).

15. Segmental Reporting

The company is principally engaged in the business of textiles (mainly manufacturing of yarn of different kinds and trading of knitted cloth & acrylic top etc.) and the project of wind mill (for generation of electricity for re-sale.) The company is also operating in different geographical segments. The relevant information about these segments are given as part of Notes on Accounts.

16. Earning per share:

Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into account the aggregate of the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.

ANNEXURE 4

NOTES ON ACCOUNTS FOR THE PERIOD ENDING 30.06.2009

1. Estimated amount of contracts remaining to be executed on capital account (net of advances)

2009-10 (June, 2009)	2008-09
Rs.5789.93	Rs. 4592.46 lacs

2. *Payment to Auditors :*

	2009-10	2008-09
i) Audit fees.	Rs.18000.00	Rs. 81725.00
ii) Tax audit fees.	--	Rs.12000.00
iii) Other expenses.	Rs.1750.00	Rs.7800.00

3. All figures have been rounded off to nearest rupees.

4. Figures in brackets indicate deductions.

5. In the opinion of the Board, current assets, loans and advances have a value in the ordinary course of business at least equal to that stated in the balance sheet and adequate provisions have been made for all known liabilities and depreciation in the books of accounts.

6. The land on which building is constructed by the company is taken on leasehold basis.

7. Segment information for the year ended 30th June, 2009
(a) Information about Primary Business Segments

(Rs in lacs)

	Textile		Wind Mill		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenue:						
External (Net of Excise)	2882.19	13791.05	25.49	67.09	2907.68	13858.14
Inter-segment						-
Total Revenue	2882.19	13791.05	25.49	67.09	2907.68	13858.14
Result:						
Segment Result	246.88	566.62	2.81	(29.20)	249.69	537.42
Unallocated Expenditure					3.19	12.75
Profit before Tax					246.50	524.67
Provision for Tax					62.40	90.87
Profit After Tax					184.10	433.80

	Textile		Wind Mill		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Segment Assets	9725.91	9435.21	614.11	622.67	10340.02	10057.88
Segment Liabilities	6418.29	6301.92	434.00	448.26	6852.29	6750.18
Capital Expenditure	156.65	1880.25	---	---	156.65	1880.25
Depreciation	50.32	226.22	8.56	34.71	58.88	260.93

(b) Information about Secondary Geographical Segments

Revenue by geographical market

	India		Asia (other than India)		Europe		America North & South		Africa		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
External	2805.69	12148.78	70.94	1366.73	-	-	20.39	308.51	10.66	34.12	2907.68	13858.14
Inter-segment	-	-	-	-	-	-	-		-	-	-	-

Total	2805.69	12148.78	70.94	1366.73	-	-	20.39	308.51	10.66	34.12	2907.68	13858.14

(c) Notes:

(i) Management has identified two reportable business segments, namely:

- Textile:– Production of Acrylic Yarn, Polyester Yarn, Polyester/cotton Blended Yarn and other Blended Yarns
- Energy Generation: Generation of Energy from Wind Mill.

Segments have been identified and reported taking into account the nature of products.

(ii) The segment in the geographical segments considered for the disclosure is as follows:-

- India: comprising of sales to customers located within India and earnings in India
- Asia (other than India): comprising of sales to customers located in Asia.
- Europe: comprising of sales to customers located in Europe.
- America North & South: comprising of sales to customers located in America North & South.
- Africa: comprising of sales to customers located in Africa.

(iii) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

8. Deferred Tax Liability (Net) as on 30th June, 2009 is as follows:

(Rs. in lac)

	Current Year	**Previous Year**
Timing Difference on account of Depreciation	114.08	112.05
Less: Deferred Tax Asset arising on account of timing difference Due to disallowance u/s 43-B of the Income Tax Act, 1961	0.00	6.74
Net Timing difference	114.08	105.31

Net Deferred Tax Liability of Rs.20.51 lacs have been provided for upto 30.06.2009 (Previous year written back Rs. 11.73 lacs in Profit and Loss Account)

9. Small Scale Industrial Undertakings having outstanding exceeding Rs. 1.00 lac, which is outstanding for over a period of more than 30 days:-NIL

a) Gupta packwell Rs 111941/-
b) Laxmi Narain Vishambharnath Rs 141097/-
c) Band Box Electronics Rs 206054/-

10. The institute of Chartered Accountants of India has issued an Accounting Standard – 28 on Impairment of Assets, which is mandatory for the accounting periods commencing on or after 1st April, 2004. In accordance with the said standards, the company has assessed as on date of applicability of the aforesaid standard and as well as on balance sheet date, whether there are any indications with regard to the impairment of any of the assets. Based on such assessment, it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of accounts.

ANNEXURE 5

NOTES TO ADJUSTED ACCOUNTS

1. Provision for tax of earlier years and Excess/(short) provision for income tax

Excess or short provision of taxes relating to earlier years has been adjusted to the year to which they relate.

STATEMENT OF ADJUSTMENTS TO AUDITED PROFIT AND LOSS ACCOUNTS

Particulars	Period ended	Year ended
	30.06.09	31-03-09
Prior Period Adjustments - Provision for tax of earlier years	NIL	NIL

ANNEXURE 6

DETAILS OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

a) Period ended 30th June, 2009 NIL
b) Financial Year ended 31st March, 2009 NIL

ANNEXURE 7

STATEMENT OF QUALIFICATIONS/OBSERVATIONS IN AUDITOR'S REPORT

a) Period ended 30th June, 2009 NIL
b) Financial Year ended 31st March, 2009 NIL

ANNEXURE 8

STATEMENT OF CASH FLOWS

Amount in Lacs

PARTICULARS	***As at 30.06.09 (Rs.)***	***As at 31.03.09 (Rs.)***
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	246.50	524.67
Adjustment For: -		
Depreciation	58.88	260.93
Misc Expenditure written off	-	-
Foreign Exchange Fluctuation Gain/Loss	(80.50)	319.06
Income from commodity derivatives	-	(246.87)
Interest Received	(1.17)	(31.80)
Interest Expense	78.81	228.51
Loss (profit) on sales of fixed assets	0.00	(26.52)
Provision For Tax	(41.90)	(102.60)
Preliminary Expenses	-	-
Operating Profit before working capital Changes	**260.62**	**925.38**
Adjustment For		
Trade & Other Receivables	(217.96)	156.39
Loans and advances	(165.70)	(502.31)
Inventories	64.60	235.05
Sundry Creditors & Payables	279.07	(143.10)
NET CASH FLOW FROM OPERATING ACTIVITES	**220.63**	**671.41**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Net Addition in Fixed Assets and CWIP	(156.06)	(1887.25)
Increase in Capital Advances	(120.40)	(763.79)
Profit(Loss) on sales of fixed assets	0.00	26.52
Income from commodity derivatives	0.00	246.87
Investment	0.00	18.00
NET CASH FLOW FROM INVESTING ACTIVITES	**(276.46)**	**(2359.65)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	(52.77)	1168.95
Proceeds from Short term borrowings	(135.23)	897.57
Foreign Exchange Fluctuation Gain	80.50	(319.06)
Interest Received	1.17	31.80
Interest Expense	(78.81)	(228.51)
Proceeds from Unsecured Loans	(9.45)	89.56
Net Proceeds from Issue of Equity Shares	0.00	0.00
Misc Expenditure	(4.07)	(15.62)
Proceeds from share application money	0.00	590.00
NET CASH FLOW FROM FINANCING ACTIVITIES	**(198.66)**	**2214.69**
Net increase/(decrease) in cash & Cash equivalents	**(254.49)**	**526.45**
Cash and Cash Equivalent at beginning of year	**809.21**	**282.76**
Cash and Cash Equivalent at the end of year	**554.72**	**809.21**

ANNEXURE 9

SUMMARY ACCOUNTING RATIOS

(Rs. in Lacs)

Particulars	As at *30.06.2009*	As at *31.03.2009*
Net Profit as restated	184.10	433.80
Net Worth	2897.73	2717.70
Return on Net Worth	6.35%	13.11%
Equity Shares at the end of year (Face Value Rs. 10/-)	12546106	12546106
Weighted No of Equity Shares	12546106	12546106
Earnings per share (Basic & Adjusted)	1.47	3.46
Net Asset Value/Book Value per share	23.10	26.36

Notes:

1. These ratios are computed on the basis of the standalone (unconsolidated) restated summary financial statements of the issuer Company.
2. Earnings per share calculations are done in accordance with Accounting Standard 20 Earnings per Share issued by the Institute of Chartered Accountants of India.
3. Calculation of ratios post issue has not been considered
4. Net worth referred above excludes share application money.

ANNEXURE 10

STATEMENT SHOWING RATES AND AMOUNT OF DIVIDEND

No dividend has been declared in past five years.

ANNEXURE 11

STATEMENT OF UNSECURED LOANS

(Rs. in Lacs)

	Particulars	**30.06.09**	**31.03.09**
	From Directors	4.87	13.37
	From Others	0.50	0.50
	Inter Corporate Deposits	97.69	98.65
	Total	**103.06**	**112.52**
	Above amount includes transactions with following related parties:		
A	**LOAN FROM DIRECTORS**		
1	Sh. Yash Paul Jindal	3.87	3.87
2	Sh. Sandeep Jindal	0.28	8.78
3	Sh. Ramesh Jindal	0.06	0.06
4	Sh. Rajinder Jindal	0.66	0.66
	TOTAL [A]	**4.87**	**13.37**
B	**LOAN FROM OTHERS**		
1	Jagdish Rai Jindal & Sons HUF	0.50	0.50
2	Ms. Neha Jindal	-	-
3	Ms. Ritika Jindal	-	-
4.	Smt. Santosh Jindal	-	-
5.	Smt. Geeta Jindal	-	-
6.	Smt. Reen Prabha Jindal	-	-
7.	Sandeep Jindal & Sons HUF	-	-
8.	Smt. Saruchi Jindal	-	-
	TOTAL [B]	**0.50**	**0.50**
C	**INTER CORPORATE DEPOSITS**		
1.	M/s Jindal Cycles Pvt Ltd	97.69	98.65
	TOTAL [C]	**97.69**	**98.65**
	TOTAL [A+B+C]	**103.06**	**112.52**

INTEREST RATES DETAILS OF THE RELATED PARTIES

		30.06.09	**31.03.09**
A	**LOAN FROM DIRECTORS**	**-**	**-**
B	**LOAN FROM OTHERS**		
1	Jagdish Rai Jindal & Sons HUF	-	-
2	Ms. Neha Jindal	-	-
3	Ms. Ritika Jindal	-	-
4.	Smt. Santosh Jindal	-	-
5.	Smt. Geeta Jindal	-	-
6.	Smt. Reen Prabha Jindal	-	-
7.	Sandeep Jindal & Sons HUF	-	-
8.	Smt. Saruchi Jindal	-	-
C	**INTER CORPORATE DEPOSITS**		
1.	M/s Jindal Cycles Pvt Ltd	12%	12%

ANNEXURE 12

CAPITALIZATION STATEMENT

Particulars	Post Issue	Pre Issue
	(Refer note 2)	**30.06.2009**
Borrowing		
Short Term Debt	(*)	2899.47
Long Term Debt (A)	(*)	2609.88
Total Debts	(*)	**5509.34**
Equity (Share Holders' Funds)		
Equity Share Capital	(*)	1254.61
Share Application money	(*)	590.00
Share Premium	(*)	667.81
Reserves and Surplus (excluding share premium)	(*)	995.01
Total Equity (B)	(*)	**3507.43**
Less:-Miscellaneous Expenditure	(*)	19.70
Net Worth	(*)	**3487.73**
Long term Debt / Equity Share Holders' Funds ((A) / (B))	(*)	1.58

Notes:

1) Long term debt is debt with tenure of more than one year.
2) Working Capital Limits as on June 30, 2009 are considered as short- term debts.
3) Post Issue capitalization will be finalized after the issue.

ANNEXURE 13

STATEMENT OF TAX SHELTER

(Rs. in Lacs)

Particulars	**Period Ended**	**Year Ended**
	30.06.09	**31.03.09**
Profit before tax as per books of accounts	246.50	524.67
Normal tax rates	33.99%	33.99%
Minimum alternative tax rates	16.99%	11.33%
Notional tax at normal rates (A)	83.78	178.34
Permanent Differences		
Other adjustments – Disallowances	7.79	18.51
Total (B)	7.79	18.51
Timing Differences		
Difference between tax depreciation and book depreciation	-136.03	-246.40
Other adjustments	-7.89	-10.39
Total (C)	-143.92	-256.79
Net Adjustments (B+C)	-136.13	238.28
Tax expense / (savings) thereon (D)	-46.27	-80.99
Total taxation (E=A+D)	37.51	97.35
Brought forward losses set off (Depreciation)	0	0.00
Tax effect on the above (F)	0	0.00
Net tax for the year / period (E+F)	37.51	97.35
Tax payable as per MAT	41.80	59.44
Tax expense recognised	41.81	97.35
Tax as per return of income	-	-

ANNEXURE 14

SECURED LOANS

(Rs. in Lacs)

Particulars	**As at 30.06.2009**	**As at 31.03.2009**
Term loan from banks	2609.88	2662.65
Working capital loan from banks	505.34	500.00
Cash Credits	2383.13	2362.45
Bill Discounting	10.99	172.25
Specify others if any	-	-
Total	**5509.34**	**5697.35**

PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARED AS SECURITY

(Rs. in lacs)

Name of the lender	**Facility**	**Sanctioned Amount**	**Balance as on 30.06.09**	**Rate of Interest**	**Repayment Schedule**	**Securities offered**
TERM LOANS FOR THE EXISTING UNIT						
State Bank of Patiala, SCB, Millerganj, Ludhiana	Term Loan	700.00	282.59	11.75% (PLR-1.50%)	Repayable in quarterly installment of Rs.35.00 lacs each, last installment due on March, 2011.	1^{st} Charge on fixed assets of the company on pari passu basis with Oriental Bank of Commerce, secured by personal guarantee of directors, EM of land at VPO Jugiana, GT Road, Ludhiana
TERM LOAN FOR THE WIND MILL						
Punjab & Sind Bank, IBD, Ludhiana	Term Loan	448.00	434.00	12.50% (PLR-1%)	Repayable in 32 quarterly installments of Rs.14.00 lacs each, first installment due on March, 2009.	Exclusive charge over the wind power project and second charge on the fixed assets of the company at VPO Jugiana, GT Road, Ludhiana.
TERM LOAN FOR THE EXPANSION UNIT-II AT VILLAGE MANDIALAN KALAN						
Oriental Bank of Commerce, Overseas Branch, Ludhiana	Term Loan	4400.00	1862.32	11.00%. (PLR-1%)	Repayable in 25 quarterly installments, with first 13 quarterly installments shall be of	1st charge over the fixed assets of the company to be financed out of this term loan having a total cost of

					Rs.1.46 Crores from March, 2011 upto March, 2014, 11 quarterly installments of Rs.2.09 Crores from June, 2014 to December, 2016 and last 25th installment shall be Rs.2.03 crores in March, 2017.	Rs.58.07 crores EM of land purchased or to be purchased for a value of Rs.4.18 crores along with building to be constructed at Village Mandiala Kalan, Bija, Tehsil Khanna, Ludhiana
----do----	Term Loan	700.00	-	11.00%. (PLR-1%)	Repayable in 25 quarterly installments, with first 13 quarterly installments shall be of Rs.0.24 Crores from March, 2011 upto March, 2014, 11 quarterly installments of Rs.0.33 Crores from June, 2014 to December, 2016 and last 25th installment shall be Rs.0.25 crores in March, 2017.	1st charge over the fixed assets of the company to be financed out of this term loan having a total cost of Rs.56.16 crores EM of land along with building to be constructed thereon total cost of Rs4.82 crores and hypothecation of plant and machinery.
VEHICLE LOANS						
ICICI Bank, Ludhiana	Car Loan	38.00	30.97	-	Repayable in 60 EMI of Rs.81320/- each, first due on May, 2008 .	Hypothecation of Car (BMW)
CASH CREDIT ACCOUNTS AND BILL DISCOUNTING						
Oriental Bank of Commerce, Overseas Branch, Ludhiana	CC-Limit `	1700.00	1674.15	11.00%. (PLR-1%)	On Demand	Hypothecation of stocks of raw materials, Stock in process, finished goods, stores and

	FUDBP	200.00	10.99	9.50%		spares and receivables. Foreign Demand/ Usance Bills Further secured by Personal guarantee of four directors, collaterally secured by equitable mortgage of land at VPO Jugiana, GT Road, Ludhiana.
Punjab & Sind Bank, IBD, Ludhiana	Short Term Loan	500.00	505.34	13.00%	Repayable on 14.11.2009	Second Charge over the current assets of the company, sub-servient charge over fixed assets of the company and personally guaranteed by the promoter directors of the company
State Bank of India, SCB, Millerganj, Ludhiana	Cash Credit	700.00	708.98	12.25%	On Demand	Hypothecation of stocks of raw materials, Stock in process, finished goods, stores and spares and receivables on pari passu with OBC
Total		**10186.00**	**5509.34**			

ANNEXURE 15

INVESTMENTS, AS RESTATED

(Rs. in Lacs)

Particulars	**As at 30.06.09**	**As at 31.03.09**
(a) Long Term (at cost)		
Partner in M/s Poonam Enterprises	-	-
In Subsidiary Company (Trade)		
Jindal Medicot Limited	-	-
Jindal Specialty Textiles Limited	-	-
(b) Short Term (at cost)	-	-
(c) Current (at lower of cost and fair value)	-	-
Total (a+b+c)	-	-

ANNEXURE 16

STATEMENT OF AGE WISE ANALYSIS OF RECEIVABLES

(Rs. in Lacs)

Particulars	**30.06.2009**	**31.03.2009**
Sundry Debtors (Unsecured)		
a)**Outstanding for more than six months** (Considered good)		
from related parties	-	-
from Others	1.75	1.75
Considered Doubtful	-	-
Sub Total	1.75	1.75
b) Other Debts - Considered good	981.57	808.36
TOTAL	**983.32**	**810.11**

ANNEXURE 17

LOANS AND ADVANCES, AS RESTATED (Unsecured considered good)

(Rs. in Lacs)

Particulars	As at 30.06.09	As at 31.03.09
Advance against supplies	239.39	152.37
Securities	77.62	77.62
Employees	1.07	1.71
Advances Income Tax	42.02	42.02
Excise duty credits	557.31	502.25
Interest Reimbursement Receivable	23.17	23.17
VAT Under Protest	26.09	26.09
VAT Receivable	385.24	336.53
Export Incentives Receivable	12.13	68.76
Discount Receivable	49.33	49.33
Prepaid Bank Interest/ Charges	3.25	12.76
RPPC Ajmer Discom	29.78	4.29
Prepaid Expenses	2.22	1.73
Advance Others	311.79	296.08
Total	**1760.41**	**1594.71**
Above amount includes balances of following related parties	-	-
Total	**-**	**-**

ANNEXURE 18

OTHER INCOME, AS RESTATED

(Rs. in Lacs)

Particulars	As at 30.06.2009	As at 31.03.2009
Recurring		
Interest From Banks	1.16	31.80
Total (A)	**1.16**	**31.80**
Non Recurring		
Foreign Exchange Fluctuations	80.50	(243.60)
Income from Derivatives	0.00	246.87
Miscellaneous	1.56	0.05
Profit of sale of fixed assets	0.00	26.52
Key-man Insurance Proceeds	0.00	0.00
Total (B)	**82.07**	**29.84**
Total (A+B)	**83.23**	**61.64**

Notes:

1. Other income considered above is as per the statement of the restated profit and loss.
2. The classification of other income by the management into recurring and non-recurring is based on the current operations and business activities of the Company.

ANNEXURE 19

DETAILS OF RELATED PARTY TRANSACTION

The company has entered into following related party transactions. As on June 30, 2009, such parties and transactions are identified as per accounting standard 18 issued by Institute of Chartered Accountants of India

List of Related Parties

Sr. No.	Name of the Key Managerial Personnel	Relationship
a)	Mr. Sandeep Jindal	Managing Director
b)	Mr. Yash Paul Jindal	Whole Time Director
c)	Mr. Ramesh Jindal	Whole Time Director
d)	Mr. Rajinder Jindal	Whole Time Director

Sr. No.	Subsidiary Company
1.	Jindal Medicot Limited
2.	Jindal Specialty Textiles Limited

Sr. No.	Companies/Firms in which KMP are interested
1.	Jindal Cycles Private Limited
2.	Jindal Fine Industrires
3.	Jindal Info Media Pvt Ltd

Sr. No.	Relatives of Key Managerial Personnel	
1.	Mr. Sandeep Jindal	Mrs. Manu Jindal-Wife
		Sandeep Jindal & Sons HUF
2.	Mr. Yash Paul Jindal	Mr. Jagdish Rai Jindal-Father
		Mrs. Vidyawati Jindal- Mother
		Mrs. Santosh Jindal-Wife
		Mrs. Saruchi Jindal-Daughter
3.	Mr. Ramesh Jindal	Mr. Jagdish Rai Jindal-Father
		Mrs. Vidyawati Jindal- Mother
		Mrs. Reen Prabha Jindal-Wife
		Ms. Neha Jindal-Daugther
4.	Mr. Rajinder Jindal	Mr. Jagdish Rai Jindal-Father
		Mrs. Vidyawati Jindal- Mother
		Mrs. Geeta Jindal-Wife
		Ms. Ritika Jindal-Daughter

(Rs. Lacs)

Sr. no.	Name of the party	Nature of Transaction	30.06.2009	31.03.2009
1	Jindal Cycles Pvt. Ltd	Lease Rent	0.15	0.60
		Purchase of Car/Scooter	-	6.79
		Unsecured loan paid/taken	-	199.69
		Unsecured loan refunded/placed	0.96	115.30
		Interest	2.94	17.96
2	Sandeep Jindal	Director Remuneration	3.75	15.00
		Unsecured loan received/taken	-	0.28
		Unsecured loan refunded/placed	8.50	9.00
3	Yash Paul Jindal	Director Remuneration	3.00	12.00
		Unsecured loan received/taken	-	48.30
		Unsecured loan refunded/placed	-	47.00
		Lease Rent	0.12	0.48
4	Rajinder Jindal	Director Remuneration	3.00	12.00
		Unsecured loan received/taken	-	44.67
		Unsecured loan refunded/placed	-	45.00
		Lease Rent	0.12	0.48
5	Ramesh Jindal	Director Remuneration	3.00	12.00
		Unsecured loan received/taken	-	55.93
		Unsecured loan refunded/placed	-	56.98
		Lease Rent	0.12	0.48
6	Manu Jindal	Salary Paid	1.05	4.36
7	Sh Jagdish Rai Jindal	Unsecured loan received/taken	-	47.00
		Unsecured loan refunded	-	47.00
8	Jindal Fine Industries	Loan/Advance Given	-	34.00
		Loan/Advance received	-	34.00
		Interest Received	-	2.93
9	Jindal Info Media Pvt Ltd	Loan/Advance Given	0.42	0.64
		Loan/Advance received	-	0.64

ANNEXURE 20

CONTIGENT LIABLITIES

(Rs. in lacs)

Sr. no.	Nature of Liability	30.06.2009	31.03.09
1	Bonds Executed in favour of Central Excise Authorities	-	5.50
2	Bonds Executed in favour of Custom Authorities & DGFT	1108.12	1044.67
3	Sales Tax Demand Year 2005-06 disputed by the company	104.36	104.36
4	VAT not charged in sales invoices to customer due to dispute in sales tax exemption	417.29	354.87

Declaration:

Except as stated hereinabove, there are no other material notes to the auditor's report, which have bearing on the financial status of the Company. Further, all notes to the accounts, significant accounting policies as well as the auditor's qualifications, if any, have been incorporated in the Red Herring Prospectus.

