



(Originally Incorporated as 'Ankush Electronics & Electricals Private Limited' on 5th October 1984 in Maharashtra, subsequently converted into public Limited company on 26th February 1985, renamed as 'Ankush Synthetics Limited' on 20th March 1992 and renamed as 'Aviva Industries Limited' on 18th November, 2005)

Registered Office: 336, Sardar Gruh Building, 198, Lokmanya Tilak Road, Crawford Market, Mumbai- 400 002, **Tel:** 022-22000356 **Fax:** 022-22000357

(The Registered Office of the Company was shifted from 10, Minal Apartment, Shradhanand Road, Vile Parle (E), Bombay – 400 057 to 18, Surti Chamber, 2nd Dhobi Talao Lane, Bombay – 400 002 w.e.f. July 14, 1987 and to 12, Adityanwala Manzil, 2nd Floor, 37/39 Nakoda Street, Tamba Kanta, Bombay – 400 003 w.e.f. June 28, 1990 and to the present address w.e.f. September 1, 1998)

Corporate Office: 205 Sarthik – II, Opposite Rajpath Club S.G. Road, Ahmedabad- 380015

Tel: 079- 40029111 **Fax:** 079- 40029444 **Email:** cs@avivaindustries.com **Website:** www.avivaindustries.com

Contact Person: Mr. Kalpesh Desai, Company Secretary and Compliance Officer,

Tel: 079- 40029111 **Fax:** 079- 40029444 **E-mail:** cs@avivaindustries.com

Public Issue of 1,40,00,000 Equity Shares of Rs. 10/- each issued for cash at a premium of Rs.10 per Equity Share (Issue Price of Rs. 20 per Equity Share) aggregating to Rs. 2800 Lakhs (herein referred to as the 'Issue') by Aviva Industries Limited (herein referred to as the 'Company' or 'Issuer'). Out of total Issue, 55,00,000 Equity Shares of Rs. 10/-each for cash at a premium of Rs. 10/- per Equity Shares aggregating Rs. 1100 Lakhs are reserved for participation by the Promoters in the Issue. The Net Issue to the Public is of 85,00,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 10/- per Equity Shares aggregating to Rs. 1700 lakhs (herein referred to as the 'Net Issue'). The Net Issue to public would constitute 54.84 % of the fully diluted post issue paid up Equity Capital of the Company.

The issue is being made in terms of clause 2.3.2 and in turn clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000 as amended from time to time, wherein the "Project" has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the Issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded. In case of delay, if any in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

RISK IN RELATION TO THE FURTHER ISSUE TO THE PUBLIC

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and the Vadodara Stock Exchange Limited (VSE). The Issue Price (as determined by Aviva industries Limited in consultation with the Lead Manager ("LM") on the basis of assessment of market demand for the Equity Shares) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of the Draft Prospectus. The issue is not graded by any Credit Rating Agency.



Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page iii of the Draft Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in the Draft 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 the Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of the Company are listed on Bombay Stock Exchange Limited and Vadodara Stock Exchange Limited (VSE). The Company has applied for de-listing of the existing Equity Shares from VSE and awaits an approval for the same. The Company is also now proposing to list the Equity Shares on National Stock Exchange of India Limited (NSE), therefore, the Equity Shares offered through the Draft Prospectus are proposed to be listed on BSE and NSE. The Company has received in-principle approvals from BSE, NSE for the listing of Equity Shares pursuant to the letters dated [•] and [•] respectively. For the purpose of this Issue, BSE is the Designated Stock Exchange.

LEAD MANAGER		REGISTRAR TO THE ISSUE	
	Allianz Securities Limited 33, Vaswani Mansion, 6 th Floor, Dinshaw Vachha Road, Churchgate, Mumbai – 400 020 Tel: 022-22870580 Fax: 022-22870581 Email: aviva@aslfincial.com Website: www.aslfincial.com Contact Person: Ms. Nitasha Rathod		MCS Limited 101,Shatadal Complex, 1st Floor, Opposite Bata Showroom, Ashram Road, Ahmedabad-380009 Tel:079-30070671 Fax:079-30070678 Email: aviva@mcsind.com Website: www.mcsind.com Contact Person: Mr. Mahendra Singh

ISSUE PROGRAMME

ISSUE OPENS ON: [•] 2006

ISSUE CLOSES ON: [•] 2006

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SECTION I

DEFINITIONS AND ABBREVIATIONS

Conventional / General Terms

Terms	Description
Articles/Articles of Association	Articles of Association of Aviva Industries Limited
Companies Act/ Act	The Companies Act, 1956 as amended from time to time
Depository	A company formed and registered under the Companies Act, 1956 (1 of 1956), and which has been granted a certificate of registration under sub-section (1A) of section 12 of the Securities and Exchange Board of India of India Act, 1992 (15 of 1992)
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FII	Foreign Institutional Investor (as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 registered with SEBI
Financial Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year, unless stated otherwise
Government/GoI	The Government of India
Indian GAAP	Generally Accepted Accounting Principles in India
I.T. Act	The Income-Tax Act, 1961, as amended from time to time
MOA/ Memorandum/ Memorandum of Association	Memorandum of Association of Aviva Industries Limited
NRIs/ Non-Resident Indians	A person resident outside India who is a Citizen of India or a Person of Indian Origin (as defined in Foreign Exchange Management (Deposit) Regulations, 2000
Overseas Corporate Body / OCB	A Company, partnership, society and other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is held by NRIs directly or indirectly but irrevocably as defined in Foreign Exchange Management (Deposit) Regulations, 2000
Qualified Institutional Buyer or QIB	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.2500 lakhs and pension funds with a minimum corpus of Rs.2500 lakhs
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Stock Exchanges	Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 1997 as amended from time to time.