It is confirmed that the financials of our company and the consolidated financial statements have been disclosed as per SEBI (DIP) Guidelines.

FINANCIAL INFORMATION OF GROUP COMPANIES AND VENTURES OF THE PROMOTERS

We confirm that the financial information of Our Company, its subsidiaries, Group Companies and other Ventures of the Promoters, disclosed in this Red Herring Prospectus is audited.

SUBSIDIARY COMPANIES

Our Company has two subsidiaries through which it proposes to implement Specialty textiles project.

1. JINDAL MEDICOT LIMITED

Jindal Medicot Limited was incorporated on May 27, 2008. Jindal Medicot Limited, is a wholly owned subsidiary of Jindal Cotex Limited. It was granted the Certificate for Commencement of business on June 20, 2008. The Corporate Identification Number is U17100PB2008PLC031964 and has its registered office at VPO Jugiana, G. T. Road, Ludhiana, Punjab – 141420.

Jindal Medicot Limited has been incorporated to expand in Technical textiles sector and to produce medical textile products. Jindal Medicot Limited is planning to produce Medical Textile Products like Absorbent Bleached cotton Wool & its products and Cotton Crape Bandage like Stretch Bandage, Crape Bandage Cloth etc. The manufacturing unit of the company will be set up at District Una in Himachal Pradesh. Jindal Medicot Limited's manufacturing facilities and products are proposed to be as per BP, EP and WHO standards.

Jindal Medicot Limited will be manufacturing the following products:

Products to be Manufactured	End-use
Absorbent Cotton Wool Products ➢ Absorbent Bleached cotton ➢ Cotton Rolls ➢ Cotton Zig Zags ➢ Cotton Pads ➢ Cotton Dental Rolls ➢ Cotton Balls ➢ Cotton Buds	This range of products is used for Medical & Cosmetic Applications
Cotton Crepe Bandage Products ➢ Crepe Bandage Cloth ➢ Crepe Bandage Roll (Leno Type) ➢ Crepe Bandage Roll (Self Edged Type) ➢ Cotton Stretch Bandage	Used in the medical application especially where 100% cotton is required.

Main Object

The main objects of the Company is "to carry on India and abroad the business of manufacturing, processing, spinning, knitting, weaving, dyeing, garmenting, importing, exporting, trading and otherwise dealing in all kinds and description of yarns, fibres, textiles and their products."

Board of Directors

Name of the Director	Designation	DIN
Mr. Sandeep Jindal	Director	01639743
Mr. Yash Paul Jindal	Director	01923862
Mr. Ramesh Jindal	Director	01923895

Mr. Rajinder Jindal	Director	01923829

Shareholding Pattern

Jindal Medicot Limited is wholly owned subsidiary of Jindal Cotex Limited and hence the entire share capital is held by Jindal Cotex Limited and as of date the paid-up capital of the Company comprises of 50000 equity shares of Rs.10/- each.

Audited Financial Performance

(Rs. in lacs.)

Particulars	**For the Year ended March 31 2009**
Equity Share Capital	5.00
Reserves & Surplus (net of Misc. Exps. Not w/off)	(6.26)
Net Asset Value per share (Rs.)	Nil

The Company was incorporated on May 27, 2008 and has not started its commercial operations till date. Hence no profit and loss account was prepared for the FY 2009.

There are no pending litigations, defaults, etc., against the above mentioned company and its Promoters.

Jindal Medicot Limited is an unlisted Company and has not made any public issue. The Company does not fall under the definition of a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up. The Company has not been restrained from accessing the capital market for any reasons by SEBI or by any other authority.

2. JINDAL SPECIALTY TEXTILES LIMITED

Jindal Specialty Textiles Limited was incorporated on May 27, 2008. The company is a wholly owned subsidiary of Jindal Cotex Limited. It was granted the Certificate for Commencement of business on June 20, 2008. The Corporate Identification Number is U17100PB2008PLC031968 and has its registered office at VPO Jugiana, G. T. Road, Ludhiana, Punjab – 141420.

Jindal Specialty Textiles Limited has been incorporated to expand in Technical textiles sector and to manufacture Laminated technical textile products and Banner fabrics textile products. The manufacturing unit of the company will be set up at District Una in Himachal Pradesh.

Jindal Specialty Textiles Limited will be manufacturing the following products:

Products to be Manufactured	End-use
PVC Laminated Product ➢ Frontlit Banner Fabric ➢ Backlit Banner Fabric	This type of fabrics as used for Outdoor advertising media.
Inflatable Fabric for Boats etc	This product is used for making boats for recreation and army applications
Tent Fabric	Used for Outdoor Tents
Truck Siders	Used for advertisement in trucks

Main Object

The main objects of the Company is “to carry on India and abroad the business of manufacturing, processing, spinning, knitting, weaving, dyeing, garmenting, importing, exporting, trading and otherwise dealing in all kinds and description of yarns, fibres, textiles and their products.”

Board of Directors

Name of the Director	Designation	DIN
Mr. Sandeep Jindal	Director	01639743
Mr. Yash Paul Jindal	Director	01923862
Mr. Ramesh Jindal	Director	01923895
Mr. Rajinder Jindal	Director	01923829

Shareholding Pattern

Jindal Specialty Textiles Limited is wholly owned subsidiary of Jindal Cotex Limited and hence the entire share capital is held by Jindal Cotex Limited and as of date the paid-up capital of the Company comprises of 50000 equity shares of Rs.10/- each.

Audited Financial Performance

(Rs. in lacs.)

Particulars	For the Year ended March 31 2009
Equity Share Capital	5.00
Reserves & Surplus (net of Misc. Exps. Not w/off)	(2.37)
Net Asset Value per share (Rs.)	5.26

The Company was incorporated on May 27, 2008 and has not started its commercial operations till date. Hence no profit and loss account was prepared for the FY 2009.

There are no pending litigations, defaults, etc., against the above mentioned company and its Promoters.

Jindal Specialty Textiles Limited is an unlisted Company and has not made any public issue. The Company does not fall under the definition of a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up. The Company has not been restrained from accessing the capital market for any reasons by SEBI or by any other authority.

GROUP COMPANIES/CONCERNS

1. JINDAL CYCLES PRIVATE LIMITED

Jindal Cycles Private Limited was incorporated on August 22, 1988. The Corporate Identification Number is U35921PB1988PTC008627 and has its registered office at VPO Jugiana, G. T. Road, Ludhiana, Punjab – 141420.

Main Object

1. To carry on the business of manufacturers, assemblers, importers and exporters, merchants, distributors, dealers, stockists and agents buyers of bicycles, tricycles, motor cars, motor cycles, auto cycles and in all kinds of its parts and components.

2. To carry on the business of all sorts of rubber goods especially manufacture rubber tubes, tyres, valve tubes, handle grips, brake rubber and pedal rubber for cycles, auto cycles, motor cycles, motor cars or other articles and to deal in all sorts of rubber.

3. To manufacture, forge and deal in cycles, bicycles, tri cycles, auto cycles and any components or parts there of and accessiories there for and other carriages or vehicles of all kinds and things used in the manufacturing, handling dealing or disposing of the sae in the market or for the export or import there of.

4. To buy, sell, sell on hire purchase system or on instalment basis or otherwise deal with or dispose off the same."

The Company has stopped all its manufacturing activities since February 2008.

Board of Directors

Name of the Director	Designation	DIN
Mr. Yash Paul Jindal	Director	01923862
Mr. Ramesh Jindal	Director	01923895
Mr. Rajinder Jindal	Director	01923829

Shareholding Pattern

Name of Shareholders	Number of Shares of Rs.100/- each	Shareholding %
Mr. Yash Paul Jindal	80070	33.36
Mr. Ramesh Jindal	79520	33.13
Mr. Rajinder Jindal	79480	33.12
Mr. Sandeep Jindal	50	0.02
Others	880	0.37
Total	**240000**	**100.00**

Audited Financial Performance

(Rs. in lacs.)

Particulars	For the Year ended March 31		
	2006	2007	2008
Equity Share Capital	240.00	240.00	240.00
Reserves & Surplus (less P&L Dr. balance)	-18.79	-9.26	-77.20
Sales	2,371.40	2,563.54	2,366.46

Total Income	2,372.77	2,564.86	2,370.60
Profit after Tax	-4.17	9.52	-67.95
Earnings per Share (in Rs.)	-1.74	3.97	-28.31
Net Asset Value per share (Rs.)	92.17	96.14	67.83
Face Value (Rs.)	100.00	100.00	100.00

There are no pending litigations, defaults, etc., against the above mentioned company and its Promoters.

Jindal Cycles Private Limited is an unlisted Company and has not made any public issue in preceding three years. The Company does not fall under the definition of a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up. The Company has not been restrained from accessing the capital market for any reasons by SEBI or by any other authority.

2. JINDAL INFO MEDIA PRIVATE LIMITED

Jindal Info Media Private Limited was incorporated on July 19, 2007. The Corporate Identification Number is U72900PB2007PTC031270 and has its registered office at VPO Jugiana, G. T. Road, Ludhiana, Punjab - 141420

Main Object

The main objects of the Company is "to Develop, design and host websites, act as internet & E-commerce Service providers, Provide all kinds of Internet related services including exporting, importing in all kinds of goods, money and services through or relating to internet and rendering services for/or paying and accepting money through internet and/or by other means provide turnkey internet solutions and provide all kinds of information Technology enabled services and education and entertainment related services."

Board of Directors

Name of the Director	Designation	DIN
Mr. Sandeep Jindal	Director	01639743
Mrs. Manu Jindal	Director	01448611

Shareholding Pattern

Name of Shareholders	Number of Shares	Shareholding %
Mr. Sandeep Jindal	7500	75
Mrs. Manu Jindal	2500	25
Total	**10000**	**100**

Audited Financial Performance

(Rs. in lacs.)

Particulars	For the Year ended March 31 2008
Equity Share Capital	1.00
Reserves & Surplus (net of Misc. Exps. Not w/off)	(0.23)
Net Asset Value per share (Rs.)	7.70

There was no Profit & Loss account for the year ended March 31, 2008 as the Company has not yet commenced the Commercial operations at the year end.

Jindal Info Media Private Limited is an unlisted Company and has not made any public issue in preceding three years. The Company does not fall under the definition of a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up. The Company has not been restrained from accessing the capital market for any reasons by SEBI or by any other authority.

PARTNERSHIP FIRM

1. M/s JINDAL FINE INDUSTRIES

M/s Jindal Fine Industries is a registered Partnership Firm which is formed vide Partnership Deed dated February 14, 1977 and reconstituted on January 01, 1981 having its office at Campa Cola Lane, Dhandari Kalan, G. T. Road, Ludhiana.

The firm is engaged in the business of manufacturing & trading of engineering goods.

Partners

Name of Partner	Profit / Loss Sharing %
Mr. Jagdish Rai Jindal	10
Mr. Yash Paul Jindal	30
Mr. Ramesh Jindal	30
Mr. Rajinder Jindal	30
Total	**100**

Audited Financial Performance

(Rs. in lacs.)

Particulars	As of 31 March		
	2006	**2007**	**2008**
Sales	3,780.59	3,888.03	3,529.12
Total Income	4,090.20	4,147.02	3,776.91
Profit Net off Tax	33.16	32.24	33.74
Partners Capital	688.52	620.14	302.19

PROPRIETORSHIP CONCERN

1. M/s POONAM ENTERPRISES

M/s Poonam Enterprises is a Partnership Firm which is formed vide Partnership Deed dated October 01, 1980 and reconstituted on March 01, 2008 having its office at Dhandari Kalan, G. T. Road, Ludhiana. The partnership firm has been taken over by Jindal Cotex Limited as proprietor w.e.f August 29, 2008.

The proprietorship concern is engaged in the business of trading in commodity derivatives.

Audited Financial Performance

(Rs. in Lacs.)

Particulars	As of 31 March		
	2006	**2007**	**2008**
Total Income	0.15	0.17	0.15
Profit After Tax	0.15	0.17	(0.21)
Partners Capital	25.88	249.59**	199.59

The above figures are based on Un-audited accounts as the provisions of compulsory Auditing of account is not applicable.

** The firm has revalued its Land from Rs.17.27 Lacs to Rs.222.27 Lacs.

Common Pursuits

There are no common pursuits between the Company and any of the ventures promoted by the Promoters.

Sales or Purchases between Companies in the Group

There have been no sales or purchases between companies in the Group exceeding in value in the aggregate 10% of the total sales or purchases of the Company.

Changes in Accounting Policies in the last three years

There have been no changes in the accounting policies in the last three years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Red Herring Prospectus. You should also read the section titled 'Risk Factors' beginning on page 10 of this Red Herring Prospectus, which enumerates number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company on a standalone basis, and unless otherwise stated, is based on our restated unconsolidated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act, 1956, and the SEBI (DIP) Guidelines. Our Financial year ends on March 31 of each year.

Business Overview

Our Company is engaged in the business of manufacturing of Acrylic, Polyester, and Polyester-Viscose, Polyester Cotton, combed and carded yarns, which are appropriate for apparels, suitings & knitted fabrics.

We have current installed capacity of 23,472 spindles for acrylic, cotton blended and polyester yarns. We manufacture and sell yarns under the trade name 'JINDAL'. We gradually increased the manufacturing capacities to fulfill the requirements of the domestic market. We are exploring the international markets with the existing business and capabilities.

We have successfully installed and commissioned a Suzlon make Wind Electric Generator (Wind Mill) of 1250 KW capacity at Pithla-Satta-Gorera in Distt. Jaisalmer, Rajasthan on Mach 31, 2008. The entire power generated through this wind mill will be sold to Ajmer Vidyut Vitran Nigam Limited.

Significant developments:

After the date of last financial year i.e. March 31, 2009, our Company has made progress in the implementation of the Project, which has been detailed under section titled "Objects of the Issue" beginning on page 58 of this Red Herring Prospectus. Except as stated above, the Directors of our Company confirm that in their opinion, there have not been any significant developments.

Capacity addition and utilisation:

The details of existing installed capacities and utilisation thereof, are given below:

Capacity and Capacity Utilization at VPO Jugiana-Unit I

Particulars	31.03.2007	31.03.2008	31.03.2009
Licensed Capacity (Spindles no.)	23472	23472	23472
Installed Capacity (Spindles no.)	23472	23472	23472
Estimated Production at 100% capacity utilization (in kgs)	7000000	7000000	7000000
Total Production in Kgs.	6133679	6052513	6162527
Capacity Utilisation (%)	87.62%	86.46%	88.04%

Discussion on Results of Operation:

The following discussion on results of operations should be read in conjunction with the audited Financial results of our Company for the years ended 31 March, 2005, 2006, 2007, 2008 & 2009.

Key factors affecting the results of operation:

Our Company's future results of operations could be affected potentially by the following factors:

- Non – receipt of pending approvals for the proposed project.
- Prevailing trends in the Textile industry, to which most of the products of our Company are supplied.
- Increase in the prices of raw materials both in domestic and international markets.
- Foreign exchange rate fluctuations could have an impact on its input costs, especially the cost of sodium that is imported from China.
- Company's ability to successfully implement their marketing, business and growth strategies.
- Changes in the regulations / regulatory framework / economic policies in India and / or in foreign countries.

OUR SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting policies please refer to the section titled "Financial Information" beginning on page 157 of this Red Herring Prospectus.

Product wise Revenue Break up

Particulars	Year ended March 31, 2006			Year ended March 31, 2007			Year ended March 31, 2008			Year ended March 31, 2009		
	Sales Amount (Rs. in lacs.)	As % to Total Sales	Qty in MT	Sales Amount (Rs. in lacs.)	As % to Total Sales	Qty in MT	Sales Amount (Rs. in lacs.)	As % to Total Sales	Qty in MT	Sales Amount (Rs. in lacs.)	As % to Total Sales	Qty in MT
Domestic Sales												
Acrylic Yarn	4993.06	70.36	4060	4118.09	55.15	3028	4416.96	43.58	2976	5367.18	38.68	3571
Polyester Yarn	1879.49	26.49	1744	299.47	4.01	278	319	3.15	327	224.08	1.61	245
Blended Yarns	206.14	2.90	165	2284.15	30.59	2043	2503.93	24.70	2431	2081.38	15.00	2063
Knitted Cloth	0	0	0	266.06	3.56	145	1517.11	14.97	769	3557.40	25.64	2152
Elect. Sales	0	0	0	0	0	0	0	0	0	67.09	0.48	0
Fibre and others	17.68	0.25	72	132.72	1.78	449	178.76	1.76	580	747.62	5.39	1148
Total (A)	**7096.37**	**100.00**	**6041**	**7100.49**	**95.08**	**5943**	**8935.76**	**88.16**	**7083**	**12044.75**	**86.80**	**9180**
Export Sales												
Acrylic Yarn	0	0	0	104.93	1.41	91	515.26	5.08	445	170.27	1.23	146
Blended Yarns	0	0	0	262.27	3.51	252	74.65	0.74	69	311.19	2.24	289
Acrylic Top	0	0	0	0	0	0	506.58	5.00	514	1251.65	9.02	1229
Export Incentives	0	0	0	0	0	0	103.62	1.02	0	98.12	0.71	0
Total (B)	**0**	**0**	**0**	**367.20**	**4.92**	**343**	**1200.11**	**11.84**	**1028**	**1831.23**	**13.20**	**1664**
Total Sales (A) + (B)	**7096.37**	**100.00**	**6041**	**7467.69**	**100.00**	**6286**	**10135.87**	**100.00**	**8111**	**13875.98**	**100.00**	**10844**

RESULTS OF OUR OPERATION

<u>For the 3 Months ended June 30, 2009</u>

(Rs. in Lacs)

Period (in months)	3 Months	% of Turnover
Gross Turnover	2,908.74	
Total Income	**2,941.60**	
Expenditure excl. Depreciation and Interest	2,557.41	87.92%
Depreciation	58.88	2.02%
Interest	78.81	2.71%
Profit before tax	246.50	8.47%
Taxes	62.40	2.15%
Profit after Tax	**184.10**	**6.33%**
		(Rs. In Lacs)
Particulars	**Amount**	**% of Turnover**
Material Purchased and Consumed	2,202.61	75.72%
Manufacturing expenses	230.35	7.92%
Administrative & Selling Expenses	124.45	4.28%
Total Expenditure	**2,557.41**	**87.92%**

We recorded Gross Turnover of Rs. 2908.74 Lacs and Total Expenditure of Rs. 2557.41 Lacs for the 3 months period ended June 30, 2009. Cost of Material consumed constituted 75.72% of the Turnover and other manufacturing expenses constituted 7.92% of the Turnover. The Administrative and selling expenses constituted 4.28% of the Turnover for the period ended June 30, 2009.

Turnover
The Gross turnover for the period ended June 30, 2009 was Rs. 2908.74 Lacs. This includes sales of products manufactured by our Company aggregating Rs. 2138.21 Lacs and traded sales of Rs. 770.53 Lacs.

Interest and Financial Charges
Our financial charges for the period ended June 30, 2009 stood at 78.81 Lacs, which is 2.71% of our turnover.

Depreciation
We incurred Depreciation cost of Rs. 58.88 Lacs, which is 2.02% of our turnover.

Taxes
Taxes for the period ended June 30, 2009 are Rs. 62.40 Lacs.

Net Profit
Our Profit before Taxes were Rs. 246.50 Lacs for the period ended June 30, 2009. We recorded Net Profit of Rs. 184.10 Lacs. Our Net Profit Margin stood at 6.33%.

<u>Results of Our Operations</u>

(Rs. in lacs)

Particulars	31.03.06	31.03.07	31.03.08	31.03.09
Gross Turnover	**7096.37**	**7467.69**	**10,135.87**	**13875.97**
Increase/Decrease (%)	1.86%	5.23%	35.73%	36.90%

Less: Taxes and Duties	**536.16**	**520.37**	**193.48**	**17.83**
Net Sales	**6560.21**	**6947.32**	**9942.39**	**13858.14**
Increase/Decrease (%)	2.91%	5.90%	43.11%	39.38%
Other Income	**98.14**	**50.38**	**86.64**	**61.63**
Increase/Decrease in Stocks/WIP	**-396.44**	**462.23**	**-70.31**	**-94.26**
Total Revenue	**6,261.91**	**7,459.93**	**9,958.72**	**13,825.52**
Increase/Decrease (%)	-2.64%	19.13%	33.50%	38.83%
Material Purchased and Consumed	**4566.68**	**5584.53**	**7,756.50**	**11469.32**
Increase/Decrease (%)	-7.18%	22.29%	38.89%	47.87%
% to Turnover	69.61%	80.38%	78.01%	82.76%
Manufacturing Expenses	**735.5**	**898.1**	**833.46**	**818.54**
Increase/Decrease (%)	21.19%	22.11%	-7.20%	-1.79%
% to Turnover	11.21%	12.93%	8.38%	5.91%
Administrative & Selling Expenses	**421.96**	**346.23**	**401.5**	**523.55**
Increase/Decrease (%)	0.24%	-17.95%	15.96%	30.40%
% to Turnover	6.43%	4.98%	4.04%	3.78%
Total Expenditure	**5724.14**	**6828.86**	**8991.46**	**12811.4**
Increase/Decrease (%)	-3.76%	19.30%	31.67%	42.48%
% to Turnover	87.26%	98.29%	90.44%	92.45%
Profit Before Depreciation, interest and Tax	**537.77**	**631.07**	**967.26**	**1,014.11**
Increase/Decrease (%)	11.12%	17.35%	53.27%	4.84%
% to Turnover	8.20%	9.08%	9.73%	7.32%
Depreciation	**267.46**	**285.24**	**250.82**	**260.94**
Increase/Decrease (%)	-15.17%	6.65%	-12.07%	4.03%
% to Turnover	4.08%	4.11%	2.52%	1.88%
Profit Before Interest and Tax	**270.31**	**345.83**	**716.44**	**753.18**
Increase/Decrease (%)	60.25%	27.94%	107.17%	5.13%
% to Turnover	4.12%	4.98%	7.21%	5.43%
Interest	**144.61**	**201.78**	**205.92**	**228.51**
Increase/Decrease (%)	71.50%	39.53%	2.05%	10.97%
% to Turnover	2.20%	2.90%	2.07%	1.65%
Profit Before Tax	**125.7**	**144.05**	**510.52**	**524.67**
Increase/Decrease (%)	49.00%	14.60%	254.40%	2.77%
% to Turnover	1.92%	2.07%	5.13%	3.79%
Provision for Tax	**47.28**	**56.07**	**95.52**	**90.87**
Increase/Decrease (%)	85.56%	18.59%	70.36%	-4.87%
% to Turnover	0.72%	0.81%	0.96%	0.66%
Profit after Tax	**78.42**	**87.98**	**415.00**	**433.80**
Increase/Decrease (%)	33.19%	12.19%	371.70%	4.53%
% to Turnover	1.20%	1.27%	4.17%	3.13%
Effective Tax Rate	**37.61%**	**38.92%**	**18.71%**	**17.32%**

Comparison of Fiscal 2009 with Fiscal 2008:

Revenue from Operations:

There was a increase of 2733 MT in the total sales quantity for the year 2009 as our Company recorded sales of 10844 MT as against sales of 8111 MT in the year 2008.

The Gross turnover for the FY 2008 was 13875.98 lacs as compared to 10135.87 lacs during the FY 2008-09 showing increase of 36.90%. The Net turnover recorded for FY 2009 was Rs.13858.14 lacs, up by 39.38% compared to Rs. 9942.39 lacs recorded during the FY 2009.

The increase in sales is mainly due to better sales realisation of yarn, increase in sales of acrylic yarn & trading sales of knitted cloth and acrylic top.