ISSUE RELATED TERMS

Terms	Description
Allianz	Allianz Securities Limited
Applicant	Any prospective investor who makes an application for Equity Shares in terms of the Draft Prospectus
Application Form	The form in terms of which the applicant shall apply for the Equity Shares of the Company
Allotment	Issue of Equity Shares pursuant to the Issue to the successful Applicants
Allottee	The successful Applicant to whom the Equity Shares are being / have been issued.
Bankers to the Issue	Banks acting as bankers for collection and refund of subscription money.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Prospectus	The Draft Prospectus issued in accordance with Section 60 of the Companies Act, 1956. It carries the same obligations as are applicable in case of a Prospectus and will be filed with Registrar of Companies before the Issue opening date.
Issue Closing Date	The date on which the Issue closes for subscription
Issue Opening Date	The date on which the Issue opens for subscription
Issue Price	The price as decided by the Company and the Lead Manager for which the Equity Shares shall be issued to the public in terms of this Prospectus
LM/Lead Manager	Lead Manager to the Issue, in this case being Allianz Securities Limited
Net Issue/ Net Issue to the Public	The Issue less participation by promoter / promoter group company to the extent of Rs.1100 Lakhs
Prospectus	Refers to the prospectus to be filed with the Registrar of Companies
Public Issue/ /Issue/Fresh Issue	Public Issue of 85,00,000 Equity Shares of Rs. 10/- each for Cash at a Price of Rs. 20 per Equity Share aggregating to Rs. 1700 Lakhs
Registrar/ Registrar to the Issue	Registrar to the Issue being MCS Limited
ROC / Registrar of Companies	Registrar of Companies, Maharashtra, situated at Hakoba Mills Compound, 2 nd Floor, Dataram Lal Marg, Kalachowki, Mumbai 400002.
Retail Individual Investors	Individual investors who apply for the Equity Shares of or for a value of not more than Rs.100,000/-

Company/Industry Related Terms

The Company/ Aviva / Aviva Industries Limited/ / we/ us/ our Company/ The Issuer/AIL	Aviva Industries Limited, a public limited company incorporated under the Companies Act, 1956
Auditors	The Statutory Auditors of the Company
Board/Board of Directors	Board of Directors of Aviva Industries Limited
Committee	Committee of Directors and managerial personnel of the Company authorised by the Board to take decisions on matters related to or incidental to this Issue
Corporate Office	205 Sarthik – II, Opposite Rajpath Club S.G. Road, Ahmedabad- 380015

Equity Shares	Equity Shares of the Company of Rs. 10 each unless otherwise specified in the context thereof
Face Value	Value of paid up equity capital per Equity Share, in this case being Rs.10 each
Registered Office/Registered Office of the Company	336, Sardar Gruh Building, 198, Lokmanya Tilak Road, Crawford Market, Mumbai-400 002
Promoters	Mr. Mohan Gupta, Mr. Sunil Kumar Gupta, Mr. Shyamsunder Gupta, Mr. Prakash Gupta and Mr. Nand Kishore Gupta
“Promoter Group” or “Promoter Group Entities” or “Group Companies”	Refers to Gupta Synthetics Limited, Nova Petrochemicals Limited, Polycoat India Private Limited (formerly known as Gupta Silk Mills Private Limited), Gupta Dyeing and Printing Mills Private Limited, Gupta Dyeing and Printing Mills, Jatin Synthetics Private Limited, Ellora Syntex Private Limited, Shikha Investments Private Limited.

Abbreviations of General Terms

Abbreviation	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASE	The Ahmedabad Stock Exchange
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CESTAT	Customs, Excise and Service Tax Appellate Tribunal.
DSE	The Delhi Stock Exchange Association Limited
EPS	Earning Per Share
EGM	Extraordinary General Meeting
EU	European Union
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investors
GDP	Gross Domestic Production
GoI/Government	Government of India
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961, as amended from time to time
KVA	Kilovolt Amperes
KG / kg / Kg	Kilo Gram
MAT	Minimum Alternate Tax
MOU	Memorandum of Understanding
MTPA	Metric Tone Per Annum
MM	Millimetres
MSE	Madras Stock Exchange Limited
MTS	Metres
NAV	Net Asset Value
NRIs	Non Resident Indians
NSE	National Stock Exchange of India Limited
O.I.A	Order In Appeal
O.I.O	Order In Original
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number

PAT	Profit After Tax
PBDIT	Profit Before Depreciation Interest and Tax
PCB	Pollution Control Board
RBI	The Reserve Bank of India
RONW	Return on Net Worth
Rs. / Rupees / INR	Indian Rupees
Sq. ft.	Square feet
USD/US\$	United States Dollar
NSDL	National Securities Depository Ltd
FCNR ACCOUNT	Foreign Currency Non Resident Account
SCOT	Strengths, Concerns, Opportunities and Threats
SEBI ACT	Securities Exchange Board of India Act, 1992 and amended from time to time
SEBI	Securities Exchange Board of India
TOL	Total Outside Liability
TNW	Tangible Net Worth
VSE	Vadodara Stock Exchange Limited
WIP	Work in progress

Glossary of Technical and Industry Terms

AEC	Ahmedabad Electricity Company
ATC	Agreement on Textiles and Clothing
ATDC	Apparel Training and Design Centres
AUDA	Ahmedabad Urban Development Authority
BPCL	Bharat Petroleum Corporation Limited
CFM	Cubic Feet Per Minute
DEPB	Duty Exemption Pass-Book
ETP	Effluent Treatment Plant
GATT	General Agreement on Tariffs and Trade
GEB	Gujarat Electricity Board
GSPCB	Gujarat State Pollution Control Board
JNPT	Jawahar Lal Nehru Port Trust
KG / kg / Kg	Kilo Gram
LPG	Liquified Petroleum Gas
MFA	Multi Fibre Agreement
NIFT	National Institute of Fashion Technology
Ozs	Ounce
POY	Partially Oriented Yarn
RCC	Reinforce cement and concrete
SHMP	Sodium Hexa Meta Phosphate
TCIDS	Textile Centres Infrastructure Development Scheme
TUFS	Technology Upgradation Fund Scheme
WTO	World Trade Organisation

SECTION – II

RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

In the Draft prospectus, unless the context otherwise requires, all references to one gender also refers to the other gender.

Unless the context otherwise requires, the financial data in the Draft Prospectus is derived from the financial statements prepared and restated in accordance with Indian GAAP and included in the Draft Prospectus. The Company has no subsidiary; accordingly, financial information relating to the Company is presented on a non-consolidated basis for the year ended March 31 2002, 2003, 2004, 2005 and 2006. Our fiscal year commences on April 1 and ends on March 31. In the Draft Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

For additional definitions, see the section titled ‘Definitions and Abbreviations’ on page c of the Draft Prospectus. In the section titled ‘Main Provisions of Articles of Association of the Company’ beginning on page 118 of the Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

Market data used throughout the Draft Prospectus was obtained from internal company reports, appraisal report of Bank and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in the Draft Prospectus is reliable, it has not been independently verified. Similarly, internal company reports and appraisal report of Banks, while believed by us to be reliable, have not been verified by any independent sources.

FORWARD LOOKING STATEMENTS;

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

All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others: -

- General economic and business conditions in India and other countries
- Regulatory changes relating 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 that have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities
- Change in political condition in India

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page no. iii of the Draft 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 the Company nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, and the Lead Manager 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.

RISK FACTORS

An investment in equity involves a higher degree of risk. Investors should carefully consider all the information in the Draft prospectus, including the risks and uncertainties described below, before making an investment in our equity shares. Any of the following risks as well as other risks and uncertainties discussed in the Draft 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, which could result in the loss of a part or all of your investment.

1. The Promoters and Group Companies are involved in legal proceedings, which may have some financial implications on the business of the company.

The Promoters viz. Mr. Mohan Gupta and Mr. Sunil Gupta and some Promoter Group Companies are involved in certain civil, labour, statutory, and taxation proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Should any new development arise, such as a change in Indian law or rulings against its Promoters or Group Companies by appellate courts or tribunals, it may need to establish provisions in the financial statements, which could increase their expenses and current liabilities. The Company can give no assurance that these legal proceedings will be decided in its favour. Any adverse decision may have a significant effect on business and results of its operations.

A classification of the legal proceedings instituted against Promoters & Promoter Group Companies and the monetary amount involved in these cases is given in the following table:

S. No.	Type of Litigation	Total Number of Pending Cases	Financial liability (wherever ascertainable) (Rs. in lakhs)
1.	Litigation against the Promoters (i) Against Sh Mohan Gupta involving statutory due. (ii) Against Sh. Sunil Gupta involving statutory dues.	3 excise related cases 2 cases	0.45 5.25
2.	Litigation involving Group Company A. Gupta Dyeing & Printing Mills (A partnership concern) (i) Labour related disputes (ii) Cases involving statutory dues of Central Excise, Cess, Customs	77 14	54.30 758.03
3.	B. Polycoat India Private Limited (formerly known as Gupta Silk Mills Private Limited) (i) Cases involving Central Excise	1	2.50
4.	C. Gupta Synthetics Ltd. (i) Cases involving statutory dues of Central Excise & Custom (ii) Cases involving labour disputes	3 2	3.56 3.62
5.	D. Nova Petrochemicals Limited (i) Cases involving statutory dues of Central Excise, Cess, Custom, Income Tax, Sales Tax (ii) Matter involving Civil laws (iii) Matters involving labour disputes (iv) SEBI show cause notice	16 2 7 1	807.67 108.78 8.36 -
6.	E. Gupta Dyeing & Printing Mills Private Ltd. (i) Matters involving labour disputes	1	0.54
7.	F. Jatin Synthetics Private Limited (i) Matters involving statutory dues related to Central Excise	2	20.32

For more information regarding litigations, please refer to the section titled “Outstanding Litigations” beginning on page no. 83 of the Draft Prospectus.