For acrylic yarn, the quantity sold during FY 2009 was around 3717 MT as compared to that of 3421 MT sold during FY 2008, there was better sales realisation for acrylic yarn, as compared to previous year. Further quantity sold of acrylic top in export during FY 2009 was 1229 MT as compared to 514 MT sold during FY2008. The quantity of knitted cloth sold during FY 2009 was around 2152 MT as compared to that of 769 MT during FY 2008, hence attributing to major increase in the sales of our Company. Knitted cloth is of high volume having a fluctuating demand. In view of supply of products in yarn and fabric segment, there was a growth in the sales.

Expenditure:

Raw material cost

Raw material cost increased to Rs. 11469.32 lacs for FY 2009 from Rs. 7756.50 lacs for FY 2008 showing an increase of 47.87%. The raw materials consumption cost was 82.76% of total sales during FY 2009 as against that of 78.01% during FY 2008.

Other Manufacturing Costs:

Other Manufacturing Expenses decreased from Rs. 833.46 lacs for FY 2008 to Rs. 818.54 lacs showing a decrease of 1.79% despite of increase in turnover of the company. The decrease in the manufacturing costs is due to decrease in cost of Power & fuel, packing, and machinery maintenance etc., hence less cost of production attributing to increase in margins of our Company.

Administrative and other Expenses:

Administrative Expenses decreased increased from Rs.401.50 lacs during FY 2008 to Rs.523.55 lacs during FY 2009 showing the increase of 30.40%. During FY 2009, the administrative and other expense was 3.78% of total sales as against 4.04% during FY 2008. An increase in the administrative expenses is due to increase in selling & distribution expense, the effect was absorbed by the increase in the sales.

Profit before Depreciation, Interest and Tax (PBDIT):

PBDIT increased from Rs.967.26 lacs for the FY 2008 to Rs. 1014.11 lacs for the FY 2009 showing an increase of approximately 4.84%. During FY 2009, our Company recorded PBDIT of 7.32% of the total sales as against 9.73% during FY 2008. There was increase in the PBDIT as there was increase in turnover. PBDIT Margin decreased due to increase in the cost of raw materials.

Depreciation:

Depreciation increased marginally from Rs. 250.82 lacs for the FY 2008 to Rs. 260.94 lacs during FY 2009 showing an increase of 4.03%. The gross block fiscal 2008 was Rs. 4640.38 lacs and it increased to Rs. 4662.60 lacs for fiscal 2009. Depreciation on fixed assets was 2.52% of total sales during FY 2008 and 1.88% during FY 2009.

Financial Expenses:

Interest / Financial Charges cost increased from Rs. 205.92 lacs for the FY 2008 to Rs. 228.51 lacs for FY 2009 showing the increase of 10.97%. Financial expenses accounted to 1.65% of total sales during FY 2009 as against 2.07% in the year 2007. The secured loans outsatnding as on March 31, 2008 was Rs. 3630.82 Lacs and as on March 31, 2009 it was 5697.35 Lacs.

Profit after Tax:

PAT increased marginally from Rs. 415.00 lacs in FY 2008 to Rs. 433.80 lacs in FY 2009 showing an increase of 4.53%. During FY 2009, our Company recorded PAT of 3.13% of the total sales as against 4.17% during FY 2007. Despite of recession in the textile market, the company was able to maintain its profits by increasing the volumes of the sales.

Comparison of Fiscal 2008 with Fiscal 2007:

Revenue from Operations:

There was an increase of 1825 MT in the total sales quantity for the year 2008 as our Company recorded sales of 8111 MT as against sales of 6286 MT in the year 2007.

The Gross turnover for the FY 2008 was 10135.87 lacs as compared to 7467.69 lacs during the FY 2007 showing an increase of 35.73%. The net turnover recorded for FY 2008 was Rs. 9942.39 lacs, up by 43.11% compared to Rs.6947.32 lacs recorded during the FY 2007.

The increase in sales is mainly due to better sales realisation of yarn, increase in sales of acrylic yarn & knitted cloth and new introduction of acrylic top in the product portfolio in the sales products.

For acrylic yarn, though the quantity sold during FY 2008 was around 3421 MT as compared to that of 3119 MT sold during FY 2007, there was better sales realisation for acrylic yarn, as compared to previous year. The quantity of knitted cloth sold during FY 2008 was around 769 MT as compared to that of 145 MT during FY 2007, hence attributing to major increase in the sales of our Company. Knitted cloth is of high volume having a fluctuating demand. In view of supply of products in yarn and fabric segment, there was a growth in the sales.

Expenditure:

Raw material cost

Raw material cost increased from Rs. 5584.53 lacs for the FY 2007 to Rs. 7756.50 lacs for FY 2008 showing an increase of 38.89%. The raw materials consumption cost was 78.01% of total sales during FY 2008 as against that of 80.38% during FY 2007. Our Company could maintain nearly the same proportion of consumption of raw materials which was because of efficient use of raw materials in the production operations.

Other Manufacturing Costs:

Other Manufacturing Expenses decreased from Rs. 898.10 lacs for the FY 2007 to Rs. 833.46 lacs for FY 2008 showing a decrease of 7.20%. The decrease in the manufacturing costs is due to decrease in cost of Power & fuel, packing, and machinery maintenance etc., hence less cost of production attributing to increase in margins of our Company.

Administrative and other Expenses:

Administrative Expenses increased from Rs. 346.23 lacs for the FY 2007 to Rs.401.50 lacs showing the increase of 15.96%. During FY 2008, the administrative and other expense was 4.04% of total sales as against 4.98% during FY 2007. An increase in the administrative expenses is due to increase in selling & distribution expense, the effect was absorbed by the increase in the sales.

Profit before Depreciation, Interest and Tax (PBDIT):

PBDIT increased from Rs. 631.07 lacs for the FY 2007 to Rs. 967.26 lacs for the FY 2008 showing a increase of approximately 53.27%. During FY 2008, our Company recorded PBIDT of 9.73% of the total sales as against 9.08% during FY 2007. There was increase in the PBDIT as there has not been much of increase in the expenditure for the year and our Company has maintained its margins during the year.

Depreciation:

Depreciation decreased from 285.24 lacs for the FY 2007 to Rs. 250.82 lacs for the FY 2008 showing an decrease of 12.07%. The gross block fiscal 2007 was Rs. 3908.76 lacs and it increased to Rs. 4640.38 lacs for fiscal 2008. Depreciation on fixed assets was 2.52% of total sales during FY 2008 as compared to 4.11% during FY 2007. Our Company installed wind mill in the March, 2008 which increased the gross block as compared to previous year.

Financial Expenses:

Interest / Financial Charges cost slightly increased from Rs. 201.78 lacs for FY 2007 to Rs. 205.92 lacs for the FY 2008 showing the decrease of 2.05%. Financial expenses accounted to 2.07% of total sales during FY 2008 as against 2.90% in the year 2007.

Profit after Tax:

PAT increased from Rs. 87.98 lacs for the FY 2007 to Rs. 415.00 lacs in FY 2008 showing a increase of 371.70%. During FY 2008, our Company recorded PAT of 4.17% of the total sales as against 1.27% during FY 2007. There was an increase in PAT and this is attributable to the increase in the sales revenue, export incentives and tax saving on wind mill.

Comparison of Fiscal 2007 with Fiscal 2006:

Revenue from Operations:

There was an increase of 245 MT in the total sales quantity for the year 2007 as our Company recorded sales of 6286 MT as against sales of 6041 MT in the year 2006.

The Gross turnover for the FY 2007 was 7467.69 lacs as compared to 7096.37 lacs during the FY 2006 showing a increase of 5.23%. The net turnover recorded for FY 2007 was Rs. 6947.32 lacs as compared to Rs. 6560.21 lacs recorded during the FY 2006.

During FY 2007, our Company accelerated the sales of blended yarns (2295 MT in FY 2007 as compared to 165 MT sold during FY 2006) and also better price realisation for blended yarns.

For acrylic yarns, though the quantity sold during FY 2007 was around 3119 MT as compared to that of 4060 MT sold during FY 2006, there was introduction of export sales and better sales realisations as compared to previous year, hence, better sales value.

Therefore the increase in total sales value during FY 2007 vis– a– vis FY 2006, is mainly attributable to the better sales realisation and introduction of export sales.

Expenditure:

Raw material cost

Raw material cost increased from Rs. 4566.68 lacs for the period ended March 31, 2006 to Rs. 5584.53 lacs for fiscal 2007 showing an increase of 22.29%. The raw materials consumption cost was 80.38% of total sales during FY 2007 as against that of 69.61% during FY 2006. The increase in cost of consumption of raw materials was because of increase in prices of some raw materials. Some part of the increase was offset by the increase in the sales realization value.

Other Manufacturing Expenses:

Other Manufacturing Expenses increased from Rs. 735.50 lacs for the period ended March 31, 2006 to Rs. 898.10 lacs for fiscal 2007 showing a increase of 22.11%. Though there has been a increase in the other manufacturing costs which include Power, fuel, repairs, maintenance etc., the effect was absorbed by the increase in the sales value and reduction in the administrative & other expenses. This cost stood at 12.93% and 11.21% of total sales for FY 2007 and FY 2006 respectively.

Administrative and other Expenses:

Administrative Expenses decreased from Rs. 421.96 lacs for the period ended March 31, 2006 to Rs. 346.23 lacs for Fiscal 2007 showing the decrease of 17.95%. During FY 2007, the administrative and other expense was 4.98% of total sales as against 6.43% during FY 2006. The reduction in the administrative and other expense is due to the reduction in the personnel expenses.

Profit before Depreciation, Interest and Tax (PBDIT):

PBDIT increased from Rs. 537.77 lacs for the period ended March 31, 2006 to Rs. 631.07 lacs showing the increase of 17.35%. During FY 2007, our Company recorded PBIDT of 9.08% of the total sales as against 8.20% during FY 2006. The increase in the operating profit is attributable to the decrease in administrative and other expense recorded during the year compared to FY 2006.

Depreciation:

Depreciation on fixed assets was 4.11% of total sales during FY 2007 as compared to 4.08% during FY 2006. There was increase in the depreciation provided during the year due to increase in fixed asset base. The gross block fiscal 2006 was Rs. 3791.25 lacs and it increased to Rs. 3908.76 lacs for fiscal 2007.

Financial Expenses:

Interest / Financial Charges cost increased from Rs. 144.61 lacs for fiscal 2006 to Rs. 201.78 lacs for the period ended March 31, 2006 showing the increase of 39.53%. Financial expenses accounted to 2.90% of total sales during FY 2007 as against 2.20% in the year 2006. The increase is attributed to increase in the utilisation of working capital to the increased sales turnover during that year.

Profit after Tax:

PAT increased from Rs. 78.42 lacs for the period ended March 31, 2006 to Rs. 87.98 lacs in fiscal 2007 showing a increase of 12.19%. During FY 2007, our Company recorded PAT of 1.27% of the total sales as against 1.20% during FY 2006. . There was increase in PAT as there has not been much of an increase in the expenditure for the year and our Company has maintained its Net profit ratio during the year.

Related Party Transactions
For details of related party transactions, please refer to the section titled "Related Party Transactions" beginning on page 179 of this Red Herring Prospectus.

Financial Market Risks
We are exposed to financial market risks from changes in interest rates and inflation.

Interest Rate Risk
Our interest rate risk results from changes in interest rates, which may affect our finance expenses. We bear interest rate risk with respect to the debts, which we have for the FY ended March 31, 2009, since the interest rates could fluctuate in the near future. Any rise in interest rates would result in higher interest bearing debts.

Exchange Rate Risk
Changes in currency exchange rates influence our results of operations. We report results in our financial statements in Indian Rupee. The exchange rate between the Indian Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future.

Effect of Inflation
We are affected by inflation as it has an impact on the raw material cost, wages, fuel cost etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS:

1. **Unusual or infrequent events or transactions.**

   There have been no unusual or infrequent transactions that have taken place.

2. **Significant economic changes that materially affected or are likely to affect income from continuing operations.**

   Volatility in Foreign exchange rates may have an inflationary effect on cost of imports. However, since our Company's export turnover is 13.20% of the overall turnover for FY 2009, any inflationary effect on imports will be offset by higher realization on exports.

3. **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

   Apart from the risks factors disclosed in this Red Herring Prospectus, there are no other trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

4. **Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.**

   Our Company's future costs and revenues will be determined by demand/supply situation, government policies and availability of raw materials and prices thereof.

5. **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.**

Increases in revenues are by and large linked to increases in volume of business.

6. Total turnover of each major industry segment in which the issuer company operated.

Please refer to 'Industry Overview' on page 99 of this Red herring Prospectus.

7. Status of any publicly announced new products or business segment.

Our Company has not announced any new product and segment, other than through this Red Herring Prospectus.

Our Company plans to set up a manufacturing facility for manufacture of Cotton Yarn, Dyed Yarn and Garments.

Through our wholly owned subsidiary Jindal Medicot Limited, we propose to manufacture Medical Textile Products like Absorbent Bleached cotton Wool & its products and Cotton Crape Bandage like Stretch Bandage, Crape Bandage Cloth, in District Una.

Further, through our wholly owned subsidiary Jindal Specialty Textiles Limited, we propose to manufacture manufacture PVC Laminated products for various applications like Frontlit Banner Fabric, Backlit Banner Fabric, Inflatable Fabric for Boats etc, Tent Fabric, Tarpaulin fabric , Truck Siders in District Una in the state of Himachal Pradesh.

8. The extent to which business is seasonal.

Our Company's business is not seasonal in nature.

9. Any significant dependence on a single or few suppliers or customers.

The % of contribution of our Company's customers and suppliers vis – a – vis the total sales and purchases respectively, for the FY 2009 is as follows:

	Customers	**Suppliers**
Top 3 (%)	51.94	52.10
Top 10 (%)	76.32	85.02

10. Competitive conditions.

Competitive conditions are as described under the sections titled "Industry Overview" and "Business Overview" on page 99 & 109 respectively of this Red Herring Prospectus.

SECTION VIII - LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Save as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our subsidiaries, our directors, our Promoter and Promoter Group Companies and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions/small scale undertaking(s), defaults against banks/financial institutions/small scale undertaking(s), defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Subsidiaries, our Promoters, Promoter Group or Directors, that may have a material adverse effect on our financial position, nor, so far as we are aware, are there any such proceedings pending or threatened. Unless stated to the contrary, the information provided below is as of the date of this Red Herring Prospectus.

Further, except as stated herein, there are no past cases in which penalties have been imposed on our Company, the Promoters, directors, Promoter Group companies and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company.Neither our Company nor its Promoters, members of the Promoter Group, Subsidiaries, associates and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.

LITIGATIONS AND PROCEEDINGS BY AND AGAINST OUR COMPANY

Litigations filed against our Company

Labour Matters

1. Ms. Indu Devi, our ex-employee, has filed an Application before the Labour Commissioner for an amount of Rs. 1,904 for final settlement towards her wages as an employee of the Company. The matter is pending before the Assistant Labour Commissioner, Ludhiana. The next date of hearing has been fixed for September 9, 2009.

2. Ms. Darshna Rawat, our ex-employee, has filed an Application before the Labour Commissioner for an amount of Rs. 3,463 for final settlement towards her wages as an employee of the Company. The matter is pending before the Assistant Labour Commissioner, Ludhiana. The next date of hearing has been fixed for September 9, 2009.

Tax Cases – Indirect Taxes

Sales Tax Proceedings

1. Our Company has filed an appeal before the Deputy Excise & Taxation Commissioner (Appeals), Ludhiana ("**DETC**") dated April 4, 2008 against the order dated February 4, 2008 passed by the Assistant Excise & Taxation Commissioner, Ludhiana – I ("**AETC**"). The AETC under the said order has rejected the exemption applications filed by our Company on the grounds that the implementation of the Punjab Value Added Tax Act, 2005 does not provide for new provisions for grant of exemptions which were originally provided under the Punjab

General Sales Tax Act, 1948 and Punjab General Sales Tax (Deferment & Exemption) Rules, 1991 and case does not fall in the list of pipeline cases provided by the Industry Department. The amount involved under the said matter is Rs. 1246.52 Lakhs (*Rs. 124,552,452*). The matter is currently pending before the DETC, Ludhiana and has been adjourned to August 11, 2009.

2. Our Company has filed an Appeal No. 346/2007-08 ("**Appeal**") before the Deputy Excise & Taxation Commissioner (Appeals), Ludhiana ("**DETC**") dated March 8, 2008 against the order dated January 25, 2008 passed by the Assistant Excise & Taxation Commissioner, Ludhiana – I ("**AETC**"). The AETC under the said order has raised an additional demand of Rs. 104.36 Lakhs (Rs. 104,36,179) including a interest at the rate of 24% p.a. to the tune of Rs. 30.87 Lakhs (Rs. 30,86,757) on account of filing incorrect returns and concealment of the exemption amount to be deducted in the returns with a view to evade tax payment and claiming refunds which were not due. Our Company has filed the said Appeal for quashing the additional demand raised (including the penalty) by the AETC under the above referred order. The matter is currently pending before the DETC, Ludhiana and has been adjourned to August 11, 2009.

Notice issued by Service Tax Authorities

1. Our Company has received a Show Cause Notice No. C.N0.V(STC)Tech/Rfd/Davinder Exports/Ldh-III/36/2008/4833 dated September 23, 2008 issued by the Deputy Commissioner. The said Show Cause Notice has been issued in relation to the refund of service tax amounting to Rs. 0.12 Lakhs (Rs.11,985) which is not admissible since our Company does not fulfil the conditions laid down under Notification No. 41/07 dated October 6, 2007. Our company has submitted the reply to the Deputy/Assistant Commissioner by a letter dated January 20, 2009. The matter is currently pending before the Deputy Commissioner, Ludhiana.

2. Our Company has received a Show Cause Notice No. C.N0.V(STC)Tech/Rfd/Jindal Cotex/Ldh-III/303/08/319 dated January 13, 2009 issued by the Assistant Commissioner. The said Show Cause Notice ("**SCN**") has been issued in relation to the refund of service tax amounting to Rs. 0.67 Lakhs (Rs.67,390) which is not admissible since our Company does not fulfil the conditions laid down under Notification No. 41/07 dated October 6, 2007. Our Company is yet to submit reply to the Assistant Commissioner in relation to the above mentioned SCN.

3. Our Company has received Show Cause Notice No. C.N0.V(STC)Tech/Rfd/Jindal Cotex/Ldh-III/400/08/268 dated January 12, 2009 issued by the Assistant Commissioner. The said Show Cause Notice has been issued in relation to the refund of service tax amounting to Rs. 0.24 Lakhs (Rs. 23,727) which is not admissible since our Company does not fulfil the conditions laid down under Notification No. 41/07 dated October 6, 2007. Our company has submitted the reply to the Assistant Commissioner by a letter dated February 12, 2009. The matter is currently pending before the Assistant Commissioner, Ludhiana.

Cases under Negotiable Instruments Act: Nil

Civil Court Cases: Nil

Cases under Securities Laws: Nil

Criminal Cases: Nil

Cases against the Directors: Nil

Litigation against the Promoters/ Directors of our Company

1. The Directorate of Revenue Intelligence ("**DRI**") conducted a search at the premises of Jindal Fine Industries (JFI) on September 15, 2005 and subsequently was required to submit the required documents along with the bank drafts to the tune of Rs. 30 Lakhs (*Rs.30,00,000*), which have been duly submitted by JFI. JFI has filed Writ Petition (Civil No. 11553 of 2007) on July 30, 2007 before the Punjab & Haryana High Court ("**High Court**") for release of the above referred documents and bank drafts submitted which was admitted by an interim order dated December 13, 2007 passed by the High Court asking JFI to furnish a surety bond to the Joint Director, DRI to the extent of demand raised in the SCN. After the above referred writ petition was filed by JFI, the DRI issued a Show Cause Notice ("**SCN**") dated September 4, 2007 to JFI including Mr. Rajinder Jindal raising a demand of Rs. 506.32 Lakhs (*Rs. 506,31,631*) for duty forgone on subsequent import of CRCA sheets/coils under the Duty Free Replenishment Certificate("**DFRC**"). JFI by a letter dated January 29, 2008 expressed their willingness to provide the surety bond and requested DRI to release the bank draft of Rs. 30 Lakhs (*Rs. 30,00,000*). However, the DRI has not taken the surety bond. Subsequently, on May 25, 2008, the DRI issued another Show Cause Notice upon JFI including Mr. Rajinder Jindal raising a further demand of Rs. 101.51 Lakhs (*Rs.101,51,138*) on the same grounds as the above referred SCN. The matter is pending before the High Court and shall come up for hearing in the normal course.

Past cases in which penalties were imposed on Our Company and our Directors: Nil

LITIGATIONS AND PROCEEDINGS BY AND AGAINST OUR GROUP COMPANIES / CONCERNS:

(A) JINDAL FINE INDUSTRIES ("JFI")

I. Litigation filed by and against JFI

1. JFI had filed a Suit for Recovery (*no. 436*) before the Court of Civil Judge (Senior Division), Ludhiana against Gayatri Sales for the recovery of an amount aggregating to Rs. 0.24 Lakhs (*Rs.24,635*) along with interest at the rate of 18% p.a. against the purchase of cycle parts. The Hon'ble Civil Judge has passed an exparte order on May 28, 2008 in favor of JFI for the recovery of suit amount. However, the Defendant has not agreed to release the payment. The matter has been transferred to Nagpur bench and and court has asked JFI to resubmit all the papers.

2. JFI had filed a Suit (*Suit No. 306 of 2007*) for Recovery before the Court of Civil Judge (Senior Division), Ludhiana against Janta Cycle Company for the recovery of an amount aggregating to Rs. 0.23 Lakhs (*Rs.22,784*) against the purchase of cycle parts, which includes Rs. 0.18 Lakhs (*Rs.17,924*) as the balance price of the goods and a sum of Rs. 4,860 on account of interest at the rate of 18% p.a. and for the recovery of future interest @ 18% p.a. from the date of filing of the suit till actual realization. The matter shall come up for hearing on September 4, 2009.

3. JFI had filed a Complaint (*Suit No. 36/30-01-2007 and 428/11-07-2007*) under section 138 of The Negotiable Instruments Act read with section 420 of IPC and section 357 of Cr.P.C. before the Illaqa Judicial Magistrate, Ludhiana against Pritam Cycle and Radio Dealers for the dishonor of cheque of an amount of Rs. 0.43 Lakhs (*Rs.42,910*) for the purchase of the bicycle parts against credit in the year 2005-2006. The matter shall come up for hearing on November 14, 2009. The civil proceedings for this matter shall come up for hearing in the civil court on August 28, 2009.

4. JFI had filed a Suit (*Suit No 30/30-05-2009*) for Recovery before the Court of Civil Judge (Senior Division), Ludhiana against Competent Gift Centre, Ludhiana for the dishonor of cheque of an amount of Rs. 0.29 Lakhs (*Rs.28,923*) for the purchase of the bicycle parts against credit in October, 2008. The matter shall come up for hearing on November 12, 2009.

5. The Directorate of Revenue Intelligence ("**DRI**") conducted a search at the premises of JFI on September 15, 2005 and subsequently was required to submit the required documents along with the bank drafts to the tune of Rs. 30 Lakhs (*Rs. 30,00,000*), which have been duly submitted by JFI. JFI has filed Writ Petition (Civil No. 11553 of 2007) on July 30, 2007 before the Punjab & Haryana High Court ("**High Court**") for release of the above referred documents and bank drafts submitted which was admitted by an interim order dated December 13, 2007 passed by the High Court asking JFI to furnish a surety bond to the Joint Director, DRI to the extent of demand raised in the SCN. After the above referred writ petition was filed by JFI, the DRI issued a Show Cause Notice ("**SCN**") dated September 4, 2007 to JFI including Mr. Rajinder Jindal raising a demand of Rs. 506.32 Lakhs (*Rs. 506,31,631*) for duty forgone on subsequent import of CRCA sheets/coils under the Duty Free Replenishment Certificate("**DFRC**"). JFI by a letter dated January 29, 2008 expressed their willingness to provide the surety bond and requested DRI to release the bank draft of Rs. 30 Lakhs (*Rs. 30,00,000*). However, the DRI has not taken the surety bond. Subsequently, on May 25, 2008, the DRI issued another Show Cause Notice upon JFI including Mr. Rajinder Jindal raising a further demand of Rs. 101.51 Lakhs (*Rs.101,51,138*) on the same grounds as the above referred SCN. Both the SCNs are under consideration in the Writ Petition and the matter is pending before the High Court.

II. Litigation filed against the Partners of JFI

Except as mentioned above there are no other litigations against the partners of Jindal Fine Industries.

Direct Tax Proceedings

III. <u>Appeals filed before the Supreme Court</u>

1. **<u>A.Y. 1988 – 1989</u>**

JFI has filed a Special Leave Petition (Civil) (*SLP (Civil) No. 14383/8 of 2008*) dated July 9, 2008 before the Supreme Court of India ("**SC**") against the order dated September 13, 2007 passed by the High Court of Punjab and Haryana at Chandigarh ("**High Court**") for the A.Y. 1988 – 1989. JFI has filed the said Appeal against the withdrawal of deduction amounting to Rs. 8.85 Lakhs (*Rs. 8,84,660*) under Section 80HHC (3)(a). The matter is currently pending before the Supreme Court.

IV. <u>Appeals filed before ITAT by JFI</u>

1. **<u>A.Y. 2003 – 2004</u>**

JFI has filed an Appeal dated December 13, 2006 before the Income Tax Appellate Tribunal, Chandigarh Bench, Chandigarh ("**ITAT**") against the order dated October 26, 2006 passed by the Commissioner of Income Tax, (Appeals) -II, Ludhiana ("**CIT(A)**") for the A.Y. 2003 – 2004. JFI has filed the said Appeal against the disallowance of deduction amounting to Rs. 39.14 Lakhs (*Rs. 39,14,233*) under Section 80HHC by giving retrospective effect of the amended provisions of Section 80HHC of the Income Tax Act, 1961 by the Taxation Laws (Amendment), 2005 and disallowance of Rs. 1 Lakh (*Rs. 1,00,000*) towards foreign travel expenses. JFI has been issued a Notice of Demand under

Section 156 dated February 28, 2006 whereby JFI is liable to pay an amount of Rs. 19.18 Lakhs (*Rs. 19,17,510*) of which JFI has deposited Rs. 3.00 Lakhs (*Rs. 3,00,000*). The Assistant Commissioner of Income Tax, Circle V, Ludhiana by a order dated March 31, 2006 has withdrawn the interest charged under Section 234B and 234D amounting to Rs. 3.62 Lakhs (*Rs. 3,62,086*). The matter is currently pending before the ITAT, Chandigarh.

JFI has also filed a Civil Writ Petition (*CWP No. 3058 of 2007*) in the High Court of Punjab and Haryana at Chandigarh for stay on recovery of the amount which has been assessed by giving retrospective effect to Section 80HHC. The Punjab and Haryana High Court by its order dated February 27, 2007 has granted a stay on recovery of the amount assessed by giving retrospective effect to Section 80HHC.

2. **<u>A.Y. 1999 - 2000</u>**

JFI has filed an Appeal dated May 26, 2008 before the Income Tax Appellate Tribunal, Chandigarh Bench, Chandigarh ("**ITAT**") against the order dated March 19, 2008 passed by the Commissioner of Income Tax, (Appeals) -II, Ludhiana ("**CIT(A)**") for the A.Y. 1999 – 2000. JFI has filed the said Appeal against the disallowance of deduction amounting to Rs. 56.69 Lakhs (*Rs. 56,68,746*) under Section 80HHC for non-compliance of conditions laid with retrospective effect in the newly inserted proviso under Section 80HHC by giving retrospective effect of the amended provisions of Section 80HHC of the Income Tax Act, 1961 by the Taxation Laws (Amendment), 2005. JFI has been issued a Notice of Demand under Section 156 dated December 29, 2006 whereby JFI is liable to pay an amount of Rs. 20.15 Lacs (*Rs. 20,15,163*). The matter is currently pending before the ITAT, Chandigarh.

JFI has also filed a Civil Writ Petition (*CWP No. 254 of 2006 - 2007*) in the High Court of Punjab and Haryana at Chandigarh for stay on recovery of the amount which has been assessed by giving retrospective effect to Section 80HHC. The Punjab and Haryana High Court by its order dated February 9, 2007 has granted a stay on recovery of the amount assessed by giving retrospective effect to Section 80HHC.

3. **<u>A.Y. 1999-2000</u>**

JFI has filed an Appeal dated April 8, 2009 before the Income Tax Appellate Tribunal, Chandigarh Bench, Chandigarh ("**ITAT**") against the order dated March 30, 2009 passed by the Commissioner of Income Tax, (Appeals) -II, Ludhiana ("**CIT(A)**") for the A.Y. 1999 – 2000. JFI has filed the said Appeal against the order passed by the CIT(A) under Section 263 of the Income Tax Act, 1961. The matter is currently pending before the ITAT, Chandigarh.

4. **<u>A.Y. 2004-2005</u>**

JFI has filed an Appeal dated January 12, 2009 before Income Tax Appellate Tribunal, Chandigarh Bench, Chandigarh ("**ITAT**") against the order dated November 28, 2008 passed by the Commissioner of Income Tax, (Appeals) -II, Ludhiana ("**CIT(A)**") for the A.Y. 2004-2005. JFI has filed the said Appeal for:

i. Allowing deduction under Section 80HHC of Rs. 0.40 Lakhs (*Rs.40,085*) as against deduction of Rs. 11.50 Lakhs (*Rs. 11,50,130*) as claimed by JFI;
ii. Disallowance under Section 80HHC on DEPB & DFRC to the tune of Rs. 306.38 Lakhs (*Rs. 3,06,38,456*) and Rs. 22.67 Lakhs (*Rs. 22,66,877*) by giving retrospective effect of the amended provisions of Section 80HHC of the Income Tax Act, 1961 by the Taxation Laws (Amendment), 2005.

JFI has been issued a Notice of Demand under Section 156 dated December 22, 2006 whereby JFI is liable to pay an amount of Rs. 3.98 Lakhs (*Rs. 3,98,235*). The matter is currently pending before ITAT, Chandigarh

JFI has also filed a Civil Writ Petition (*CWP No. 2990 of 2007*) in the High Court of Punjab and Haryana at Chandigarh for stay on recovery of the amount which has been assessed by giving retrospective effect to Section 80HHC. The Punjab and Haryana High Court by an order dated February 27, 2007 has granted a stay on recovery of the amount assessed by giving retrospective effect to Section 80HHC.

V. Appeals filed before ITAT by ACIT

1. **A.Y. 1999 – 2000**

The Assistant Commissioner of Income Tax, Circle V, Ludhiana ("**ACIT**") has filed an Appeal dated June 6, 2008 before the Income Tax Appellate Tribunal ("**ITAT**") against the order dated March 19, 2008 passed by the Commissioner of Income Tax, (Appeals) -II, Ludhiana ("**CIT(A)**") for the A.Y. 1999 – 2000. The ACIT has filed the said Appeal for the addition of Rs. 0.73 Lakhs (*Rs. 72,884*) consequent to the search in the case of Streamline Group which has been erroneously deleted by the order passed by the CIT(A). The matter is pending before the ITAT, Chandigarh.

VI. Notice under Section 148 of the Income Tax Act

1. **A.Y. 2000 – 2001**

The Assistant Commissioner of Income Tax, Circle V, Ludhiana ("**ACIT**") has issued a Notice under Section 148 dated March 28, 2007 for re-assessment of the income for the A.Y 2000 – 2001 for escaping assessment for income chargeable to tax under Section 147. JFI had filed a Civil Writ Petition (*CWP No. 9634 of 2007*) in the High Court of Punjab and Haryana at Chandigarh regarding stay on the re-assessment proceedings under Section 148 on account of by giving retrospective effect of the amended provisions of Section 80HHC of the Income Tax Act, 1961 by the Taxation Laws (Amendment), 2005. The High Court by an order dated July 7, 2007 has stayed the above referred proceedings.

2. **A.Y. 2001 – 2002**

The Assistant Commissioner of Income Tax, Circle V, Ludhiana ("**ACIT**") has issued a Notice under Section 148 dated March 31, 2008 for re-assessment of the income for the A.Y 2001 – 2002 for escaping assessment for income chargeable to tax under Section 147. JFI had filed a Civil Writ Petition (*CWP No. 10184 of 2008*) in the High Court of Punjab and Haryana at Chandigarh regarding stay on the re-assessment proceedings under Section 148 by giving retrospective effect of the amended provisions of Section 80HHC of the Income Tax Act, 1961 by the Taxation Laws (Amendment), 2005. The High Court by an order dated May 30, 2008 has stayed the above referred proceedings.

Indirect Tax Proceedings

VII. Notice issued by Customs Authorities

1. The Assistant Commissioner of Customs, Ludhiana ("**ACIT**") has issued a Show Cause Notice ("**SCN**") dated February 17, 2008 on JFI to show cause as to why the amount of Rs. 0.22 Lakhs (*Rs. 21,770*) debited in DEPB should not be recovered along with appropriate interest thereon and penal action should not be initiated for the above contravention. JFI

has replied to the said SCN by a letter dated March 17, 2008 requesting the ACIT for a personal hearing and to drop the proceedings in the matter.

VIII. **<u>Notice issued by Service Tax Authorities</u>**

1. The Deputy Commissioner, Ludhiana ("**DC**") has issued a Show Cause Notice ("**SCN**") dated January 17, 2008 on JFI to show cause as to why the amount of Rs. 0.60 Lakhs (*Rs. 58,813 i.e. Rs. 57,719 Service Tax + Rs. 1,094 Education Cess)* should not be recovered for the period 2004 – 2005 and 2005 – 2006 (*upto June 14, 2005*) along with appropriate interest thereon and penal action for the above contravention. JFI has replied to the said SCN by a letter dated July 3, 2008 requesting the ACIT to set aside the SCN and to give a personal hearing in the matter.

(B) **<u>JINDAL INFO MEDIA PRIVATE LIMITED</u> ("JMPL")**

JMPL has received a legal notice dated May 12, 2008 from Super Cassettes Industries Limited ("***SCIL***") alleging infringement of its copyright by JMPL by unlawful streaming and publishing on the website www.screendose.com. audio visual materials from the original sound tracks of several bollywood movies released by SCIL and allowing the public at large to have access to the sound tracks and unlawfully uploading the same on the website. SCIL is claiming Rs. 100 Lakhs (*Rs. 100,00,000*) as damages for the infringement of the Copyright. JMPL has in its reply dated May 26, 2008 denied all allegations in the notice including that JMPL was the owner of the website and has clarified that it had no control on the matter published and/or hosted on this website. JMPL has further clarified in its reply that it was a company into website design and development and web based solutions. No legal proceedings have been initiated by SCIL against JMPL till date.

There are no outstanding litigations by or against our subsidiary companies..

Amounts Owed to Small Scale Undertakings and Other Creditors

The name of Small Scale Undertakings and Other Creditors to whom our Company owes a sum exceeding Rs. 1 Lacs which is outstanding more than 30 days, as on June 30, 2009 are as follows:

Sr. No.	Name of the Supplier	Amount (Rs. in Lacs)
1	Gupta Packwell	1.12
2	Laxmi Narain Vishambharnath	1.41
3	Band Box Electronics	2.06

Material Developments

There have been no material developments since the date of last audited balance sheet i.e. June 30, 2009.

Adverse Events

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

STATUTORY APPROVALS AND LICENCES

The approvals and licenses received by our Company from government authorities listed below enable us to carry out our present business activities. Unless otherwise stated hereinbelow, these approvals are valid and subsisting as on the date of this Red Herring Prospectus. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

As regards the statutory approvals required for the setting up our (i) new manufacturing unit near Village Mandiala Kalan, Bija, Tehsil Khanna, Ludhiana, Punjab and (ii) expansion of our existing unit from the proceeds of the Issue, we shall make necessary applications to the relevant government authorities at an appropriate stage or as and when required under law. Our subsidiaries Jindal Specialty Textiles Limited and Jindal Medicot Limited shall also respectively make applications to appropriate government authorities for establishing their manufacturing units and obtaining other approvals.

The licenses, permissions and approvals obtained by our Company under various Central and State Laws for carrying out its business are enlisted below:

Except for pending approvals mentioned under this heading, our Company has received the necessary consents, licenses, permissions and approvals from the Government/RBI and various Government agencies required for our present and the proposed business.

I. General Corporate Approvals

- Our Company was incorporated on February 18, 1998 with the Registrar of Companies, Punjab, H. P. & Chandigarh under the name of "Jindal Cotex Limited" bearing registration number 16-21084.

- Our Company has obtained a Certificate of Commencement dated February 20, 1998 from the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh.

II. Factory Units related Approvals

- The Director of Factories has on January 27, 2009 granted the factory license bearing no. LDH-1/J-33/633 for our manufacturing unit having 1000 employees situated at GT Road, Jugiana, Ludhiana. The license is valid up to December 31, 2009.

- The Secretariat of Industrial Approvals, Ministry of Industry, Government of India has granted a license on January 25, 2005 bearing DIL no. 2/2005 under Rule 7 of the Registration and Licensing of Industrial Undertaking Rules 1952 for manufacture of cotton Acrylic, Nylon, Polyester, yarn and their blends falling under scheduled industry no.23 for the manufacturing situated at Jugiana.

- The Environmental Engineer, Punjab Pollution Control Board has on June 12, 2009 issued a letter for extension of validity of the consent no. LDH-II/WPC/2006/R-2179 issued under Water (Prevention & Control of Pollution), Act, 1974 for the manufacturing unit situated at Jugiana. The consent is valid upto March 31, 2010.

III. Other Commercial Approvals

- Our Company has obtained a Certificate of Registration under the Punjab VAT Act, 2005 bearing no. 03251026224 issued on June 15, 2005 for our manufacturing situated at

Jugiana. The certificate is one time for registration. The Excise and Taxation Officer has amended the Certificate to include Unit II situated at Village Mandiala Kalan, Tehsil Khanna, Ludhiana.

- Our Company has obtained a Certificate of Registration under The Central Sales Tax (Registration and Turnover) Rules 1957 bearing no. 46748110 issued on November 2, 1998 for our manufacturing situated at Jugiana. The certificate is one time for registration.

- The Commercial Tax Officer, Jaipur has issued a Registration certificate as a dealer under section 7(1) & (2) of the Central Sales Tax Act, 1956, bearing no. 08032112711 issued on December 10, 2007 for our wind mill electricity generation situated at Jaisalmer, Rajasthan. The certificate is one time registration.

- The Commissioner of Income Tax, Jalandhar has issued a Permanent Account Number bearing no. AAACJ4400A.

- The Directorate of Income Tax has allotted a TAN no. JLDM02043G in favor of our Company.

- The Superintendent of Customs and Central Excise has issued a Central Excise registration certificate bearing no. AAACJ 4400A-XM-001 for the manufacturing unit situated at Jugiana.

- Our Company has obtained a certificate of Registration from the Assistant Commissioner of Central Excise, as a dealer bearing no. AAACJ 4400A-XD-001 for the trading unit situated at Jugiana.

- The Superintendent of Central Excise has on January 19, 2005 issued a certificate of registration under section 69 of the Finance Act, 1994 bearing Service Tax Code No. AAACJ4400AST001 for the transport of goods by road and business auxiliary services.

- Our Company has obtained an ISO certificate 9001:2008 from TUV NORD for quality system for manufacturing of cotton, synthetic yarn and their blended yarn and threads bearing no. 04100 030496-E3.The certificate is valid uptil March 7, 2012.

- The Regional Provident Fund Commissioner has on November 4, 1999 issued a certificate bearing code no. PB/LD/19434EB6234 for the applicability of the Employees Provident Funds & Miscellaneous Provisions Act 1952 and the Schemes framed thereto.

- The Deputy Regional Director of the Employees Sate Insurance Corporation has on July 30, 1999 issued a certificate bearing code no. PB 12/28855/95 under the ESI Act, 1948- Registration of factories and Establishments under section 2(12)/1(5) of the ESI Act, 1948.

- The Assistant Director General of Foreign Trade has on July 28, 1999 issued a certificate of Importer and Exporter bearing no. 3099003727 for our manufacturing unit situated at VPO Jugiana, GT Road, Ludhiana. The certificate has been amended to incorporate the unit at village Mandiala Kalan, Bija on 17th January, 2008.

- The Director and Secretary, Synthetic and Rayon Textiles Export Promotion Council issued a registration cum membership certificate as manufacturer and exported dated July 15, 2005 bearing no. SR/MFG/0177/2005-06 in favor of our Company. The certificate is valid upto March 31, 2010.

- Mill Serial No.1413041 allotted by The Office of Textile Commissioner, Ministry of Textile, Government of India, Amritsar.

IV. Statutory Approvals/Licenses already received for the proposed expansion at village Mandiala Kalan, Bija, Tehsil Khanna, Ludhiana

- Agreement entered into between Jindal Cotex Limited and Government of Punjab for availing exemptions as set out in the Industrial Policy, 2003 of State of Punjab in case of Mega Projects as the project of Jindal Cotex Limited is having a capital outlay of over Rs. 100 Crores.

- The Secretariat of Industrial Approvals, Ministry of Industry, Government of India has granted a license on September 13, 2007 bearing DIL no. 53 of 2007 under Rule 7 of the Registration and Licensing of Industrial Undertaking Rules 1952 for manufacture of cotton Acrylic, Nylon, Polyester, yarn and their blends falling under scheduled industry no.23 for the new manufacturing situated at village Mandiala Kalan, district Ludhiana.

- The Environmental Engineer, Punjab Pollution Control Board has on November 13, 2007 issued a No Objection Certificate having reference no. LDH/2007/939 for setting up the industry at the village Mandiala Kalan and for manufacturing cotton Acrylic, Nylon, Polyester, yarn and their blends with a capacity of 28800 spindles. The No Objection Certificate (NOC) had expired on November 12, 2008. However, the Environmental Engineer by a letter dated December 12, 2008 has extended the validity of the aforementioned NOC upto November 12, 2009.

- The Officer of Central Excise has issued a certificate of registration under section 69 of the Finance Act, 1994 bearing Service Tax Code No. AAACJ4400AST002 for the unit situated at village Mandiala Kalan, Bija for the transport of goods by road and business auxiliary services.

V. Statutory Approvals/Licenses obtained by our subsidiary, Jindal Medicot Limited

- The State Level Single Window Clearance & Monitoring Authority has issued an in-principle approval to Jindal Medicot Limited for its proposed project subject to certain conditions. The Director of Industries, Himachal Pradesh by a letter dated February 27, 2009 has assigned a provisional registration no. 02/07/1053/Regn/(L&M) to Jindal Medicot Limited.

- The Income Tax Department has issued a Permanent Account Number bearing no. AACCJ0234G to Jindal Medicot Limited.

- The NSDL has allotted a TAN No. JLDJ01737B to Jindal Medicot Limited.

- The Assistant Director General of Foreign Trade has issued a Certificate of Importer-Exporter Code (IEC) dated September 12, 2009 bearing No. 3008009255 to Jindal Medicot Limited.

VI. Statutory Approvals/Licenses obtained by our subsidiary, Jindal Specialty Textiles Limited

- The State Level Single Window Clearance & Monitoring Authority has issued an in-principle approval to Jindal Specialty Textiles Limited for its proposed project subject to certain conditions. The Director of Industries, Himachal Pradesh by a letter dated February 27, 2009 has assigned a provisional registration no. 02/07/1052/Regn/(L&M) to Jindal Specialty Textiles Limited.

- The Income Tax Department has issued a Permanent Account Number bearing no. AACCJ0235H to Jindal Specialty Textiles Limited.

- The NSDL has allotted a TAN No. JLDJ01738C to Jindal Specialty Textiles Limited.

IV. Statutory Approvals/Licenses for which we have applied for Jindal Cotex Limited

- The Environmental Engineer, Punjab Pollution Control Board has on November 13, 2007 issued a letter for extension of validity of the consent no. LDH-II/APC/2006/R-1506 to operate an industrial plant, granted under section 21 of the Air (Prevention & Control Pollution), Act, 1981 for the manufacturing unit situated at Jugiana. The consent was valid until November 12, 2008. Our company has applied for the same vide our letter dated February 10, 2009 and the application is under process.

VII. Statutory Approvals/Licenses required for the proposed expansion and setting up of manufacturing units by our Subsidiaries

We have not yet applied for the below mentioned approvals and majority of these approvals/licences will be applied in the due course of time after completion of land acquisition.

- Acknowledgement of Industrial Entrepreneurs Memorandum for Industrial Approvals Entrepreneurial Assistance Unit for the units of the Subsidiaries for manufacturing of the products proposed to be manufactured by them.

- License from the Inspector of Factories under Factories Act, 1948.

- VAT Registration

- Central Excise Registration

- Service Tax Registration

- Registration with Provident Fund and E.S.I. authorities

- Pollution Control Board clearance under section 25 of the Water (Prevention and Control of Pollution) Act, 1974, and consent issued under section 21 of the Air (Prevention and Control of Pollution) Act, 1981.

- Sanction for power connection from the Division Officer for Subsidiaries.

- Importer Exporter Code from The Assistant Director General of Foreign Trade (for JSTL only).

- Registration with the concerned Textile Commissioner

- Sanction from Irrigation Department for ground water extraction.

Investment Approvals

As per notification number bearing FEMA/20/2000-RB dated May 3, 2000, as amended from time to time, under automatic route of the Reserve Bank, our Company is 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 the prevailing RBI Guidelines.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The shareholders of our Company have approved this Issue under section 81 (1A) of the Companies Act, 1956 vide a Special Resolution passed at our Company's Annual General Meeting held on July 4, 2008.

Prohibition by SEBI

Our Company, our Directors, our Promoters, the group companies, companies promoted by or Promoters and companies or entities with which our Company's Directors are associated as directors / Promoters / partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India. Our Company, our Promoters, their relatives, group companies and associate companies has, not been detained as willful defaulters by RBI/government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

a) Our Company has net tangible assets of at least Rs. 3 crores in each of the preceding 3 full years, of which not more than 50% are held as monetary assets.

(Rs. in Lacs)

Particulars	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Fixed Assets (Net)	1,460.01	1,255.00	1,980.80	1,843.51	3,327.18
Current Assets, Loans & Advances	1,510.44	1,901.13	2,351.16	3,246.26	3,703.28
Investments					18.00
Less: Current Liabilities & provisions*	882.60	1,170.92	1,715.02	2,646.01	3,118.19
Net Tangible Assets	2,087.85	1,985.21	2,616.94	2,443.76	3,930.27
Monetary Assets	10.09	194.13	110.04	327.75	282.76

Net tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (including Cash Credit and excluding deferred tax liabilities and secured as well as unsecured long term liabilities). Monetary assets include cash on hand and bank balances.

b) Our Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years.

(Rs. In Lacs)

Particulars	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Net Profit after tax, as restated	**172.55**	**58.88**	**78.42**	**87.98**	**415.00**

c) Our Company has a net worth of at least Rs. 1 Crore in each of the preceding 3 full years (of 12 months each).

(Rs. In Lacs)

Particulars	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Equity Share Capital	700.25	700.25	700.25	700.25	774.45
Reserves & Surplus	216.98	275.86	354.28	442.27	1525.08
Less: Revaluation Reserves					
Less: Misc. Exp					
Less: P&L A/c Debit balance					
Net Worth	**917.23**	**976.11**	**1054.53**	**1142.52**	**2299.53**

d) Our Company has not changed its name within the last one year.

e) Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

Further, if the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

Disclaimer Clauses

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS 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, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE 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 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, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED AUGUST 16, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. 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.