2. Equity Shares of the Company are not traded since May, 1997 on Bombay Stock Exchange Limited.

Management Perception

The Company has been complying with requirements as specified by listing agreement of Bombay Stock Exchange. However, no shares have been traded since May, 1997.

3. One of the listed promoter group company viz. Nova Petrochemicals Limited is not complying with listing agreement of stock exchanges and a show-cause notice has been received from SEBI in this regard.

Nova Petrochemicals Limited had on September 29, 2001 issued 10,00,000 equity shares on preferential basis to promoter group without obtaining ‘in-principle’ listing approval from the stock exchanges. Further on March 30, 2002 company issued fresh 24,00,000 equity shares to promoter group without obtaining ‘in-principle’ listing approval. The company issued these 24,00,000 equity shares as partly paid. SEBI had issued show-cause notice to the company on December, 10, 2003 in this regard. The company in January, 2006 issued bonus shares to company for which listing approval is still awaited. For details, investors are requested to kindly refer to page 53 of this draft prospectus.

4. Equity Shares of listed group companies are infrequently traded at some of the stock exchanges.

Management Perception

The equity shares of Gupta Synthetics Limited are listed at Stock Exchanges at Bombay and Ahmedabad. The company is complying with listing requirements of both the Stock Exchanges but the shares are not traded at Ahmedabad Stock Exchange. Equity shares of another promoter group company viz. Nova Petrochemicals Limited are currently listed at BSE, NSE and ASE. The equity shares have not been traded at Ahmedabad Stock Exchange. For more information on the Promoter Group Companies, kindly refer to section titled “Promoter Group Companies / Entities” beginning on page no. 51 of Draft Prospectus.

5. The Company has not complied with SEBI (Substantial Acquisition of Shares & Takeover) Regulations under Regulation 8(3) in the past till 2004-05. Any penalty / action by any regulatory authority can adversely affect the business / financial operations of the Company.

Management Perception

The Company has now on March 7, 2006 filed all its previous reports to Bombay Stock Exchanges Limited.

6. There was a non-compliance of Section 383A of Indian Companies Act, 1956 as the Company had not appointed any Company Secretary till January 31, 2006. Any penalty / action by the Company Law Board can adversely affect the financial operations of the Company to that extent.

7. The Company does not have any manufacturing facility. The Company was operating its trading activities irregularly. The total income during years from F.Y. 2000-01 to 2001-02 and 2003-04 to 2004-05 constituted dividend income to the extent of more than 95%. The Company has no previous experience in manufacturing, running and operating the proposed denim-fabric plant. The proposed project is first manufacturing activity of the Company.

Management Perception

The promoters viz. Gupta Group have experience of more than 22 years in manufacturing and trading of various activities in the textile sector. The Gupta Group has also promoted Gupta Synthetics Limited in the year 1984 which has successfully implemented expansion plans and is currently in the

textile sector. Thus, the promoters have adequate experience of manufacturing activity and also implementing expansion plans in the textile sector.

8. **The Company has identified the land, which is an agricultural land, but not yet acquired it. The Company shall be required to take approval from the concerned district authorities for conversion of agricultural land into non-agricultural land and its use for industrial purpose. In case, the Company is unable to get the requisite approval, it has to identify some other land, which in turn delays the entire implementation of the project.**

Management Perception

The Company does not foresee any problem in getting the requisite approval for conversion of agricultural land into non-agricultural under the current applicable laws in that district.

9. **The Company is yet to place orders for plant and machinery/equipment towards implementation of the project and utilization of issue proceeds.**

Management Perception

The proposed project has been appraised by SBI Capital Markets Ltd. and re-appraised by State Bank of India. The total cost of project has been based on the quotations received by the company and company is in the process of placing the orders for plant & machinery.

10. **The Company is yet to apply and obtain all registration, consents and licenses relating to project and if the Company fails to obtain these within expected time, the implementation of project may get delayed. For further information on pending registration and licenses, investors are advised to refer to section titled 'Regulations and Policy' on page 38 of the Draft prospectus.**

Management Perception

The Company plans to apply for all registrations, consents and licenses relating to project once land is acquired by them.

11. **The Company is yet to tie up its working capital requirements. Any delay in tying up may adversely affect the implementation of the project.**

Management Perception

The Company has received sanction from State Bank of Mysore for working capital of Rs. 775 lakhs against total working capital requirement of Rs. 2300 lakhs. The Company proposes to approach State Bank of India and other Banks for tying up the balance working capital requirement at an advanced stage of project implementation.