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,

WE CONFIRM THAT:

a) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;

b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, 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 (AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS).

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

4. WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

5. WE CERTIFY THAT 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 THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

7. WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE .WE UNDERTAKE THAT

AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.

8. **WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION IS APPLICABLE TO THE ISSUER.**

9. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

10. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**

11. **WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.**

12. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE ALLOTTED SHARES IN THE DEMAT MODE ONLY.**

13. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    a. **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND**

    b. **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.)**

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

Disclaimer from the Issuer and the Book Running Lead Manager

Investors may note that Jindal Cotex Limited and Saffron Capital Advisors Private Limited accept no responsibility for statements made other than in this Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer Company or Book Running Lead Manager and that any one, placing reliance on any other source of information would do so at their own risk.

All information will be made available by the Book Running Lead Manager, Underwriters, Syndicate members and our Company to the public and investors at large and no selective or additional information would be available for any section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

The BRLM accepts no responsibility; save to the limited extent as provided in the Memorandum of Understanding dated July 9, 2008 entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

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, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Ludhiana only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was submitted to SEBI for its observations and SEBI has given its observation. 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 the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the Bombay Stock Exchange Limited

Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter dated September 24, 2008 given 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 scrutinized 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 BSE; 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 to mean 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 National Stock Exchange of India Limited

As required, a copy of this offer document has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter dated October 24, 2008 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 NSE 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 the 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.

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at SEBI Bhavan, Bandra Kurla Complex, Bandra East, Mumbai – 400 051. A copy of the Red Herring Prospectus along with the documents required to be filed under section 60B of the Companies Act has been delivered for registration to the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh situated at Defence Colony, Jalandhar. The final Prospectus would be filed with the Corporate Finance Department of SEBI and the ROC at the respective aforesaid addresses upon closure of the issue and on finalization of the issue price.

Listing

Application has been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchanges in India.

BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the stock exchanges, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within seven working days of finalization of Basis of Allotment for the Issue.

Impersonation

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

"Any person who:

(a) makes in a fictitious name, a Bid to a company for acquiring or subscribing for, any shares therein, or

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

Consents

Necessary Consents for the issue have been obtained from the following

1. Directors of our Company
2. Promoters of the Company
3. Bankers to our Company
4. Auditors to our Company
5. Book Running Lead Manager to the Issue
6. Legal Advisor to the Issue
7. Registrar to the Issue
8. Company Secretary
9. Compliance Officer
10. Syndicate Members
11. Underwriters
12. Escrow Collection Bankers to the Issue

The said consents would be filed along with a copy of the Red Herring Prospectus with the RoC, Punjab, Himachal Pradesh & Chandigarh, at Jalandhar, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus, for registration with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh situated at Defence Colony, Jalandhar.

Expert Opinion

Except as stated otherwise in this Red Herring Prospectus, we have not obtained any expert opinion.

Public Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, advertising expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Expenses* (Rs. Lacs)	% of Issue Size	% of Issue expenses
Lead management, underwriting and selling commission	[●]	[●]	[●]
Advertisement and marketing expenses	[●]	[●]	[●]
IPO Grading expenses	[●]	[●]	[●]
Printing and stationery (including expenses on transportation of the material)	[●]	[●]	[●]
Others (Registrar's fees, legal fees, listing fees, etc.)	[●]	[●]	[●]
Total	**[●]**	**[●]**	**[●]**

** Will be incorporated after finalization of the Issue Price*

Fees Payable to the BRLM

The total fees payable to the BRLM will be as per the Memorandum of Understanding signed between us and the BRLM, Saffron Capital Advisors Private Limited, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, Bigshare Services Private Limited, will be as per the Memorandum of Understanding signed with our Company, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allocation advice by registered post/ Speed Post. Refund Orders up to Rs. 1,500/- would be send under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission

An underwriting commission not exceeding [●]% of the total amount underwritten is payable to the underwriters on the offer price of the Equity Shares offered through this Red Herring Prospectus to the public for subscription and underwritten in the manner mentioned in this Red Herring Prospectus.

Brokerage for the issue will be upto [●]% of the issue price of the Equity Shares, which would be paid by our Company on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers'/Agents' codes on the application form, our Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

Previous Public or Rights Issues in the last 5 years

Our Company has not made any public or rights issue of Equity Shares/Debentures in the last 5 years.

Previous Issue of Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash except as detailed in the section entitled 'Capital Structure' beginning on page 48 of this Red Herring Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

Details of capital issue made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.

There have been no capital issues during last 3 years by us. There are no other listed companies under the same management within the meaning of Sec 370(1)(B) of the Act at present or during the last three years.

Promise vis-à-vis Performance – Last 3 issues

Our Company has not made any Public Issue in the past.

Listed ventures of Promoters

There are no listed ventures of our Promoters.

Promise vis-à-vis Performance – Last One Issue of Group Companies

There are no listed ventures of our Promoters.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of the Red Herring Prospectus and terms of Issue

There are no outstanding debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of this Red Herring Prospectus.

Stock Market Data

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

Mechanism for redressal of Investor's grievance

Our Company has constituted a Shareholders Grievance Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer under the head 'Corporate Governance' on page 141 of this Red Herring Prospectus. To expedite the process of share transfer, our Company has appointed Bigshare Services Private Limited as the Registrar and Share Transfer Agents of our Company.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity

Shares applied for, amount paid on application and the Designated Branch of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

Disposal of Investors' Grievances and Redressal Mechanism

We have appointed Bigshare Services Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors' grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

Sr. No	Nature of the Complaint	Time Taken
1.	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address	Within 7 days of receipt of information.
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

We have appointed Mr. Gopal Krishan Sharma as the Compliance Officer who would directly liaise with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems at the following address:

COMPLIANCE OFFICER

Mr. Gopal Krishan Sharma
Company Secretary
Jindal Cotex Limited
V.P.O. Jugiana,
G. T. Road,
Ludhiana - 141 420,
Punjab, India.
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Changes in Auditors during the last three years and reasons thereof

There has been no change in our Auditors during the last 3 years.

Capitalization of Reserves or Profits during last five years

There has been no capitalization of reserves or profits, since inception.

Revaluation of Assets during the last five years

There has not been any revaluation of Assets during the last five years.

SECTION IX – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (DIP) Guidelines, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws 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, the Government of India, the Stock Exchanges, the 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 shareholders of our Company have approved this Issue under section 81 (1A) of the Companies Act, 1956 vide a Special Resolution passed at our Company's Annual General Meeting held on July 4, 2008.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment. For further details, please see the section "Main Provisions of the Articles of Association" on page 294 of this Red Herring Prospectus.

Mode of Payment of Dividend

We shall pay dividend to our Shareholders as per the provisions of the Companies Act and our Articles of Association. The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Red Herring Prospectus at a price of Rs. [•] per Equity Share. The issue price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws. The Issue Price is [•] times the face value of the Equity Shares.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the 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 rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer 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 Limited Company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., for further details, please refer to the section titled 'Description of Equity Shares and Terms of Articles of Association' beginning on page 294 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the existing SEBI (DIP) Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allocation and Allotment through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of 90 Equity Shares. For details of Allocation and Allotment, please refer to the section titled "Issue Procedure" on page 251 of this Red Herring Prospectus.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares transmitted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale 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 our Registered Office or to the registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of 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:

a) to register himself or herself as the holder of the equity shares; or

b) to make such transfer of the equity shares, as the deceased holder could have made.

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

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the

investor wants to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Issue to the Public including devolvement of Underwriters, if any, within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, we and every director of our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act.

If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

Arrangements for Disposal of Odd Lots

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

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" appearing on page 294 of this Red Herring Prospectus.

Compliance with SEBI (DIP) Guidelines

Our Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

Withdrawal of the Issue

Our Company in consultation with the BRLM reserves the right not to proceed with the issue any time after the Bid/Issue opening date but before allotment without assigning any reason thereof.

ISSUE STRUCTURE

The present Issue comprises of 1,12,50,000 Equity Shares of Rs. 10 each aggregating Rs. [●] Lacs (excluding Promoters' Contribution aggregating 1203894 Equity Shares) is being made through the 100% Book Building process. Details of the Issue structure are tabulated below:

Particulars	Eligible Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than 5,00,000 Equity Shares	Not more than 53,75,000 Equity Shares	Not less than 16,12,500 Equity Shares	Not less than 37,62,500 Equity Shares
Percentage of Issue Size available for allocation	Up to 4.44% of the Issue Size (excluding Promoters' Contribution)	Not more than 50% of the Net Issue to the public (of which 5% shall be reserved for Mutual Funds) or Net Issue to the public less allocation to Non-Institutional Bidders and Retail Individual Bidders.* Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The Unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net issue to the public or Net Issue size less allocation to QIBs and retail individual bidders.*	Not less than 35% of the Net issue to the public or Net Issue size less allocation to QIBs and non institutional bidders.*
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	90 Equity Shares and in multiples of 90 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of 90 Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of 90 Equity Shares.	90 Equity Shares and in multiples of 90 Equity Shares thereafter.
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder.	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Such number of Equity Shares per retail individual investor so as to ensure that the Bid amount does not exceed Rs. 1,00,000/- which has to be in multiples of 90 Equity Shares.
Mode of Allotment	Dematerialized mode	Dematerialized mode	Dematerialized mode	Dematerialized mode
Trading Lot/Market lot	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share

Who can apply**	Indian Nationals who are permanent employees of our Company based in India and are present in India on the date of submission of Bid-cum-Application Form.	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor 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 the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs, National Investment Fund in accordance with applicable law.	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta), and NRIs (applying for an amount exceeding Rs. 1,00,000/-)	Individuals (including ASBA Bidders, NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value. Resident Retail Individual Investor can also bid through ASBA.
Terms of payment	Margin Amount applicable to Eligible Employees at the time of submission of Bid-cum-Application Form.	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	Full Bid Amount on bidding	10% of the Bid amount in respect of bids placed by QIB bidder on bidding	Full amount on bidding	Full amount on bidding

* Subject to valid bids being received at or above the Issue Price. Under subscription if any, in the reservation category shall be added back to the Net Issue to Public. Under-subscription, if any, in any category, would be allowed to be met with spill over inter-se from any other categories, at the discretion of our Company in consultation with the BRLM subject to applicable provisions of SEBI (DIP) Guidelines.

** In case the Bid Cum Application Form/ ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form.

Note: Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only.

ISSUE PROCEDURE

Book Building Procedure

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

Bidders are required to submit their Bids through the Syndicate. We, in consultation with the BRLM, reserve the right to reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds. The primary responsibility of building the book shall be that of the lead book runner.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Illustration of Book Building and Price Discovery Process

(Investors should note that this illustration is solely for the purpose of illustration and is not specific to the Issue)

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60/- to Rs. 72/- per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the Bidding/Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of the Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLM, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the 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 the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

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 QIBs, Non-Institutional Bidders or NRIs applying on a non-repatriation basis	:	White
Non-residents, NRIs or FIIs applying on a repatriation basis	:	Blue
Eligible Employees of Our Company	:	Pink

It may be noted that the bids received in the Employees Reservation Portion shall not be considered for the purpose of determining the Issue Price through Book Building Process.

Who Can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
5. Indian mutual funds registered with SEBI;
6. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI (DIP) Guidelines and Regulations, as applicable);
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI;
9. State Industrial Development Corporations;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
13. Multilateral and bilateral development financial institutions;
14. Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
15. Eligible Non-residents including NRIs and FIIs on a repatriation/non- repatriation basis subject to applicable local laws; and

16. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.
17. As per existing regulations promulgated under FEMA, Overseas Corporate Bodies (OCBs) cannot bid/participate in this issue.

Note: Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant laws, rules, regulations, guidelines and approvals.

Participation by Associates of the BRLM and Syndicate Members

The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation. 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 the allocation is on a proportionate basis. Such holding or subscription maybe on their behalf or on behalf of their clients.

Application by Mutual Funds

In accordance with the current regulations, 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 capital carrying voting rights.

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

In accordance with the current regulations, the Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid- up capital of our Company. In respect of an FII investing in 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 our Company in case such sub-account is a foreign corporate or an individual.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/foreign venture capital investor. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

Application by NRI

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.

- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour)

The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid size

a) **For Employees:** The Bid must be for minimum 90 Equity Shares and in multiples of 90 Equity Shares thereafter.

b) **For Retail Individual Bidders:** The Bid must be for minimum 90 Equity Shares and in multiples of 90 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000/. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000/-. In case the Bid Amount is over Rs. 1,00,000/- due to revision in bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option 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.

c) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 100,000/- and in multiples of 90 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI (DIP) Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB margin on 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 a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Information for the Bidders

1. We will file the Red Herring Prospectus with the Registrar of Companies, at least 3 (three) days before the Bid/Issue Opening Date.

2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.

3. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from our registered office or from the BRLM, or from a member of the Syndicate.

4. Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLM or Syndicate Member or their authorized agent(s) to register their Bid.

5. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of bidding

a) We, with the BRLM, shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and the Price Band after the filing of the Red Herring Prospectus with RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and a regional newspaper). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended vide 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.

b) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.

c) The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working (seven) days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one regional newspaper and the Bidding Period may be extended, if required, by an additional 3 working (three) days, subject to the total Bidding Period not exceeding 10 working (ten) days.

d) During the Bidding Period, the Bidders may approach 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.

e) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details please refer to the section titled “Bids at Different Price Levels” beginning on page 256) 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.

f) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure, please refer to the section titled ‘Build up of the Book and Revision of Bids’ beginning on page 259 of this Red Herring Prospectus.

g) The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS’s for each Bid cum application Form. **It is the responsibility of the bidder to obtain the TRS from the Syndicate Member.**

h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the section titled “Terms of Payment and Payment into the Escrow Collection Account” beginning on page 257 of this Red Herring Prospectus.

Bids at Different Price Levels

a) The Price Band has been fixed at Rs. 70 to Rs. 75 per Equity Share of Rs. 10 each, Rs. 70 being the Floor Price and Rs. 75 being the Cap Price. The Bidders can bid at any price with in the Price Band, in multiples of Re 1. The minimum application size should be in the range of Rs. 5,000/- to Rs. 7,000/-

b) In accordance with SEBI (DIP) Guidelines, our Company in consultation with the BRLM in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. 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. In case of a revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.

c) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be suitable revised, if necessary such that the minimum application is in the range of Rs. 5,000/- to Rs. 7,000/-.

d) Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper, and also indicating the change on the relevant websites of the BRLM and the terminals of the members of the Syndicate.

e) We, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.

f) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum bid in any of the bidding options not exceeding Rs. 100,000/- may bid at ‘Cut-off’. However, bidding at ‘Cut-off’ is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**

g) Retail Individual Bidders, who bid at the ‘Cut-Off’ agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at ‘cut-off’ shall deposit the Bid Amount based on the Cap Price 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), Retail Individual Bidders shall receive the refund of the excess amounts from the Refund Account.

h) 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

II. make additional payment based on the cap of the revised Price Band, 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 category 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 for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off

III. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.

Option to Subscribe

Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only.

Escrow Mechanism

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of our Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer an amount equivalent to Issue proceeds (Final Issue price multiplied by the number of Equity Shares allotted through this issue) from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with our Company and the balance amount shall be transferred to the Refund Account, from where payment of refund to the Bidders shall be made.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

In case of Non-institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid-cum- Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (For further details, please refer to the section titled 'Issue Procedure-Payment Instructions' beginning on page 267 of this Red Herring Prospectus and submit the same to the members of the Syndicate to whom the Bid is being submitted. In case of QIB Bidders, the Margin Amount has to be submitted along with the Bid to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and stock invests shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account. Not later than 15 days from the Bid / Issue Closing Date, our Company will instruct the Refund Banker to refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders, failing which our Company shall pay interest @15% per annum for any delay beyond the period mentioned above.

Each category of Bidders i.e. QIBs, Non-Institutional Bidders and Retail Individual Bidders, would be required to pay their 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 titled 'Issue Structure' beginning on page 249 of this Red Herring prospectus and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated 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 two days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form.

Electronic Registration of Bids

a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one BSE / NSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.

b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the BSE and NSE.

c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be assessed on BSE's website at www.bseindia.com or on NSE's website at www.nseindia.com. The online, real-time graphical display of demand and bid prices at the bidding terminals shall be made. The BRLM shall ensure the availability of adequate infrastructure for data entry of the bids on a real time basis. At the end of each day of the bidding period the demand shall be shown graphically on the terminals for information of the syndicate members as well as the investors.

d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
    - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depositary Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)
    - Investor Category – Individual, Corporate, NRI, FII, Mutual Fund, etc
    - Numbers of Equity Shares bid for
    - Bid price
    - Bid Amount
    - Bid-cum-Application Form number
    - Whether payment is made upon submission of Bid-cum-Application Form
    - Margin Amount and

- Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder.

e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.

f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders, Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed beginning on page 271 of this Red Herring Prospectus.

h) It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company.

i) It is also to be distinctly understood that the approval given by BSE and NSE for the use of their online IPO system 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 will continue to be listed 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 NSE or BSE mainframe on a regular basis.

b) The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.

c) During the Bidding 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 numbers 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 changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

f) 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 QIBs, the members of the Syndicate shall collect the payments 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.

g) 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.

h) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of discrepancy of data between NSE or BSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid cum Application forms shall be final and binding to all concerned.

Price Discovery and Allocation

a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.

b) Our Company, in consultation with the BRLM shall finalise the 'Issue Price', the number of Equity Shares to be allotted in each category of Bidders.

c) The allocation for QIBs for not more than 50% of the Net Issue to the Public, of which 5% shall be reserved for Mutual Funds, would be on a proportionate basis, subject to valid bids being received at or above the Issue Price in the manner as described in the section titled 'Basis of Allotment'. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue to the Public, respectively, would be on proportionate basis, in the manner specified in the SEBI (DIP) Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

d) Under subscription, if any, in QIBs, Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of our Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than 63,750 Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

e) Under-subscription, if any, in the Employees Reservation Portion will be added back to the Net Issue to the Public.

f) Allocation to NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/Allocation of Equity Shares to them.

g) The BRLM, in consultation with us, shall notify 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.

h) Our Company in consultation with the BRLM, reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allocation, without assigning reasons whatsoever.

i) In terms of SEBI (DIP) Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after Bid/Issue closing date.

j) The allotment details shall be uploaded on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

1. Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.

2. After signing the Underwriting Agreement, we will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

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 RoC, Punjab, Himachal Pradesh and Chandigarh at Jalandhar. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration to the RoC, Punjab, Himachal Pradesh and Chandigarh at Jalandhar.

We will ensure that all the legal requirements applicable till the filing of the Prospectus with RoC are complied with.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one Hindi National newspaper, and a regional language newspaper.

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement at the time of/after filing of Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Intimation Note and Confirmation of Allocation Note to bidders, other than QIBs

The Registrar to the Issue shall send Confirmation of Allocation Note/Allotment Advice-cum-Refund Orders to all the Bidders intimating the number of shares allotted and the amount refunded.

Issuance of Intimation Note and Confirmation of Allocation Note to QIB bidders

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, if so required, QIBs may be sent an Intimation Note, indicating the number of Equity Shares that may be allocated to them and the additional margin required which shall be payable by the QIBs within the pay-in date specified therein. This Intimation Note is subject to the Basis of Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI (DIP) 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 reconciled book and basis of allotment as approved by the Designated Stock Exchange. In addition, there are foreign investment limitations applicable to our Company, which may result in a change (including a potential decrease) in the number of Equity Shares being finally allotted to non-resident investors (including FIIs). As a result, a CAN may be sent to QIBs and the allocation of Equity Shares in such CAN, may be different from that specified in the earlier Intimation Note. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract for the QIB for all the Equity Shares allocated to such QIB

Designated Date and Transfer of Funds to Public Issue Account

a) Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees and would ensure the credit to the successful Bidders depository account within two working days from the date of finalization of the basis of allotment with the Designated Stock Exchange. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

b) In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialized form to the allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions

Do's:

a) Check if you are eligible to apply;

b) Complete the bid-cum-application form after reading all the instructions carefully;

c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;

d) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.

e) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;

f) Ensure that you have been given a TRS for all your Bid options;

g) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;

h) Ensure that the Bid is within the Price Band;

i) 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, 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.

j) Ensure that Permanent Account Number (PAN) is mentioned in the Bid-cum-Application For.

k) If you have mentioned 'Applied For' or 'Not Applicable' in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.

l) Ensure that the Demographic details as registered with your Depository participant are updated, true and correct at all respects.

Don'ts:

a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;

b) Do not Bid for lower than minimum Bid size;

c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;

d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

e) Do not pay bid amount in cash, through stock invest, by money order or by postal order.

f) Do not provide your GIR number instead of PAN number;

g) Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 100,000/-);

h) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law.

i) Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.

j) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

Instructions for completing the Bid-Cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from our registered/corporate office, or from the Syndicate Members or from the BRLM.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRI or FII or foreign venture capital fund/Multilateral and Bilateral Development Financial Institutions applying on repatriation basis and Pink colour marked 'Employees' for Eligible Employees of our Company).

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained therein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.

(c) The Bids from the Retail Individual Bidders must be for a minimum of 90 Equity Shares and in multiples of 90 thereafter subject to a maximum of Rs. 100,000/-.

(d) 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 90 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 or regulations.

(e) In single name or in joint names (not more than three and in the same order as their Depository Participant details).

(f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees of our Company

For the purpose of the Employees Reservation Portion, Eligible Employee means permanent employees/executive (working) directors of our Company, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid-cum-Application Form.

Bids under Employees Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. pink colour Bid-cum-Application form marked "Employees").
- Eligible Employees, as defined above, should mention his/her employee number at the relevant place in the Bid-cum-Application Form.
- The sole/ first bidder should be Eligible Employees as defined above.
- Only eligible employees would be eligible to apply in this Issue under this Reservation Portion.
- Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for Equity Shares of or for a value of not more than Rs. 1,00,000/- in any of the bidding options can apply at Cut-Off. Cut-off facility is not available to other Eligible Employees whose minimum Bid amount exceeds Rs. 1,00,000/-.
- Bid/ Application by Eligible Employees can be made also in the 'Net Issue to the Public' and such bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 5,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

- Under-subscription, if any, in this category, will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of our Company, and BRLM. In case of under subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employees Reservation Portion.
- If the aggregate demand in this category is greater than 5,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to Para 'Basis of Allotment' on page 276.

Bidder's Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participants Name, Depository Participants 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 Bidder's bank account details. These bank account details would be printed on the Refund Orders/Refund Advices, if any, to be sent to the Bidders and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT. 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 Bidder's sole risk and neither the BRLM nor our Company 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 THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis 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 demographic details of the Bidders such as address, occupation, bank account details for printing on refund orders / refund advices or and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ refund advice / ECS credit for refunds/ Direct Credit of refund/CANs/Allocation Advice and printing of Bank particulars on the refund order / refund advice, and the Registrar would not use the Demographic Details given by Bidders in the Bid-cum-Application Form for these purposes.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Advice / Refund Orders/ Allocation Advice/ CANs would be mailed at address of the first Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ refund advice/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

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 Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected. Investors should note that the refund cheques/allocation advice/refund advice would be overprinted with details of bank account as per the details received from the depository.

Bids under Power of Attorney or by Limited Companies, Corporate Bodies or Registered Societies

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 & Article of Association and/or Bye Laws 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 case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

Bid 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, our Company reserves the right to accept or reject any Bid in whole or in part.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

Bids by Provident Funds

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 Lacs and pension fund with the minimum corpus of Rs. 2500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

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 as our Company/BRLM may deem fit.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.

- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

Bids and Revision to Bids must be made:

- On the Bid cum Application Form or 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 90 Equity Shares and in multiples of 90 thereafter subject to a maximum Bid amount of Rs. 100,000/- for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs. 100,000/- would be considered under Non Institutional Category for the purposes of allocation. For further details please refer to the section titled "Maximum and Minimum Bid Size" beginning on page 254 of this Red Herring Prospectus

- **By FIIs**: In multiples of 90 Equity Shares so that the Bid Amount exceeds Rs. 100,000/- and in multiples of 90 equity shares thereafter. For further details please refer to the section titled "Maximum and Minimum Bid Size" beginning on page 254 of this Red Herring Prospectus.

- 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.

- 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 U.S. 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. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, 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.

Payment Instructions

We along with BRLM and Syndicate Member(s) shall open an Escrow Account of our 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 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 to the Issue

1. The applicable Margin Amount for Non Institutional Bidders and Retail Individual Bidders is equal to 100% whereas for QIBs it is 10% and while submitting the Bid cum Application Form, shall be drawn as a payment instrument for the Bid Amount in favour of the Escrow Account and submitted to the members of the Syndicate.

2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our Company within the period specified in the Intimation Note/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 our Company should be drawn in favour of:

i.	In case of Resident Bidders	:	**Escrow Account – JCL Public Issue - R**
ii.	In case of Non Resident Bidders	:	**Escrow Account – JCL Public Issue – NR**
iii.	In case of Resident QIB Bidders	:	**Escrow Account – JCL Public Issue – QIB – R**
iv.	In case of Non Resident QIB Bidders	:	**Escrow Account – JCL Public Issue – QIB – NR**
v.	In case of Eligible Employees of our Company		**Escrow Account – JCL Public Issue – Employees**

4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorized 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. Payment will not be accepted out of a Non Resident Ordinary (NRO) Account of a Non Resident bidder bidding on a repatriation basis.

6. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

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 our Company.

8. The monies deposited in the Escrow Account of our 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 our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue and Refund Account with the Refund Bankers.

10. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand drafts 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 cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash / Stockinvest / Money Orders / Postal Orders will not be accepted.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 05, 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 stockinvest will not be accepted.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form. However, for QIB Bidders, the members of the Syndicate member shall collect the Margin Amount.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ('First Bidder'). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

i) All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.

ii) In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

iii) The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.

iv) The addresses of all the applications in the multiple master will be strung from the address master. 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. The applications with same name and same address will be treated as multiple applications.

v) The applications will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

vi) Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's 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 applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

We reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

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, 1961. Applications without this information will be considered incomplete and are liable to be rejected**. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention 'Not Applicable' and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention 'Applied for' in the Bid cum Application Form. Further, where the Bidder(s) has mentioned 'Applied for' or 'Not Applicable', the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration.

It may be noted that Form 60 and Form 61 have been amended vide a notification issued on 01st December 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

SEBI has, with effect from July 2, 2007 declared that the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Thus the use of UIN has been discontinued.

Right to Reject Bids

Our Company, in consultation with the BRLM, reserves the right to reject any Bid procured from QIBs, by any or all members of the Syndicate for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders our Company would have a right to reject the Bids only on technical grounds. Consequent refunds shall be made by Cheque/Pay Order/Demand Draft/ECS/Direct Credit/RTGS/NEFT, as the case may be, and will be sent to the bidder's address at the bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. Bank account details for Bidders 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 Non Residents, if not in compliance with the appropriate foreign and Indian laws;
6. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons
7. PAN not mentioned in the Bid-cum-Application form
8. GIR Number given instead of PAN Number;
9. Bids for lower number of Equity Shares than specified for that category of investors;
10. Bids at a price less than the lower end of the Price Band;
11. Bids at a price more than the higher end of the Price Band;
12. Bids at cut-off price by Non-Institutional and QIB Bidders;
13. Bids for number of Equity Shares, which are not in multiples of 90;
14. Category not ticked;
15. Multiple bids as defined in this Red Herring Prospectus;

16. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
17. Bids accompanied by Stockinvest/money order/ postal order/ cash;
18. Bids not duly signed by the sole /joint Bidders;
19. Bid-cum-Application Form does not have the stamp of the BRLM/Syndicate Member;
20. Bid-cum-Application Form does not have Bidder's depository account details;
21. 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 the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Form; or
22. 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 identity;
23. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
24. Bid in respect of which Bid cum Application form do not reach the Registrar prior to the finalization of the basis of allotment;
25. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
26. Bids by OCBs;
27. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act or other than in reliance on Regulation S under the Securities Act;
28. Bids by any person outside India if not in compliance with applicable foreign and Indian laws;
29. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
30. Bids not uploaded in the electronic bidding system of stock exchanges would be rejected; and
31. Bids by NRIs not disclosing their residential status;
32. Any other reason which the BRLM or our Company deem necessary.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar:

1) An Agreement dated October 15, 2008 among NSDL, our Company and Registrar.
2) An Agreement dated October 22, 2008 among CDSL, our Company and Registrar.

All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.

2) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.

3) Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

4) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).

5) Non-transferable allocation advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.

6) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.

7) 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/her Depository Participant.

8) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. BSE and NSE, where Equity Shares are proposed to be listed are connected to NSDL and CDSL.

9) The trading of our Equity Shares would only be in dematerialized form for all investors in the demat segment of BSE and NSE.

10) Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them, pursuant to the issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository account details, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Our Company has appointed Mr. Gopal Krishan Sharma as the Compliance Officer for the purposes of this IPO and he may be contacted at the registered office of our Company at: V.P.O. Jugiana, G. T. Road, Ludhiana - 141 420, Punjab, India. Investors may contact him in case of any Pre-Issue or Post-Issue problems.

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

Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the bidders with their respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares.

The payment of refund, if any, would be done through various modes as given hereunder:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following sixty eight centres:

1. Ahmedabad	2. Nashik	3. Sholapur	4. Gorakhpur
5. Bangalore	6. Panaji	7. Ranchi	8. Jammu
9. Bhubaneshwar	10. Surat	11. Tirupati (non-MICR)	12. Indore
13. Kolkata	14. Trichy	15. Dhanbad(non-MICR)	16. Pune
17. Chandigarh	18. Trichur	19. Nellore (non- MICR)	20. Salem
21. Chennai	22. Jodhpur	23. Kakinada(non-MICR)	24. Jamshedpur
25. Guwahati	26. Gwalior	27. Agra	28. Visakhapatnam
29. Hyderabad	30. Jabalpur	31. Allahabad	32. Mangalore
33. Jaipur	34. Raipur	35. Jalandhar	36. Coimbatore
37. Kanpur	38. Calicut	39. Lucknow	40. Rajkot
41. Mumbai	42. Siliguri (non- MICR)	43. Ludhiana	44. Kochi/Ernakulam
45. Nagpur	46. Pondicherry	47. Varanasi	48. Bhopal
49. New Delhi	50. Hubli	51. Kolhapur	52. Madurai
53. Patna	54. Shimla (non- MICR)	55. Aurangabad	56. Amritsar
57. Thiruvananthapuram	58. Tirupur	59. Mysore	60. Haldia (non- MICR)
61. Baroda	62. Burdwan (non-MICR)	63. Erode	64. Vijaywada
65. Dehradun	66. Durgapur (non- MICR)	67. Udaipur	68. Bhilwara

This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned sixty eight centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

3. RTGS – Applicants having a bank account at any of the abovementioned sixty eight centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank

charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

We shall 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 SEBI (DIP) Guidelines, our Company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;

- Our Company shall, within 15 days of the Bid/Issue Closing Date, ensure giving instruction in respect of refunds to the clearing system or dispatch the refund orders as the case may be; and

- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched or refund instructions have not been given to the clearing system in the manner disclosed above and/or demat credits are not made to bidders within the 15 day time prescribed above.

Our Company will provide adequate funds required to the Registrar to the Issue for refunds to unsuccessful applicants or allotment advice. Refunds if, not made by Electronic Clearing Services (ECS), Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) will be made through cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

The bank account details for ECS/ Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories' database and hence bidders are required to ensure that bank details including MICR code maintained at the depository level are updated and correct.

We shall 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 SEBI (DIP) Guidelines, Our Company further undertakes that allotment/ transfer of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/ Offer Closing Date**.**

We will provide adequate funds required for dispatch of refund orders, Direct Credit, ECS, RTGS or allotment advice to the Registrar to the Issue.

Refunds will be made by Direct Credit, ECS, RTGS cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Syndicate Member(s) 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.

Interest on Refund of Excess Bid Amount

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI (DIP) Guidelines.

BASIS OF ALLOTMENT

I. 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 allocation to all the successful Retail individual Bidders will be made at the Issue Price.

- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 37,62,500 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.

- If the aggregate demand in this category is greater than 37,62,500 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 90 Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allocation, refer below.

II. 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 allocation to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Net Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 16,12,500 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than 16,12,500 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 90 Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

III. 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 allocation 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:

(a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
  i. In the event that Mutual Fund Bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB portion.
  ii. In the event that the aggregate demand for 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.
  iii. Equity shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;

(b) In the second instance allocation to all QIB's shall be determined as follows:
  i. In the event that the oversubscription in the QIB portion, all QIB bidders who have submitted bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB portion.
  ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Share on a proportionate basis along with other QIB Bidders.
  iii. Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB bidders on a proportionate basis.

(c) The aggregate allocation to QIB Bidders shall be up to 53,75,000 Equity Shares.

IV. For Bidders in Employees Reservation Portion

- Bids received from the Bidders in Employees Reservation Portion at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Bidders in Employees Reservation Portion will be made at the Issue Price.

- The Equity Shares under the Employee Reservation portion shall be available for allotment to Bidders who have bid in this category 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 5,00,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Bidders in Employee Reservation category to the extent of their demand.

- If the aggregate demand in this category is greater than 5,00,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/ application size of 90 Equity Shares. For the method of proportionate basis of allotment, kindly refer to the paragraph on the following pages on method of proportionate basis of allotment.

Procedure and Time Schedule for Allotment and Issue of Certificates

The Issue will be conducted through a '100% book building process' pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on August 27, 2009 and expire on September 1, 2009. Following the expiration of the Bidding Period, our Company, in consultation with the BRLM, will determine the issue price, and, in consultation with the BRLM, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the Stock Exchanges. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh at Jalandhar and SEBI, Mumbai. SEBI (DIP) Guidelines require our Company to complete the allotment to successful bidders within 15 days from the Bid/Issue Closing Date. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and traded on BSE and NSE.

Method of Proportionate Allotment

In the event of the Issue being over-subscribed, the basis of allotment shall be finalised by Our Company in consultation with the Designated Stock Exchange. The Executive Director/Managing Director of the Bombay Stock Exchange (Designated Stock Exchange) along with the post Issue Lead Merchant Banker and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportional 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 over-subscription ratio, in that category subject to a minimum allotment of 90 Equity Shares. The allotment lot shall be the same as the minimum application lot irrespective of any revisions to the price band.

(d) In all Bids where the proportionate allotment is less than 90 Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be allotted a minimum of 90 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 90 but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If the decimal is less than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity 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.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with Depositary Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. Applicants residing at 15 centers where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Direct Credit or RTGS or NEFT, or ECS as applicable (subject to availability of all information for crediting through electronic mode). In case of other applicants, the Bank shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500/- by 'Under Certificate of Posting', and shall dispatch refund orders above Rs. 1,500/-, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the electronic facility. Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue. We shall ensure dispatch of refund orders, if any, by 'Under Certificate of Posting' or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS or NEFT, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the issuer.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI DIP Guidelines, we 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;

- 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 time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges and as further modified by SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.

We 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 a Refund Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the Direct Credit/RTGS/NEFT/ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Dispatch of Refund Orders

Please refer to the section titled "Disposal of Applications and Application Money" beginning on page 273 of this Red Herring Prospectus.

Interest in case of delay in Dispatch of Allotment Letters/Refund Orders or delay in Refund instructions

Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of issue. Our 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 Bid/Issue closing date.

Bid/Issue Program

Bid/Issue opens on: August 27, 2009	**Bid/Issue closes on: September 1, 2009**

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 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, Non-Institutional Bidders where the bid amount is in excess of Rs. 1,00,000 and (ii) till such time as permitted by the BSE and NSE, in case of Bids by Retail Individual Bidders where the Bid amount is upto Rs. 100,000. On the day of closing, extension of time will be granted by Stock Exchanges only for uploading the bids received from Retail Investors after taking into account the total number of applications received upto the closure of timings for acceptance of application forms as stated in prospectus and reported by BRLM(s) to the Exchange within half an hour of such closure. Bids will only be accepted on working days.

Bids not uploaded in the Electronic Bidding System of the Stock Exchanges, would be rejected. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical bid form, for a particular bidder, the details as per physical application form of that bidder may be taken as the final data for the purpose of allotment.

Investors please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI (DIP) 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 and can move up or down to the extent of 20% of the floor of the price band.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers one in English and other in Hindi, and also in regional newspaper and also by indicating the change on the web sites and at the terminals of the members of the Syndicate.

ISSUE PROCEDURE FOR ASBA BIDDERS

SEBI, by its circular dated July 30, 2008, introduced a new mode of payment in public issues i.e., application supported by blocked amount wherein the application money remains in the ASBA Account until allotment in the public issue. Mode of payment through ASBA became effective on September 1, 2008. Since this is a new mode of payment, set forth below is the procedure for Bidding under the ASBA procedure, for the benefit of the Bidders.

This section is only to facilitate better understanding of aspects of the procedure for bidding which is specific to ASBA Bidders. ASBA Bidders should nonetheless read this document in entirety.

Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.

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

ASBA Process

A resident Retail Individual Bidder can submit his Bid through an ASBA Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder ("**ASBA Account**") is maintained. The SCSB shall block an amount equal to the Bid Amount in the ASBA Account specified in the ASBA Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Who can Bid?

In order to be eligible to apply under the ASBA process, a Bidder has to satisfy the following conditions:

a) is a "Resident Retail Individual Investor";
b) is bidding at cut-off, with single option as to the number of shares bid for;
c) is applying through blocking of funds in a bank account with the Self Certified Syndicate Bank (SCSB);
d) has agreed not to revise his/her bid;
e) is not bidding under any of the reserved categories.

ASBA Form

An ASBA Bidder shall use the ASBA Form obtained from the Designated Branches of the SCSBs for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. For further information on how to complete ASBA Forms, see the section titled "Instructions for Completing the ASBA Form" on page 287.

- The ASBA Bidders can submit only one Bid option in the ASBA Form which shall be at Cut-off Price. After determination of the Issue Price, the number of Equity Shares Bid for by the ASBA Bidders will be considered for allocation along with the other Retail Individual Bidders who have Bid for the Equity Shares at or above the Issue Price or at the Cut-off Price.

- In the ASBA Form, the ASBA Bidder shall, inter alia, give the following confirmations/ declarations:

  a. That he/she is an ASBA Bidder as per the SEBI Guidelines;
  b. That he/she has authorized the SCSBs to do all acts as are necessary to make an application in the Issue, upload his/her Bid, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the Public Issue Account after finalization of the Basis of Allotment entitling the ASBA Bidder to receive Equity Shares in the Issue etc.; and
  c. That he/she has authorized the Registrar to the Issue to issue instructions to the SCSBs to unblock the funds in the ASBA Account upon finalization of the Basis of Allotment and to transfer the requisite money to the Public Issue Account.

- An ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Form or Bid cum Application Form after bidding on one ASBA Form either in physical or electronic mode. Submission of a second ASBA Form to either the same or another Designated Branch of the SCSB or a Bid cum Application to the Members of Syndicate will be treated as multiple Bid and will be liable to be rejected either before entering the Bid into the electronic Bidding System, or at any point of time prior to the Allotment of Equity Shares in the Issue. **ASBA Bidders are cautioned that Bids for Equity Shares in the Issue through the ASBA Form cannot be revised.**

- Upon completing and submitting the ASBA Form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

Maximum and Minimum Bid Size for ASBA Bidders

The Bid must be for a minimum of 90 Equity Shares and in multiples of 90 Equity Shares thereafter. The maximum Bid cannot exceed 1260 Equity Shares in order to ensure that the total Bid Amount blocked in respect of the ASBA Bidder does not exceed Rs. 100,000.

Information for the ASBA Bidders:

1. Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

2. Our Company and the BRLMs will declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also

publish the same two national newspapers (one each in English and Hindi) and one regional newspaper with wide circulation.

3. ASBA Bidders who would like to obtain the Red Herring Prospectus and/or the ASBA Form can obtain the same from the Designated Branches of the SCSBs. ASBA Bidders can also obtain a copy of the Red Herring Prospectus and/or the ASBA Form in electronic form on the websites of the SCSBs.

4. The Bids should be submitted to the SCSBs on the prescribed ASBA Form if applied in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account. For further information on how to complete ASBA Forms, see the section titled "Instructions for Completing the ASBA Form" on page 287.

5. The Price Band has been fixed at Rs. 70 to Rs. 75 per Equity Share. ASBA Bidders shall Bid for Equity Shares only at the Cut-off Price, with a single Bid option as to the number of Equity Shares. In accordance with the SEBI Guidelines, our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding/Issue Period. In case of revision, the cap on the Price Band will not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

6. Our Company, in consultation with the BRLMs, shall finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the ASBA Bidders.

7. Our Company and the BRLMs shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date and Price Band in the Red Herring Prospectus to be filed with the RoC and also publish the same in two circulated national newspapers (one each in English and Hindi) and one Bengali regional newspaper, each with wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall contain the disclosure requirements as specified under Schedule XX-A of the SEBI Guidelines. The SCSBs shall accept Bids from the ASBA Bidders during the Bidding/Issue Period.

8. The Bidding/Issue Period shall be for a minimum of three working Days and shall not exceed seven working Days. In case the Price Band is revised, the revised Price Band and Bidding/Issue Period will be published in two national newspapers (one each in English and Hindi) and one Bengali regional newspaper, each with wide circulation and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate. The Bidding/Issue Period shall be extended by an additional three Business Days, subject to the total Bidding/Issue Period not exceeding 10 Business Days.

Mode of Payment

Upon submission of an ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the ASBA Account.

ASBA Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.

SCSBs shall block the Bid Amount in the ASBA Account. The Bid Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue or withdrawal/failure of the Issue or withdrawal/failure of the Bid through ASBA, as the case may be. In the event the

ASBA Account does not have a sufficient credit balance for the Bid Amount, the ASBA shall be rejected by the SCSB and no funds shall be blocked in the said ASBA Account.

On the Designated Date, the SCSBs shall unblock and transfer the Bid Amount from the ASBA Account for successful Bids into the Public Issue Account and the balance amount, if any, shall be unblocked.

Electronic Registration of Bids

Upon receipt of the ASBA Form, the Designated Branch of the SCSBs shall register and upload the Bid. **The BRLMs, our Company, the Selling Shareholders and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Bids accepted by SCSBs, Bids uploaded by SCSBs, Bids accepted but not uploaded by SCSBs or Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.**

At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:

- Name of the Bidder(s);
- Application Number;
- Permanent Account Number;
- Number of Equity Shares Bid for;
- Depository Participant identification No.; and
- Client identification No. of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchange(s).

A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs.** The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares Bid for shall be Allocated to the ASBA Bidders. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bidding/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges.

Unblocking of ASBA Account

Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSBs for unblocking the ASBA Accounts and for the transfer of requisite amount to the Public Issue Account. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or withdrawal or rejection of the ASBA Bid, as the case may be.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process along with the demand generated by other Retail Individual Bidders to determine the demand generated.

2. Our Company, in consultation with the BRLMs, shall finalise the Issue Price.

3. The Allotment to QIBs will be upto 50% of the Net Issue, on a proportionate basis and the availability for allocation to Non-Institutional and Retail Individual Bidders (including ASBA Bidders) will be upto 15% and 35% of the Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and this Draft Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

4. Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment, without assigning any reason thereof.

Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders or Instructions to SCSBs

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 15 (fifteen) days from the Bid/ Issue Closing Date;
- Instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within 15 (fifteen) days of the Bid/Issue Closing Date.
- It shall pay interest at 15% p.a. if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 (fifteen) days from the Bid/Issue Closing Date or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within 15 days of the Bid/Issue Closing Date.

Our Company and the Selling Shareholders will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Issuance of CAN

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue, along with:

- The number of shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA;
- The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and
- The details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn / unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective ASBA Accounts.

Investors should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date; and

(b) (b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Allotment of Equity Shares

- Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the ASBA Accounts to the Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two Business Days from the date of Allotment.

- As per the SEBI Guidelines, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

DO's:

1. Check if you are a person resident in India as defined under the FEMA.

2. Check if you are a Retail Individual Bidder and eligible to Bid under ASBA process.
3. Ensure that you use the ASBA Form specified for the purposes of ASBA process.
4. Read all the instructions carefully and complete the ASBA Form.
5. Ensure that your Bid is at the Cut-off Price.
6. Ensure that you have mentioned only one Bid option with respect to the number of Equity Shares in the ASBA Form.
7. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.
8. Ensure that your Bid is submitted at a Designated Branch of a SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or the Registrar or the BRLMs.
9. Ensure that the ASBA Form is signed by the account holder in case the applicant is not the account holder.
10. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.
11. Ensure that you have funds equal to the number of Equity Shares Bid for at the Cap Price available in your ASBA Account before submitting the ASBA Form to the respective Designated Branch of the SCSB.
12. Ensure that you have correctly checked the authorisation box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.
13. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSBs for the submission of your ASBA Form.
14. Ensure that you have mentioned your PAN.
15. Ensure that the name(s) given in the ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Form is

submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.

16. Ensure that the Demographic Details are updated, true and correct, in all respects.

DON'Ts:

1. Do not submit an ASBA if you are not a resident as defined in the FEMA and are not a Retail Individual Bidder.
2. Do not Bid at any price within the Price Band other than at Cut-Off Price.
3. Do not Bid with more than a single option as to the number of Equity Shares Bid for.
4. Do not revise your Bid.
5. Do not Bid for lower than the minimum Bid size.
6. Do not Bid on another ASBA or on a Bid cjum Application Form after you have submitted a Bid to a Designated Branch of the SCSB.
7. Payment of Bid Amounts in any mode other than blocked amounts in the ASBA Accounts, shall not be accepted under the ASBA process.
8. Do not send your physical ASBA Form by post; instead submit the same to a Designated Branch of the SCSB only.
9. Do not fill up the ASBA Form such that the Bid Amount against the number of Equity Shares Bid for exceeds Rs. 100,000.
10. Do not submit the GIR number instead of the PAN Number.

INSTRUCTIONS FOR COMPLETING THE ASBA FORM

1. Bids through ASBA must be made only in the prescribed ASBA Form (if submitted in physical mode) or electronic mode.
2. The Bid may be made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein and in the ASBA Form.
4. The Bids must be for a minimum of 90 Equity Shares and in multiples of 90 Equity Shares thereafter subject to a maximum of 1260 Equity Shares such that the Bid Amount does not exceed Rs. 100,000.
5. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
6. ASBA Bidders should correctly mention the ASBA Account number in the ASBA Form and ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the respective Designated Branch.
7. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the account holder as provided in the ASBA Form.
8. ASBA Bidders should correctly mention their DP ID and Client ID in the ASBA Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Form.

ASBA Bidder’s Depository Account and Bank Details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA 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 ASBA FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/Allocation advice would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the members of the Syndicate, the Company or the Registrar to the Issue shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be 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 ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

ASBA Bids under Power of Attorney

In case an ASBA Bidder makes a Bid pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject such Bids. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Form, subject to such terms and conditions that we, in consultation with the BRLMs may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

The ASBA Bidders are not entitled to revise their Bid. However, they can withdraw their Bids during the Bidding/Issue Period by submitting a request for the same to the SCSBs who shall do the requisite, including deletion of details of the withdrawn ASBA Form from the electronic bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account.