12. **There has been revision of cost of project and implementation schedule of the project. The project of Company has initially been appraised by SBI Capital Markets Limited in September, 2005 and as per their appraisal, the total cost of project was Rs. 6319 lakhs and the commercial operation was scheduled in October, 2006. State Bank of India has re-appraised the total cost of project and means of finance and as per their re-appraisal, the revised cost has been estimated at Rs. 7120 lakhs and commencement of commercial production is expected in December, 2006. For details, please refer to section "Objects of Issue" appearing on page no. 14 of Draft Prospectus. No assurance therefore, can be given for timely completion of the project and at an estimated cost as there has already been delay in acquisition of land by the Company for more than two months.**

Management Perception

The Company has been taking steps to avoid any further delay in project implementation. The Company has tied up the entire term loan requirement and is expediting the process of acquiring the land. Though management does not anticipate further delays or cost overrun except under force-majeur circumstances, a provision of 5% has been kept in project report to meet cost over-run on any account. If cost overrun exceeds this contingency reserve, promoters have agreed to fund that from their own resources.

- 13. The price of the major raw material for the Company i.e. Cotton Yarn is susceptible to volatility and forms major portion of the total cost of sales.**

Management Perception

The Company is dependent on external suppliers for the cotton yarn requirement which constitutes more than 75% of total cost of sales. The Company believes that volatility impacts all the manufacturers in the textile industry and any adverse change in the purchase price would lead to a near corresponding adjustment in the selling price as well. However the Company acknowledges that it is exposed to and will have to absorb any fluctuations in the prices of raw materials partially.

- 14. The Company does not have any long-term contract with its suppliers of raw materials and will get the material as and when required.**

Management Perception

Promoters are in textile business and known to the raw material supplier community. They are confident of buying raw material and essential supplies on competitive terms.

- 15. The Company has not made firm arrangements for marketing of its finished products. Any change in the buying pattern of its buyers can adversely impact its business and profits. Further in the absence of any long term contracts, there can be no assurance that a particular buyer would continue to purchase material from them in future. Moreover, the Company has no distribution set up of its own and the success of this business will be adversely affected if the Company is not able to market / sell the product successfully through dealer network.**

Management Perception

The Promoters have experience of more than 22 years of manufacturing and trading of various textile products. The group has been exporting its products to various countries like U.K, U.S., Europe, Middle East, UAE and other countries. The Company plans to appoint network of agents for domestic as well as international market. The management does not foresee any problem in selling its products through agent network.

- 16. 49% of total project cost is denominated in foreign currency on account of imported plant & machinery and any change in Foreign Exchange rates may affect the project cost.**

Management Perception

The Company has made a provision for contingency in this regard in the project cost where under an amount of Rs. 286.12 lakhs has been earmarked for contingency including changes in foreign currency exchange rates.

- 17. Company's financial performance depends on smooth functioning of the proposed manufacturing facilities. The loss of or shutdown of this facility due to strikes, work stoppages or increased wage demands or for any other reason may have a material adverse effect on Company's business, financial condition and results of operations.**

Management Perception

The management perceives cordial relationship with the work force.

- 18. The funding of project is to be done from the Issue proceeds. Delay in getting funds through issue will have an impact on the project of the Company.**

Management Perception

The funds proposed by means of this Public Issue constitute around 24% of the total funds requirements. The balance fund requirements are being financed by means of Term Loans from Banks and Promoters Participation. In unforeseen circumstances, in case the Issue is delayed or unsuccessful, the Promoters / Company will make alternate arrangements to implement the Project.

- 19. Denim industry is subject to fluctuations and swings in fashion and customer choices. Defining new fashion, identifying trends in customer choices and pro-actively creating new designs, is the key element of success in the textile sector. Any lag on the part of the Company in this respect may affect its business operations.**

Management Perception

The Company is relatively less susceptible to fashion changes than apparel business because fabric is an intermediary product and is usually manufactured according to design and patterns provided by apparel manufacturers. Design and texture of fabric can be quickly updated to meet customer's specifications.

- 20. Textile business is highly competitive with suppliers competing in global market place. With the opening of international markets after removal of quotas, the company may have to confront pressures in respect of pricing, product quality etc. from the buyers, which may consequently affect the financial position of the company.**

Management Perception

The end of Multi Fibre Agreement (MFA) quota restrictions on textile products has resulted in price competition among suppliers from low cost economies. The Company could further face pricing pressure as various suppliers who were hitherto restrained by quotas start competing for the same orders in the international market.

- 21. The Company has not paid any dividend during last 5 years. There can be no assurance that the Company will declare dividends regularly in future.**

Management Perception

The Company could not declare dividends on account of insufficient distributable profits.

- 22. There was a fire in November, 2001 in the building where the registered office of the Company is situated in which some of the documents relating to secretarial and accounts were destroyed. The documents relates to Member Register, Share Transfer deeds, Listing Agreements of Stock Exchanges, Annual Returns upto year 2001, statutory register maintained under section 297, 299, 301 and 307. An FIR was registered with Station Incharge, Lokmanya Tilak Marg Police Station, Mumbai on November 27, 2001. The information disclosed in this Draft Prospectus has been relied on the information provided by the Managing Director of the Company.**

- 23. The Company does not own the premises where the Registered and Corporate Office of the Company is situated. The Company had taken its registered office on leave and license from one of the Promoters in September, 1998. The earlier lease deeds for Registered Office of the Company were not stamped. The non-renewal of leave and license agreement can adversely impact Company's business operations.**

Management Perception

Both the premises are on leave and license and the terms of the licenses permit renewal. The Company does not foresee any difficulty in renewal of these leave and license agreements.

- 24. The Company's success depends on its senior management and key personnel and its ability to attract and retain them. The future performance will depend upon the continued services of these persons. The Company may not be able to retain its senior management personnel or attract and retain new senior management personnel in the future. The loss of any of these key personnel may adversely affect its business and results of operations.**

Management Perception

The promoters are experienced in textile business. They would put in place a human resource development function for steady availability of people to assume management positions as

opportunities arise. The project is proposed to be located near Gandhinagar in Gujarat, an industrial area, where availability of technical and professional people is not a problem.

25. Following group companies have made losses during any of the last 3 financial years:

(Rs. in lakhs)

Sr. No.	Name of the Company	Profit After Tax for F.Y. 2002-03	Profit After Tax for F.Y. 2003-04	Profit After Tax for F.Y. 2004-05
1	Nova Petrochemicals Limited	241.51	687.99	(1745.78)
2	Gupta Dyeing and Printing Mills Private Limited	7.23	30.13	(3.24)
3	Jatin Synthetics Private Limited	0.07	0.49	(0.37)
4	Ellora Syntex Private Limited	(0.14)	0.85	0.63

For more details, please refer to the Section “Promoter Group Companies / Entities” on page no. 51 of the Draft Prospectus.

26. The Company can have a potential conflict of interest with seven out of eight Promoter Group Companies / entities.

Management Perception

Aviva Industries Limited is the only company in the Gupta Group which is proposing to manufacture denim fabric. Other group concerns operate in different segments of textile business, however their object clause authorises them to carry on this activity also. Currently all the group companies except one are into textile business but none is having manufacturing facility for denim fabric. If in future they decide to get into manufacture of denim fabric, it may lead to conflict of interest. Similarly, one of the Company’s main objects allow them to manufacture other segments of textile business, and in future, if the Company decide to undertake other segments of textile business, it may lead to a conflict of interest with those Promoter Group Companies / entities.

27. Member of Promoter Group will continue to retain majority control in the Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval. Upon completion of the Issue, Promoters will beneficially own approximately 40.42% of post-issued equity share capital. As a result, the Promoters 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 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.

Management Perception

The Independent Directors and the professionals who manage the Company would discourage any actions of the Promoters that may affect the Company. Besides, the Company will also follow the Corporate Governance practices as per clause 49 of the listing agreement with the stock exchanges.

28. Covenants with lenders may restrict company’s operations, its capacity to expand, distribute dividends, etc.

Management Perception

Certain covenants in the financing agreements require the Company to obtain approval from the bank/ financial institutions for *inter-alia* effecting any change or alteration in the capital structure, for formulating any scheme of amalgamation or reconstruction, before undertaking new projects or expansion of the existing facilities, making any new investments, issuing new security (debt or equity), making major changes to the Company’s capital structure, distributing dividends to its shareholders. For details see section titled “Capital Structure” on page 8 of the Draft Prospectus.

29. Transactions with Promoters / Directors

Management Perception

The Registered Office of the Company has been taken on leave and license from one of the Promoter. Further, the Promoters may be deemed to be interested to the extent of shares held by them, or their relatives, and benefits arriving from their holding directorship in the Company. The promoters are interested in the transaction entered into between the Company and the ventures where the promoters are interested either as a promoter, director, partner and proprietor or otherwise. For details please refer to the “Related Party Transactions” appearing on page 63 of the Draft Prospectus.

30. Concerns and Threats as per the appraising agency

SBI Capital Markets Ltd., the appraising agency, has highlighted following concerns and threats in its appraisal report:

- A number of capacity expansions are expected to be implemented by various companies over the next 1-2 years. In this scenario, the player with lower production costs would be in a position to utilize capacities optimally.
- Post imposition of ‘safeguard measures’ against China by US and EU, the threat of Chinese dumping looms large over the Asian markets; this could cause market disruption and hurt the competitiveness of domestic players, on account of possible dumping in the Indian market.
- Continuous rupee appreciation could negatively impact the competitiveness of its exports.
- The product ‘Denim Fabric’ proposed to be manufactured by the company is susceptible to fashion trends.
- Marketing would be a key thing. The Company is yet to have any firm selling arrangements.
- The company is yet to arrange for the firm tie-ups for purchase of the yarn, chemicals, lignite, etc.
- Company has short-listed the land for the proposed project. However, it is yet to acquire the land in its name.
- Company has not proposed appointing any technical consultants for implementation of the project. Based on its in-house assessment, it has finalized the plant and machinery to be acquired. It has still to place firm orders for the plant and machinery.