In case the ASBA Bidder wishes to withdraw the Bid after the Bid/Issue Closing Date, the same can be done by submitting a withdrawal request by the ASBA Bidder to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after finalization of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same.

Permanent Account Number

The ASBA Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act on the ASBA form. **Applications without this information will be considered incomplete and are liable to be rejected by the SCSBs**. It is to be specifically noted that ASBA Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

RIGHT TO REJECT ASBA BIDS

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA Account, the respective Designated Branch ascertains that sufficient funds are not available in the ASBA Account.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

Grounds for Technical Rejections under the ASBA Process

ASBA Bidders are advised to note that Bids under the ASBA Process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Application on plain paper or on split form;
2. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
3. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
4. Amount mentioned in the ASBA Form does not tally with the amount payable for the value of Equity Shares Bid for;
5. Bids at a price other than at the Cut-off Price;
6. Bids for a value of more than Rs. 100,000 by ASBA Bidders;
7. Bid made by categories of investors other than Retail Individual Bidders;
8. PAN not stated, or GIR number furnished instead of PAN;
9. Bids for number of Equity Shares, which are not in multiples of 90;
10. Authorisation for blocking funds in the ASBA Account not ticked or provided;
11. Multiple Bids as defined in this Draft Red Herring Prospectus;
12. In case of Bid under power of attorney, relevant documents are not submitted;
13. Signature of sole and/or joint Bidders missing in case of ASBA Forms submitted in physical mode;
14. ASBA Form does not have the Bidder's depository account details;
15. ASBA Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Form and the Red Herring Prospectus;

16. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account;
17. 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 DP ID and the beneficiary account number; and
18. If the ASBA Bid in the Issue is revised.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

ASBA Bidders can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Form was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number of the ASBA Account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made; and
- We shall pay interest at 15% p.a. for any delay beyond the 15 day period mentioned above, if Allotment is not made and/or demat credits are not made to investors within the time period prescribed above or if instructions to SCSBs to unblock ASBA Accounts are not issued within 15 days of the Bid/Issue Closing Date.

Basis of Allocation and Method of Proportionate Basis of Allocation in the Issue

Bids received from ASBA Bidders will be considered at par with Bids received from other Retail Individual Bidders. No preference shall be given vis-à-vis ASBA and other Retail Individual Bidders. The basis of allocation to such valid ASBA and other Retail Individual Bidders will be that applicable to Retail Individual Bidders. For details, see section "Issue Procedure- Basis of Allotment" on page 276 of this Red Herring Prospectus.

Undertaking by our Company

We undertake as follows:

1. That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;

2. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;

3. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by our Company.

    a. 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 amount and expected date of electronic credit of refund.

4. that the promoter's contribution in full, wherever required shall be brought in advance before the issue opens for public subscription.

5. that refund orders to the non-resident Indians shall be dispatched within specified time.

6. that no further issue of securities shall be made till the securities offered through this Red Herring Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.

7. that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

Utilization of Issue Proceeds

The Board of Directors of our Company certifies that:

a. All monies received out of this issue of shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act;

b. Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the purpose for which such monies had been utilized;

c. Details of all unutilized monies out of the issue of shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the form in which such unutilized monies have been invested;

d. The utilization of monies received under promoter's contribution and reservations shall be disclosed under an appropriate head in the Balance Sheet of our Company, indicating the purpose for which such monies have been utilized; and

e. The details of all unutilized monies, out of the funds received under sub-item (d) shall be disclosed under a separate head in the Balance Sheet of our Company indicating the manner in which such unutilized monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. As per current foreign investment policies, foreign direct investment in the sector in which our Company operates (Civil Construction) is allowed upto 100% under the automatic route.

RBI, vide its circular A.P (DIR Series) Circular No. 53 dated December 17, 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of RBI, so long as the price of equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian Companies are available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of our Company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of our Company. No single NRI may own more than 5% of the post- issue paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of our Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of directors and shareholders of our Company. The issue of equity shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in equity shares of a Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that Company.

Registration of Equity Shares under US Laws

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended 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 of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to 'qualified institutional buyers', as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders and neither our Company nor the BRLM are liable for any changes in the regulations after the date of this Red Herring Prospectus.

SECTION- X- DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

The Authorized capital of our Company is Rs. 27 crores divided into 2,70,00,000 Equity Shares of Rs. 10/- each.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Capitalised terms used in this section have the meaning given to such terms in the Articles of the Company.

Pursuant to Schedule II of the Companies Act, 1956 and the SEBI (DIP) Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of equity shares and or their consolidation/splitting are required to be stated. The regulations contained in Table A of Schedule I of the Companies Act, 1956, shall apply to our Company in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Article of Association of our Company.

Company's funds may not be applied in purchase of or lent for shares of the Company

4. (i) The Company shall not have power to buy its own shares, unless the consequent reduction of Capital is effected and sanctioned in pursuance of Sections 100 to 104 or Section 402 of the Act.

(ii) 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 a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding Company.
Provided that nothing in this clause shall be taken to prohibit:

(a) the provision by the Company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for fully paid shares in the Company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the Company, including any Director holding a salaried office or employment in the Company; or

(b) the making by the Company of loans, within the limit laid down in sub-section (3) of Section 77 of the Act, to persons (other than Directors or Managers) bonafide in the employment of the Company, with a view to enabling those persons to purchase or subscribe for fully paid shares in the Company or its holding company to be held by themselves by way of beneficial ownership;

(c) No loan made to any person in pursuance of clause (b) or the foregoing provisions shall exceed in amount, his salary or wages at that time for a period of six months;

(d) Nothing in this Article shall affect the right of the Company to redeem any shares issued under Section 80 of the Act.

Further issue of Shares

(b) Where at any time after the expiry of two years from the formation of a Company or at any time after the expiry of one year from the allotment of shares in that Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, then

(i) such further shares shall be offered to the persons who at the date of offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the Capital paid up on those shares at that date.

(ii) the offer aforesaid 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.

(iii) unless the articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in clause (b) shall contain a statement of this right.

(iv) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of directors may dispose of them in such manner as they think most beneficial to the Company.

(c) Notwithstanding anything contained in the preceding sub-clause (1), the further shares aforesaid may be offered to any persons [whether or not those persons include the persons referred to in clause (a) of sub-section (1)] in any manner whatsoever:-

(i) if a special resolution to that effect is passed by the company in general meeting, or

(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, 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.

(d) Nothing in clause (c) of sub-section (1) shall be deemed -

(i) to extend the time within which the offer should be accpted, or

(ii) to authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(e) Nothing in this article shall apply -

to the increase of the subscribed capital of the company caused by the exercise of an option attached to debentures issued or loans raised by the company -

(i) to convert such debentures or loans into shares in the company, or

(ii) to subscribe for shares in the company;

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) either has been approved by the Central Government before the issue of debentures or the raising of the loans, or is in conformity with the rules 197, if any, made by that Government in this behalf; and

(b) in the case of debentures or loans other than debentures issued to, or loans obtained from, the Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in general meeting before the issue of the debentures or the raising of the loans.

Shares at the disposal of the Directors

(e) Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

Same as Original Capital

(g) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new shares shall be considered as part of the original Capital and shall be subject to the provisions herein contained with reference to the payment of calls, installments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.

Power to issue Redeemable Preference Shares

7. (a) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed;

Provided that:

(i) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of redemption;

(ii) no such shares shall be redeemed unless they are fully paid;

(iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Share Premium Account before the shares are redeemed.

(iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a Reserve Fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up Share Capital of the Company.

(b) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.

(c) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its Authorised Share Capital.

(d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares upto the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

(e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid up bonus shares.

Provision in case of Redemption of preference shares

8. The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, be giving not less than six month's previous notice in writing to the

holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding, by payment of the nominal amount thereof with dividend calculated upto the date or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect :

(a) The shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made at its Registered Office in the presence of one Director at least; and

(b) Forthwith after every such drawing, the Company shall notify the shareholders whose shares have been drawn for redemption its intention to redeem such shares by payment at the Registered Office of the Company at the time and on the date to be named against surrender of the Certificates in respect of the shares to be so redeemed and at the time and date so notified each such shareholder shall be bound to surrender to the Company the Share Certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The Shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid, where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefore.

Reduction of Capital

9. The Company may from time to time by special resolution, subject to confirmation by the Court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its Share Capital and any Capital Redemption Reserve Account or Premium Account in any manner for the time being authorised by law and in particular without prejudice to the generality of the foregoing power may be:

   (a) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;

   (b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up Share Capital which is lost or is unrepresented by available assets; or

   (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up Share Capital which is in excess of the wants of the Company;

   and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its Share Capital and of its shares accordingly.

Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares

10. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say it may :

   (a) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;

   (b) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares;

   (c) covert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination;

(d) cancel, shares which at the date of such General Meeting have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the shares so cancelled.

Issue of further Shares not to affect right of existing share holders

13. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking *pari passu* therewith.

Restriction on allotment

17. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

'**Buy back of Shares**'

22A. Notwithstanding anything contained in any other Article of the Articles of Association, but subject to the provisions of Section 77 A and 77 B of the Act and Securities & Exchange Board of India (Buy back of Securities) Regulations 1998 as may be in force at any time and from time to time, the Company may acquire, purchase, own, resell any of its own fully/partly paid or redeemable Preference Shares or Equity Shares and any other security as may be specified under the Act, Rules and regulations from time to time and may make payment thereof out of funds at its disposal or in any manner as may be permissible or in respect of such acquisition/purchase on such terms and conditions and at such time or times in one or more installments as the Board may in its discretion decide and deem fit. Such Shares which are so bought back by the Company may either be extinguished and destroyed or reissued as may be permitted under the Act or the Regulations as may be in force at the relevant time subject to such terms and conditions as may be decided by the Board and subject further to the rules & regulations governing such issue.

Power to pay certain commission and prohibition of payment of all other commission, discounts etc.

30. (A) The Company may pay a commission to any person in consideration of :
- (i) his subscribing or agreeing to subscribe whether absolutely or conditionally, for any shares in or debentures of the Company, subject to the restrictions specified in sub-section (4A) of Section 76 of the Act, or
- (ii) his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in or debentures of the Company, if the following conditions are fulfilled, namely :
  - (a) the commission paid or agreed to be paid does not exceed in the case of shares, five percent of the price at which the shares are issued and in the case of debentures, two and half percent of the price at which the debentures are issued;
  - (b) the amount or rate percent of the commission paid or agreed to be paid on shares or debentures offered to the public for subscription, is disclosed in the Prospectus, and in the case of shares or debentures not offered to the public for subscription, is disclosed in the Statement in lieu of Prospectus and filed before the payment of the commission with the Registrar, and where a circular or notice, not being a Prospectus inviting subscription for the shares or debentures is issued is also disclosed in that circular or notice;

(c) the number of shares or debentures which such persons have agreed for a commission to subscribe, absolutely or conditionally is disclosed in the manner aforesaid and

(d) a copy of the contract for the payment of commission is delivered to the Registrar at the time of delivery of the prospectus or the statement in lieu of prospectus for registration.

(B) Save as aforesaid and save as provided in Section 75 of the Act, the Company shall not allot any of its shares or debentures or apply any of its moneys, either directly or indirectly, in payment of any commission, discount or allowance, to any person in consideration of :

(i) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company or;

(ii) his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in, or debentures of the Company whether the shares, debentures or money be so allotted or applied by, being added to the purchase money of any property acquired by the Company or to the contract price of any work to be executed for the Company or the money be paid out of the nominal purchase money or contract price, or otherwise.

(C) Nothing in this Article shall affect the power of the Company to pay such brokerage as it has hereto before been lawful for the Company to pay.

(D) A vendor to, promoter of, or other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received for payment of any commission, the payment of which, if made directly by the Company would have been legal under Section 76 of the Act.

(E) The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash, or in shares, debentures or debenture-stocks of the Company.

Company's lien on Shares/Debentures

44. The Company shall have first and paramount lien upon all the shares / debentures (other than fully paid up shares / debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares / debentures and no equitable interest in any shares / debentures shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares / debentures. Unless otherwise agreed the registration of a transfer of shares / debentures shall operate as a waiver of the Company's lien if any on such shares / debentures. The Directors may at any time declare any shares / debentures wholly or in part to be exempt from the provisions of this Clause.

As to enforcing lien by sale

45. For the purpose of enforcing such lien, the Board may sell the shares / debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and / or debentures and may authorise one of their member or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member / debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and / or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfilment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

46. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and / or debentures at the date of the sale.

Outsiders lien not to affect Company's lien

(b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a Court of Competent jurisdiction or by statute required) be bound to recognise equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

If call or installment not paid notice must be given

47. (a) If any member or debenture holder fails to pay the whole or any part of any call or installment or any money due in respect of any shares or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any installment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

Form of Notice

(b) The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or installment or such part or other moneys is or are payable will be liable to be forfeited.

Entry of forfeiture in Register of members/debenture holders

49. When any shares / debentures shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members or Debenture Holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

Forfeited share/debenture to be property of Company and may be sold

50. Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

Power to annual forfeiture

51. The Directors may, at any time, before any share or debenture so forfeited shall have been sold, re-allotted or otherwise disposed of, annual forfeiture thereof upon such conditions as they think fit.

Shareholders or Debenture holders still liable to pay money owing at time of forfeiture and interest

52. Any member or debenture holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, installments, interest, expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.

Effect of forfeiture

53. The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly saved.

Certificate of forfeiture

54. A certificate in writing under the hand of one Director and counter signed by the Secretary or any other officer authorised by the Directors for the purpose, that the call in respect of a share or debenture was made and notice thereof given and that default in payment of the call was made and that forfeiture of the share or debenture was made by the resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.

Validity of sales under Articles 45 and 50

55. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of Members or Register of Debenture Holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register of Members or Debenture Holders in respect of such shares or debentures the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.

Cancellation of share/debenture Certificate in respect of forfeited shares/debentures

56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member or debentureholder) stand cancelled and become null and void and be of no effect, and the Directors shall be entitled to issue a duplicate certificate/s in respect of the said shares or debentures to the person/s entitled thereto.

Title of purchaser and allottee of forfeited shares/debentures

57. The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed of may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share or debenture.

Surrender of Shares or Debentures

58. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.

Transfer and transmission of shares and debentures

Register of Transfers

59. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Form of Transfer

60. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, 1956 and statutory modification thereof for the time being shall be duly compiled with in respect of all transfer of shares and registration thereof.

'**Dematerialisation of Securities**'

60A. (1) The provisions of this Article shall apply notwithstanding any thing to the contrary contained in any other Article of these Articles.

(2) (i) The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.

(ii) Option for Investors:-

Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.

If a person opts to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security.

(iii) Securities in Depository to be in fungible form:-

All Securities of the Company held by the Depository shall be dematerialised and be in fungible form.

Nothing contained in Sections 153, 153A, 153B, 187B, 187C & 372A of the Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

(iv) Rights of Depositories & Beneficial Owners:-

(a) Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(c) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.

(v) Service of Documents:-

Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.

(vi) Transfer of Securities:-

Nothing contained in Section 108 of the Act, shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(vii) Allotment of Securities dealt with in a depository:-

Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(viii) Register and Index of Members:-

The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of Shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

Instrument of transfer to be executed by transferor and transferee

61. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.

Transfer of Shares

63. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of Members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

(b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.

(c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company alongwith the certificate relating to the shares and if no such certificate is in existence, alongwith the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.

(d) Nothing in clause (c) above shall prejudice any power of the Company to register as share holder any person to whom the right to any share has been transmitted by operation of law.

(e) The Company shall accept all applications for transfer of shares / debentures, however, this condition shall not apply to requests received by the Company.

  (A) for splitting of a share or debenture certificate into several scripts of very small denominations;

  (B) proposals for transfer of shares / debentures comprised in a share / debenture certificate to several parties involving, splitting of a share / debenture certificate into small denominations and that such split / transfer appears to be unreasonable or without any genuine need.

    (i) transfer of equity shares / debentures made in pursuance of any statutory provisions or an order of a Competent Court of law;

    (ii) the transfer of the entire equity shares / debentures by an existing shareholder / debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.

    (iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) Debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares / 10 (ten) debentures.

    (iv) the transfer of less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) to the existing share holder / debenture holder subject to verification by the Company.

  Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).

  (f) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

Custody of Instrument of transfer

64. The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

Transfer books and Register of members when closed

65. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, to close the Transfer books, the Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year.

Transfer to Minors etc.

66. Only fully paid shares or debentures shall be transferred to a minor acting through his / her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

Title to shares of deceased holder

67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or 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 the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent Court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispence with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

Registration of persons entitled to share otherwise than by transfer

68. (a) Subject to the provisions of Articles 67 and 77(d), any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself 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 nevertheless that if such person 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 the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.

(b) A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

'**Nomination**'

(c) (1) Every Shareholder or Debenture holder or Deposit holder of the Company, may at any time, nominate a person to whom his Shares or Debentures or Deposit shall vest in the event of his death in such manner as may be prescribed under the Act.

(2) Where the Shares or Debentures or Deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the Shares or Debentures or Deposits as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under Section 58A (11) and 109A of the Act.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the Shares or Debentures or Deposits, the nominee shall, on the death of the Shareholder or Debentureholder or Deposit holder, as the case may be on the death of the joint holders become entitled to all the rights in such Shares or Debentures or Deposits

as the case may be, all the joint holders, in relation to such Shares or Debentures or Deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

(4) Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures or Deposits, to make the nomination to appoint any person to become entitled to Share in, or Debentures or Deposits of, the Company, in the manner prescribed under the Act, in the event of his death, during the minority.

'**Transmission of Shares or Debentures**'

(d) (1) A nominee, upon production of such evidence as may be required by the Board and subject to provisions of Section 109B of the Act and as hereinafter provided, elect, either –

(a) to register himself as holder of the Share or Debenture, as the case may be; or

(b) to make such transfer of the Share or Debenture, as the deceased Shareholder or Debenture holder, as the case may be, could have made.

(2) if the nominee elects to be registered as holder of the Share or Debenture himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Shareholder or Debenture holder, as the case may be.

(3) a nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company. provided further that Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share or Debenture, until the requirements of the notice have been complied with.

Claimant to be entitled to same advantage

69. The person becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not complied within sixty days, the Board may thereafter with hold payment of all dividends, interest, bonuses or other moneys payable in respect of the share unit the requirements of the notice have been complied with.

Persons entitled may receive dividend without being registered as member

70. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share / debenture.

71. Article 70 shall not prejudice the provisions of Articles 44 and 55.

Refusal to register nominee

72. The Directors shall have the same right to refuse on legal ground to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

Directors may require evidence of transmission

73. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

No Fees on transfer or transmission

74. No fees shall be charged for registration of transfer transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death of Marriage, Power of Attorney or similar other document.

The Company not liable for disregard of a notice prohibiting registration of transfer

75. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said 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 referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give affect thereto if the Directors shall so think fit.
76. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.

Joint Holders

77. Where two or more persons are registered as the holders of any shares / debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

No transfer to more than four persons as joint holders

(a) The joint holders of any share / debenture shall be liable severally four persons as the holders of any share / debentures.

Transfer by joint holders

(b) In the case of a transfer of shares / debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Liability of joint holders

(c) The joint holders of any share / debenture shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share / debenture.

Death of one or more joint holders

(d) On the death of any one or more of such joint holders the survivor / survivors shall be the only person or persons recognised by the Company as having any title to the share / debenture, 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 a deceased joint holder from any liability on shares / debentures held by him jointly with any other person.

Receipt of one sufficient

(e) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share / debenture.

Delivery of certificate and giving of notices to first named holder

(f) Only the person whose name stands first in the Register of Members / debenture holders as one of the joint holders of any shares / debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice which expression shall be deemed to include all documents as defined in Article (2)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

Vote of joint holders

(g) (i) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares 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 or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof 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 Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.

(ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

Restriction on powers of the Board

78. The Board of Directors shall not, except with the consent of the Company in General Meeting and subject to Article 172 of the Articles of Association of the Company :

(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 alter the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after a considerable time.

(d) borrow monies 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 percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial year immediately preceding, whichever is greater.

Explanation: Every resolution passed by the Company in General Meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount upto which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

Conditions on which money may be borrowed

79. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable, debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled Capital for the time being.

Issue at discount etc. or with special privileges

82. Any bonds, debenture stocks, or other securities may be issued, subject to the provisions of the Act, at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, appointment of Directors and otherwise and subject to the following :

Debentures with voting rights not to be issued

(a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.

(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.

(c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.

(d) Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in section 125 of the Act.

(e) The term 'charge' shall include mortgage in these Articles.

(f) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.

Conversion of shares into stock and reconversion

Shares may be converted into stock

91. The Company in general meeting may convert any paid up shares into stock and when any shares shall have been coverted into stock, the several holders of such stock may thenceforth transfer their respective interest therein or any part of such interests, in the

same manner and subject to the same regulations as, and subject to which shares from which the stock arise 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

92. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the company, and other matters, as if they held the shares from which the stock arose, but no such privileges or advantage (except participation in the dividends and profit 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 privileges or advantages.

Restrictions on exercise of voting rights of members who have not paid calls

104. (a) No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.

(b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.

Restriction on exercise of voting right in other cases to be void

105. A member is not prohibited for exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 104.

Equal rights of share holders

106. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Chairman's declaration of result of voting by show of hands to be conclusive

109. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

Demand for poll

110. (a) Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

(b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking poll

111. (a) A poll demanded on a question of adjournment shall be taken forthwith.

(b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.

Right of a member to use his votes differently

112. On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use, all his votes or cast in the same way all the votes he uses.

Scrutineers at poll

113. (a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.

(b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.

(c) Of the two scrutineers appointed under this article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.

Manner of taking poll and result thereof

114. (a) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

(b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Casting Vote

115. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the polls is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

Representation of Body Corporate

116. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

Representation of the President of India or Governors

117. (a) The President of India or the Governor of a State if he is a member of the Company may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company in accordance with provisions of Section 187A of the Act or any other statutory provision governing the same.

(b) A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the President or as the case may be the Governor could exercise, as a member of the Company.

(c) Public Trustee
The Company shall observe the provisions of Section 187B of the Act, in regard to the Public Trustee.

Circulation of member's resolution

118. The Company shall comply with provisions of Section 188 of the Act, relating to circulation of member's resolution.

Resolution requiring special notice

119. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.

Resolutions passed at adjourned meeting

120. The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.

Registration of resolutions and agreements

121. The Company shall comply with the provisions of Section 192 of the Act relating to registration of certain resolutions and agreements.

Minutes of proceedings of general meeting and of Board and other meetings

122. (a) The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for the purpose with their pages consecutively numbered.

(b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed :

(i) in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(ii) in the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.

(c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.

(f) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:

(i) the names of the Directors present at the meetings, and

(ii) in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution.

(g) Nothing contained in Clauses (a) to (d) hereof 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) in 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 clause.

Minutes to be considered to be evidence

(h) The minutes of meetings kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

Presumptions to be drawn where minutes duly drawn and signed

123. Where minutes of the proceedings of any general meeting of the Company or of any meeting of its Board of Directors or of a Committee of the Board have been kept in accordance with the provisions of Section 193 of the Act then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken placed and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein.

Inspection of Minutes Books of General Meetings

124. (a) The books containing the minutes of the proceedings of any general meeting of the Company shall;

(i) be kept at the registered office of the Company, and

(ii) be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.

(b) Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the Company, with a copy of any minutes referred to in Clause (a) above, on payment of thirty seven paise for every one hundred words or fractional part thereof required to be copied.

Publication of reports of proceeding of general meetings

125. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting.

Division of Profits

179. The profits of the Company subject to any special rights relating thereto created or authorised to be created by these presents 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.