31. The Company had made an incorrect filing to Bombay Stock Exchange Limited in regard to disclosure in respect of number of shares in classification of promoters and persons acting in concert for four quarters beginning January, 2005 to December, 2005.**Management Perception**

This error occurred inadvertently and has subsequently been rectified by the Company in April, 2006.

32. There were variations in the Promise vis-à-vis Performance of two listed group companies in the issues made by them, details of which are disclosed on page no. 51 of Draft Prospectus.**B. EXTERNAL RISK FACTORS****1. *Changes in the regulatory framework set up for the growth of textile sector may affect the operations of the Company adversely.***

The Government of India has introduced various policies and measures to accelerate the growth in textile sector including interest rate subsidies, duty / tax reimbursement schemes like duty drawback / DEPB. Withdrawal or modifications in these measures may adversely impact the revenues and profitability of textile companies in India.

2. *Probable opposition to sourcing apparel from India.*

Potential threats to the domestic textile industry in developed countries and geographies that are not as competitive as India and China has led to a growing political opposition to sourcing of apparel from

countries such as India. Any increase in such opposition can lead to non quantitative restrictions being imposed on export of apparel from countries such as India and China and impact the growth of textile industry players in such countries. Additionally, countries such as USA can impose anti surge restrictions if growth of exports from any geography exceeds certain acceptable limits. Such restrictions can adversely impact the growth of the Company.

3. *Emergence of competition from other manufacturing countries having Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) with the major importing countries.*

While quantitative restrictions stand eliminated with the removal of quotas, certain countries which enjoy FTAs / PTAs with major importing countries may have an advantage (by way of lower or zero import tariffs) over exporters from countries that do not have such agreements. India currently is not party to such agreements.

4. *Political situation and changes in the Government of India may affect the performance of the Company.*

The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support continued economic liberalization. There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. A significant change in India's economic liberalization and deregulation policies could disrupt the business and economic conditions in India.

5. *Natural disasters could disrupt our operations and result in loss of revenues and increased costs.*

The business of the Company is exposed to man-made and natural disasters such as, explosions, earthquakes, storms and floods as well as to terrorist attacks or other enemy actions. The occurrence of a man-made or natural disaster, terrorist attack, enemy action or other accidents could disrupt the operations of the business of the Company and result in loss of revenues and increased costs.

6. *Terrorists attack, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.*

7. *After this Issue, the price of the equity shares may be highly volatile or there may be no active market for the Equity Shares which may be due to various reasons including the following:*

- Volatility in the Indian and Global securities market;
- The results of its operations and performance and perceptions about its future performance;
- Performance of competitors and market perception of investments in the industry;
- Adverse media reports on Aviva or on the Indian Textile industry
- There can be no assure that an active trading market for the equity shares will develop or be sustained after this Issue, or that prices at which the company's equity shares are initially offered will correspond to the prices at which the company's equity shares will trade in the market subsequent to this Issue. Aviva's share price could be volatile and may also decline.

Notes to Risk Factors:

- Public Issue of 1,40,00,000 Equity Shares of Rs. 10/- each issued for cash at a premium of Rs.10 per Equity Share (Issue Price of Rs. 20 per Equity Share) aggregating to Rs. 2800 Lakhs. Out of total Issue, 55,00,000 Equity Shares of Rs. 10/-each for cash at a premium of Rs. 10/- per Equity Shares aggregating Rs. 1100 Lakhs are reserved for participation by the Promoters in the Issue. The Net Issue to the Public is of 85,00,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 10/- per Equity Shares aggregating to Rs. 1700 lakhs.
- As per issue eligibility norms under clause 2.3.2 of SEBI (Disclosure and Investors Protection) Guidelines 2000, at least 10% of the issue would necessarily be allotted to QIBs, failing which full subscription money will be refunded.
- The net worth of our Company before the Issue as on March 31, 2006 was Rs. 456.97 Lakhs.

- The average cost of acquisition of the Equity Shares of Rs. 10/- by our Promoters are given below:

Promoter	Average Cost of Acquisition of shares (Rs.)
Mr. Nand Kishore Gupta	2.04
Mr. Shyamsunder Gupta	2.04
Mr. Prakash Gupta	2.17
Mr. Mohan Gupta	2.19
Mr. Sunil Kumar Gupta	2.20