Dividend payable to registered holder

180. No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Time of payment of dividend

181. Where a dividend has been declared by the Company it shall be paid within the period provided in Section 207 of the Act.

Capital paid up in advance and interest not to earn dividend

182. Where the Capital is paid up in advance of calls upon the footing that the same shall carry interest, such Capital shall not, whilst carrying interest confer a right to dividend or to participate in profits.

Dividends in proportion to amount paid up

183. (a) The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up on some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.
(b) Provided always that any Capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.

Company in General Meeting may declare dividends

184. The Company in general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.

Power of Directors to limit dividend

185. No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.

Dividends only to be paid out of profits

186. No dividend shall be declared or paid by the Company otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of the guarantee given by that Government provided that :
(a) If the Company has not provided for depreciation for any previous financial year or years, it shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years;
(b) If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section.

Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

Directors' declaration as to net profits conclusive

187. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

188. The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

Retention of Dividend until completion of transfer under Article

189. The Directors may retain the Dividends payable upon shares in respect of which any person is under the Transmission clause of these Articles entitled to become a member or which any person under the clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

No member to receive Dividend whilst indebted to the Company and Company's right to reimbursement there from.

190. Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such share(s) or debenture(s) or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of moneys so due from him to the Company.

Transferred shares must be registered

191. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend how remitted

192. Unless otherwise directed any dividend may be paid by cheque or warrant or a pay-slip or receipt having the force of a cheque or warrant sent through ordinary post to the registered address of the member or person entitled or in the case of joint holders to that one of them first named in the Register of Members in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the registered holder of shares or to his order or to his bankers. The Company shall not be liable or responsible for any cheque or warrant 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 fradulent or improper recovery thereof by any other means.

Unpaid or Unclaimed Dividend

193. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been poster within 30 days from the date of declaration, to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend Account of JINDAL COTEX LIMITED" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

(b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund account of the Central Government.

No claim for such transferred amount will lie against the Company or Central Government.

(c) No unpaid or unclaimed dividend shall be forfeited by the Board.

Dividend and call together

194. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

Dividend to be payable in cash

195. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

SECTION XI – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at V.P.O. Jugiana, G. T. Road, Ludhiana - 141 420, Punjab, India from 11.00 hours to 15.00 hours on any working day, excluding Saturday and Sunday from the date of this Red Herring Prospectus until the Bid/Offer closing date.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated July 9, 2008 among the Company and Saffron Capital Advisors Private Limited, appointing them as Book Running Lead Managers to the issue.

2. Memorandum of Understanding dated July 3, 2008 between the Company and Bigshare Services Private Limited appointing them as Registrar to the issue.

3. Tripartite Agreement dated October 15, 2008 among our Company, NSDL and Bigshare Services Private Limited.

4. Tripartite Agreement dated October 22, 2008 among our Company, CDSL and Bigshare Services Private Limited.

5. Escrow agreement dated [•] 2009 between our Company, the BRLM, Escrow Collection Banks, and the Registrar to the Issue.

6. Syndicate agreement dated [•] 2009 between our Company, the BRLM and the Syndicate Members.

7. Underwriting agreement dated [•] 2009 between us, the BRLM and the Syndicate Members.

DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of our Company.

2. Certificate of incorporation dated February 18, 1998 bearing Certificate of incorporation number 16-21084 of 1998 issued by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh, Jalandhar.

3. Resolution passed under Section 81 (1A) of the Act, at the Annual General Meeting of our Company held on July 4, 2008.

4. Resolution dated October 1, 2007 appointing Mr. Sandeep Jindal as our Managing Director.

5. Resolution dated August 2, 2008, appointing Mr. Yash Paul Jindal as our Chairman.

6. Resolution dated July 4, 2008, appointing Mr. Ramesh Jindal as our Whole Time Director.

7. Resolution dated July 4, 2008, appointing Mr. Rajinder Jindal as our Whole Time Director.

8. Due Diligence Certificate dated August 16, 2008 to SEBI from the BRLMs.

9. Consent from the Directors, Compliance Officer, Auditor, Book Running Lead Manager, Registrar to the Issue, Bankers to the Issue, Bankers to our Company, Underwriters, Legal Advisor, IPO Grading Agency to act in their respective capacities.

10. IPO Grading report dated October 20, 2008 and revalidation letter dated June 22, 2009.

11. Certificate dated July 16, 2009 from the statutory auditors, M/s. Aggarwal Garg & Co., Chartered Accountants, detailing the tax benefits.

12. Audit report by the statutory auditor, M/s. Aggarwal Garg & Co., Chartered Accountants dated July 16, 2009 included in the Red Herring Prospectus and copies of the Balance Sheet referred in the said report.

13. Copy of the Certificate from the statutory auditors, M/s. Aggarwal Garg & Co., Chartered Accountants, dated July 15, 2009 regarding the sources and deployment of funds as on June 30, 2009.

14. Copies of sanction letters from Oriental Bank of Commerce and Punjab & Sind Bank, vide their letters dated January 23, 2008 & July 08, 2008 respectively.

15. Copy of term loan sanction letter from State Bank of India vide their letter dated November 4, 2008 for Jindal Medicot Limited.

16. Copies of term loan sanction letter from Punjab National Bank vide its letter dated January 31, 2009 and from UCO Bank vide its letter dated February 17, 2009 for Jindal Specialty Textiles Limited.

17. Copy of Power Purchase Agreement dated February 21, 2008 with Suzlon Energy Limited and Ajmer Vidyut Vitran Nigam Limited

18. Copy of Technical know-how agreement dated June 26, 2008, amongst our wholly owned subsidiary, Jindal Medicot Limited and Texkor Industries, Korea.

19. Copy of Marketing agreement dated June 26, 2008, amongst our wholly owned subsidiary, Jindal Medicot Limited and Texkor Industries, Korea.

20. Copy of Technical know-how agreement dated May 17, 2009, amongst our wholly owned subsidiary, Jindal Specialty Textiles Limited and Wonpoong Corporation, Korea.

21. Copies of Initial Listing Application made to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

22. Copy of in-principal approval received from the Bombay Stock Exchange Limited and National Stock Exchange of India Limited dated September 24, 2008 and October 24, 2008 respectively.

23. SEBI observation letter no. CFD/DIL/ISSUES/PB/167025/2009 dated June 19, 2009.

24. Reply by the BRLM dated August 3, 2009 for the above SEBI observation letter.

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 our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION XII – DECLARATION

We, the Directors of the Company, hereby declare that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the government 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 or 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 statements in this Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS

Mr. Sandeep Jindal

Mr. Yash Paul Jindal

Mr. Rajinder Jindal

Mr. Ramesh Jindal

Mr. Madan Lal Arora

Mr. Vipan Kumar Mittal

Mr. Vijesh Gupta

Mr. Nirmal Jain

SIGNED BY THE CHIEF FINANCIAL OFFICER

Mr. Ashish Jain

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Gopal Krishan Sharma

Place: Ludhiana

Date: August 7, 2009

October 20, 2008

To,
Mr. Sandeep Jindal
Managing Director
M/s. Jindal Cotex Ltd.,
Ludhiana

Dear Sir, Strictly confidential

We have for reference the IPO grading proposal received from M/s. Jindal Cotex Ltd. Based on the details furnished by you and also the personal visit done by our analysts a report has been placed before the committee.

We are happy to inform you that our company has awarded **BWR IPO 3 (Average Fundamentals)** for the present IPO proposal of M/s. Jindal Cotex Ltd. The above grading has been done based on following studies

1. Data base on various industries and companies
2. Evaluation of financial strength and managerial quality
3. Evaluation of production process etc.

The Grading conveyed are our current opinion and do not constitute investment / Financial or other advise. It is based on the through analysis of all information furnished by you. Kindly convey your acceptance per return mail.

Thanking You
Yours Truly

K.C.Holla
Vice President

Brickwork Ratings India Pvt. Ltd.

Corporate Office: #39/2, II Floor, Near Dairy Circle, Bannerghatta Road, Bangalore - 560 029
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Brickwork RATINGS

22nd Jun 2009

Mr. Ashish Jain CFO
M/s Jindal Cotex Ltd,
VPO Jugiana GT Road
Ludhiana-141 420

Dear Sir,

Sub: Extension of IPO Grading for Jindal Cotex Ltd

Kindly refer our letter dt 20/10/2008 advising BWR IPO Grading 3 (pronounced as Three) assigned and communicated to you. The grading was valid for a period of 6months.Now that the validity was over, you have requested for extension of the period. Based on your request and additional information interalia provisional balance sheet as at 31/03/09, project implementation report, bank term loan sanction letter etc and clarifications received from your end, the matter was placed before the External Rating Committee of Brickwork Ratings.

We are pleased to inform you that Jindal Cotex ltd IPO grading request has been accepted and extended upto 12/09/2009 and the issue is graded accordingly as

BWR IPO Grade 3. Company's IPO with this grading is considered to have Average Fundamentals.

The above grading is subject to terms & conditions agreed in your letter DT 22/09/08.

Kindly communicate your acceptance of the grading. Please call us for any clarifications.

Thanking you

Yours faithfully,

K C Holla
Vice President
(9611805999)

Brickwork Ratings
for Informed Investment Decisions

Rationale for Jindal Cotex Ltd IPO Grading

Jindal Cotex Ltd (JCL) | **BWR IPO Grade '3'**

IPO Details

IPO Grade by Brickwork Ratings	Brickwork Ratings has assigned BWR IPO Grade '3' for the proposed initial public offering of Jindal Cotex Ltd. This grade primarily reveals "Average Fundamentals" in relation to other listed securities in India. Brickwork Ratings IPO grading is a mere opinion on the fundamentals of issuer and is just one parameter that an investor could use before the investment decision. The specific decision relating to invest must also consider the investor's risk profile, asset allocation, time horizon as well as the issue price, relative to the fundamental value. Brickwork does not comment on the price. The grade is neither a recommendation to buy / sell nor hold the graded instrument.
Shares Offered to Public	12,453,894 (about 12 million) Shares Face Value RS.10/- each, representing 49.81% of post issue equity
Lead Managers **Registrar**	Saffron Capital Advisors Private Limited Bigshare Services Private Limited

Media Contact

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media@brickworkratings.com

Analyst Contacts

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rajesh.pai@brickworkratings.com

Sanath Kumar
sanath.kumar@brickworkratings.com

Relationship Contact

Annam Ramaswamy
ramaswamy@brickworkratings.com

Company Profile:

Jindal Cotex Limited (JCL) based in Ludhiana, Punjab, incorporated in 1998 has been promoted by Sandeep Jindal, Yash Paul Jindal, Rajinder Jindal and Ramesh Jindal. JCL - an ISO 9001:2000 certified company manufactures Acrylic, Polyester, and Polyester-Viscose, Polyester Cotton, Combed and Carded Yarns for apparels, suitings & knitted fabrics.

It has an installed capacity of 23,472 spindles for acrylic, cotton blended and polyester yarns with a manufacturing capacity of 6500 TPA. JCL manufactures and sells yarns under the trade name 'JINDAL'. In addition, the company has installed and commissioned a Suzlon make Wind Electric Generator (Wind Mill) of 1250KW capacity at Pithla-Satta-Gorera in the state of Rajasthan.

The IPO funds are proposed to set up a new facility for manufacturing of Cotton Yarn, Yarn Dyeing and Garments as well as invest in its 100% subsidiaries Jindal Medicot Limited and Jindal Specialty Textiles Limited. The company has not contemplated to use the proceeds to repay the bank loans.

JCL Share Holding Pattern

Category	Pre-issue		Post-issue	
	No.of Shares	% holding	No.of Shares	% Holding
Promoters	1,04,97,114	83.67%	1,17,01,008	46.80 %
Promoters' group	20,48,992	16.33%	20,48,992	8.20 %
Employee	-	-	500,000	2.00 %
Public	-	-	1,07,50,000	43.00%
Total	1,25,46,106	100%	2,50,00,000	100%

Brickwork Ratings considers Business prospects, financial performance, Management Quality, Corporate Governance as well as new project risks to arrive at IPO grade. The salient points of analysis are discussed below.

Brickwork Ratings Rationale:

Business Prospects:

- Strong customer base and enhancing its presence in the international markets is seen as a positive. JCL started its exports in the year 2006 and has aggressively expanded its market base. Presently it is exporting to Bangladesh, Vietnam, Indonesia, China, Iran, Canada and Kenya. In FY 2007-08 exports were over 10% of the turnover amounting to Rs. 109.2 million.

- Strong Focus on quality and investments in new technology, regular process improvements are a plus point. The company has been granted IS/ISO 9001:2000 for quality management system by RQ TUV certification body for their existing manufacturing facility.

- JCL is increasing its capacities in spinning along with forward integration by way of expanding in value chain i.e. Dyeing and Garmenting which is seen very favorably.

- The dismantling of quotas on textiles and clothing in accordance with the agreement on textiles and clothing (ATC) offers significant opportunities for the company in the global markets.

- The overall outlook is presently good for expanding the capacity or starting new business in spinning because there is an increasing induction of high speed looms and large diameter knitting machines for enhanced production of fabrics for feeding the requirements of garment sector, both export and domestic.

- The company plans to move into the life style segment with its 100% subsidiary Jindal Medicot Limited (JML). JML has entered into a technology know-how transfer agreement dated June 26, 2008 with Texkor Industries, Korea for manufacturing 100% Cotton Crepe Bandage Cloth, Cotton Crepe Bandage and cotton stretch bandage manufacturing medical textile products like absorbent bleached cotton wool & its products and cotton crape bandage like stretch bandage, crape bandage cloth, the manufacturing facilities and products are proposed to be as per BP, EP and WHO standards.

- The textile sector enjoys favorable Government Policies and Incentives. The GOI has provided several incentives for the textile sector, from which the Company currently benefits, including the Technology Up gradation Funding

Scheme (TUFS) that subsidizes interest cost and duty drawback benefit for its exports.

- The company has also diversified into the field of power generation by setting up a wind mill of 1250KW. The company has started the commercial generation of electricity during this year. JCL has entered into power purchase agreement with Ajmer Vidyut Vitran Nigam Ltd (AVVNL) for the sale of electricity generated for a period of 20 years.

- The textile industry is highly fragmented and is dominated by large number of unorganized players. Textile being a global industry, JCL faces competition from various domestic and international manufacturers of synthetic yarns.

- There is a significant dependence on few suppliers and customers. The % of contribution of the Company's customers and suppliers vis–a– vis the total sales and purchases respectively, for the FY 2008 is as follows:

Particulars	Customers	Suppliers
Top 3 (%)	59.28	49.65
Top 10 (%)	84.39	89.00

Any loss of business from one or more of them may adversely affect the operations and profitability.

Financial Position:

- For the year ended 31st March, 2008 sales from operations increased by 42.69% to Rs. 994.24 million as compared to Rs. 696.78 million for the year ended 31st Mach, 2007.

- Profit before Depreciation, Interest and Tax increased from Rs. 63.11 million to Rs. 96.72 million for the year ended 31st March, 2008 showing an increase of approximately 53.26%.

- Profit after Tax increased from Rs. 8.76 million for the year ended 31st March, 2007 to Rs. 42.31 million for the year ended 31st March, 2008 showing an increase of 382.99%.

- EPS (Earnings per share) for the year ended 31st March, 2008 is Rs.6.04 against Rs.1.26 in the corresponding previous financial year. EPS has been calculated on the basis of weighted average number of Equity Shares.

- The operating profit margin is 21.98% for the year ended 31st March, 2008 as compared to 19.62% for the corresponding previous year.

- Pre-issue net worth of the company as on 31st March, 2008 is Rs. 230.83 million.

- The company has not declared dividend in the last 5 years. JCL has raised Rs. 74.20 million through the issue of 7,42,010 Equity Shares of Rs. 10 each at premium of Rs. 90 per share to the Promoters and their relatives on March 27, 2008.

Consolidated Balance Sheet for Jindal Cotex Limited

Liability and Shareholder's Equity	As on 31st March, 2008	As on 31st March, 2007	Assets	As on 31st March, 2008	As on 31st March, 2007
	(Amount in Million)			(Amount in Million)	
Current Liabilities & Provisions			**Current Assets & Loans and Advances**		
- Sundry Creditors	76.41	75.34	- Cash and Bank Balances	28.27	32.78
- Advances from Customers	2.56	0.30	- Sundry Debtors	92.17	54.54
- Other Current Liabilities	9.38	19.50	- Inventories	140.64	142.93
- Provisions	9.75	5.98	- Loans and Advances	109.24	94.38
Total Current Liabilities	**98.10**	**101.12**	**Total Current Assets & Loans and Advances**	**370.32**	**324.63**
Secured Loans	363.08	235.28	**Fixed assets**		
Unsecured Loans	2.30	46.67	Tangible Fixed Assets		
Deferred Tax Liabilities	10.53	11.61	- Property, Plant and Equipment	226.58	178.10
Total Liabilities	**474.01**	**394.68**	- Capital Work-in-Progress	71.74	5.26
Share Holder's Equity			- Capital Advances	34.40	0.99
- Share Capital	77.44	70.02	**Total Tangible Fixed Assets**	**332.72**	**184.35**
- Retained Earnings	153.39	44.28	**Total Fixed Assets**	**332.72**	**184.35**
Total Share Holders Equity	**230.83**	**114.30**	**Investments**	**1.80**	
Total Liabilities and Share Holder's Equity	**704.84**	**508.98**	**Total Assets**	**704.84**	**508.98**

Profit and Loss Account of Jindal Cotex Limited		
	(Amount in Million)	
Particulars	**For the year ended 31st March, 2008**	**For the year ended 31st March, 2007**
Operating Revenue		
- Net sales	994.24	696.78
Operating Expenses		
- Cost of goods sold	775.65	558.45
- Manufacturing expenses	83.35	89.81
- Selling, General & Administrative expenses	40.15	34.61
- Decrease / (Increase) in Stock	7.03	(46.22)
- Depreciation	25.08	28.53
Profit from operations before other income, Interest and Tax	62.98	31.60
- Other income	8.66	2.98
Profit before Interest and Tax (PBIT)	71.64	34.58
- Interest expenses	20.59	20.18
Profits before Tax (PBT)	51.05	14.40
- Taxes	8.74	5.64
Profit After Tax (PAT)	42.31	8.76
Key Ratios		
- Operating Profit Margin	21.98%	19.62%
- Net Margin	9.73%	9.08%
- ROCE	31.04%	30.27%
- EPS	6.04	1.26
- Book value	29.81	14.75
- Return on Net Worth	18.36	7.70
- Debt-Equity Ratio	1.58	2.47

Management Quality:

- The board of directors comprises of eight directors. Mr. Yash Paul Jindal is the Chairman of the Board. Mr. Sandeep Jindal is the Managing Director; he is in-charge of the overall management of the Company subject to the supervision and control of the Board. Mr. Ramesh Jindal and Mr. Rajinder Jindal are whole-time directors. Mr. Vipan Kumar Mittal, Mr.Vijesh Gupta, Mr. Madan Lal Arora and Mr. Nirmal Jain are the independent Directors.
- The board is ably supported by professional and technically qualified team of executives.
- All the individual Promoters are experienced and involved in the day to day operation of JCL.
- The company has employed key professionals having technical and commercial backgrounds.
- Since inception of the company the promoters have displayed their ability to consistently grow the company by expanding the capacities, product profile and to identify new opportunities.

Name of Directors	Designation	Age (Years)	Qualification	Background	Date of Joining the Board	Other Directorship
Mr. Sandeep Jindal	Managing Director	31	B.Com	He has an Overall experience of 10 Years in Textile sector	18th Feb, 1998	a. Jindal Medicot Ltd b. Jindal Specialty Textiles Ltd c. Jindal Info Media Private Ltd
Mr. Yash Paul Jindal	Chairman	53	B.A	He has an Overall experience of 31 Years in various businesses.	10th Dec, 1998	1. Jindal Medicot Ltd 2. Jindal Specialty Textiles Ltd 3. Jindal Cycles Pvt Ltd
Mr. Rajinder Jindal	Whole Time Director	48	B.Sc	He has an Overall experience of 27 Years in various businesses.	10th Dec, 1998	1. Jindal Medicot Ltd 2. Jindal Specialty Textiles Ltd 3. Jindal Cycles Pvt Ltd
Mr. Ramesh Jindal	Whole Time Director	50	B.Com	He has an Overall experience of 31 Years in the trading and manufacturing of Cycle parts.	30th Sep, 2000	1. Jindal Medicot Ltd 2. Jindal Specialty Textiles Ltd 3. Jindal Cycles Pvt Ltd
Mr. Madan Lal Arora	Independent Director	70	LLB	He has 33 years of experience as company secretary in the industry and profession.	10th July, 2008	1. Chuneja Management Constultans Pvt Ltd
Mr. Vipan Kumar Mittal	Independent Director	49	B.Com	He has 29 years of experience in the hosiery and textile industry.	31st March, 2005	1. Kuda Knit Process Pvt. Ltd. 2. Supple Innovations Ltd

Mr. Vijesh Gupta	Independent Director	34	B.Com, CA	He has 11 years of experience in CA practice	10th July, 2008	Nil
Mr. Nirmal Jain	Independent Director	54	B.Sc	He has an overall 33yrs experience.	10th July, 2008	Nil

Annexure: Profile of the directors

Corporate Governance:

- The board has eight directors, four are independent directors.
- There are no sales or purchases between companies in the Promoter Group.
- The directors are not involved in companies with similar Product line.
- Promoters have not been identified as a willful defaulter by RBI or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.
- Directors and the members of the Promoter group will beneficially own approximately 55% of our post-Issue Equity Share Capital.
- The company has taken necessary steps to implement the provisions of the Corporate Governance. The constitution of our Board of Directors is in compliance with the said provisions and it has the necessary committees in place in compliance with the said provisions:
  - (A) Audit Committee
  - (B) Investor Grievance Committee
  - (C) Remuneration Committee
- Company has taken on lease land owned by Mr. Yash Paul Jindal, Mr. Ramesh Jindal and Mr. Rajinder Jindal, at VPO Jugiana, GT Road, Ludhiana for a period of 30 years from June 22, 1998 at a monthly rental of Rs. 4000 each aggregating Rs. 12,000 along with non interest bearing security deposit of Rs. 1.50 million each aggregating Rs. 4.5 million.
- Promoter Group company Jindal Cycles Private Limited has given on lease, Godown to JCL at a rent of Rs. 5000 per month for a period of 10 years from August 24, 2004
- As per the financial statements, as on June 30, 2008, the JCL has unsecured loan of Rs. 18.31 million, which is from Promoter Group / associate concerns / directors and their relatives which is repayable on demand
- 3 of the 4 independent directors have joined after July 2008, by this time the company has drawn its expansion plans and taken a decision for an IPO.
- The promoters are subscribing to 20,48,992 shares of Rs.10/- each representing 9.59% of the proposed issue of shares.

Other Factors:

- As per the audited balance sheet, JCL has the following Contingent Liabilities, which are not provided for,
  - Bond executed in favour of Central Excise Authorities for Rs. .55 million (Previous Year Rs. .55 million) and
  - Bond executed in favour of Custom Authorities for Rs.4.35 million (Previous Year Rs 2.64 million).
  - The company has not charged Vat amounting to Rs.16.06 million under the Exemption period on the basis of Eligibility certificate for the grant of incentive of Sales tax exemption issued by District industries centre, Ludhiana but the issue of Exemption/Entitlement certificate is disputed by concerned Sales Tax Authority.
  - There is demand for Rs. 10.43 million by the Sales Tax Authorities and the same is disputed by the company and not provided in the books of accounts (Previous Year Rs 10.43 million).
- JCL has 6 pending litigations. 2 each in labour matters, Indirect Tax proceedings (Sales Tax) and civil matter against the director.
- The company is yet to complete the acquisition of land for its proposed projects of its 100% subsidiaries.

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