- The book value as on March 31, 2006 is Rs. 30.50 per equity share.
- For related party transactions, refer to the section titled 'Related Party Transactions' on page 63 of the Draft Prospectus.
- The Investors are advised to read 'Basis for Issue Price' on page 25 of the Draft Prospectus before making an investment in this Issue.
- None of the other ventures of the promoters have a business interest/ other interests in the Issuer Company except as disclosed in the "Related Party Transactions" on page 63 of the Draft Prospectus.
- No loans and advances have been made to any person(s) / companies in which the Director(s) of the Company are interested except as disclosed in "Related Party Transactions".
- Trading in Equity Shares of our Company for all the investors shall be in dematerialised form only.
- Investors may note that in case of over-subscription in the Issue, allotment shall be on a proportionate basis within the specified categories. For more information, see the section titled 'Basis of Allotment' at page no. 113 of the Draft Prospectus.
- The Registered office of the Company was changed from 10. Minal Apt. Shradhnanad Road, Mumbai to 18, Surti Chambers, Mumbai w.e.f. 14.07.87, and further to 12, Adityanawala Manzil Mumbai w.e.f. 29.06.90 and further to 336, Sardar Gruh Building, Mumbai w.e.f. 01.09.98. The Corporate office of the Company is at 205 Sarthik –II, Opposite Rajpath Club, S.G. Road, Ahmedabad w.e.f. 1.9.2005.
- The name of the Company was changed from Ankush Synthetics Limited to Aviva Industries Limited on November 18, 2005.
- The Investors may contact the LM to the Issue or the Compliance Officer for any complaints, information or clarifications pertaining to the Issue who would be obliged to attend the same.
- No part of the issue proceed will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Companies.

Investors may contact the LM for any complaints, information or clarifications pertaining to the Issue.

SECTION III

INTRODUCTION

Summary

The following summary is qualified in its entirety by the more detailed information and the financial statements of the Company that appear in the Draft Prospectus. Unless otherwise stated, all financial and other data regarding our business and operations presented in the Draft Prospectus are presented on a consolidated basis.

Overview

Aviva Industries Limited was originally incorporated in October 1984 as Ankush Electronics & Electricals Pvt. Ltd. to carry out manufacturing and trading in electrical goods and services as also investment activities. It was converted into a public limited company and its name was changed to Ankush Electronics & Electricals Limited (AEEL) in February 1985.

Later in February 1992, it was acquired by the Gupta group. Thereafter it diversified into textiles trading activities and its name was changed to Ankush Synthetics Limited. Till 1997-98, Company was engaged in yarn trading activities to limited extent. Subsequently, during 1998-99 company started manufacturing and trading of yarn and cotton fabrics (dress material and sarees) by getting job work from outside. The Company stopped its operations during 2000-01 and 2001-02 and there were only largely dividend income. During F.Y. 2002-03, the company had again traded yarn for one year only. The Company once again stopped its operations for two years viz. 2003-04 and 2004-05. In FY 2005-06 it started trading in POY/ texturised yarn and fabric. The company buys POY from market. It hires texturising machines from market for conversion of POY into texturized yarn. The yarn is then supplied to fabric manufacturers.

During 2005-06 the name was changed to Aviva Industries Ltd. and a project for manufacturing Denim fabric near Ahmedabad was planned.

Summary of Financial/Operating Data

STATEMENT OF ADJUSTED PROFIT & LOSS ACCOUNT

(Rupees in lakhs)

<i>Period ended</i>	<i>31-March06</i>	<i>31-Mar-05</i>	<i>31-Mar-04</i>	<i>31-Mar-03</i>	<i>31-Mar-02</i>
Income					
Turnover	553.73	-	-	1014.75	-
Other Income	264.53	5.97	5.16	5.28	5.90
TOTAL	818.26	5.97	5.16	1020.04	5.90
Expenditure					
Cost of Goods Sold	543.99	-	-	965.92	-
Payment & Provision for Employees	-	-	-	35.84	-
Administrative & Other Expenses	3.38	0.81	0.65	9.82	0.42
Selling & Distribution Expenses	0.91	-	0.12	1.32	0.43
Financial Charges	-	-	-	-	0.25
Depreciation	1.54	-	0.73	0.96	1.28
Preliminary Expense Written off	-	-	-	-	-
TOTAL	549.81	0.81	1.50	1013.86	2.38
Profit Before Income Tax	268.45	5.16	3.66	6.18	3.53
Provision for Taxation	0.41	-	-	0.49	-
Prior Period Item (Income Tax of earlier year)	-	-	1.33	-	0.07
Fringe Benefit Tax	0.28	-	-	-	-
Add: Deferred Tax Adjustment	0.83	0.08	0.37	0.55	-
Profit after Income Tax	266.92	5.24	2.70	6.24	3.46
Balance Brought Forward from Previous Year	35.76	30.52	27.81	21.58	18.12
Balance Carried over in Balance Sheet	302.68	35.76	30.52	27.81	21.58

STATEMENT OF ASSETS & LIABILITIES

(Rupees in lakhs)

<i>As of</i>	<i>31-March-06</i>	<i>31-Mar-05</i>	<i>31-Mar-04</i>	<i>31-Mar-03</i>	<i>31-Mar-02</i>
SOURCES OF FUNDS:					
SHARE HOLDER'S FUND					
a) Share Capital	149.90	149.90	149.90	149.90	149.90
b) Reserve & Surplus	307.23	40.30	35.07	32.36	26.12
	457.13	190.20	184.97	182.26	176.02
LOAN FUNDS					
a) Secured Loans	2.49	-	-	-	0.75
b) Unsecured Loans	-	8.75	8.75	-	-
	2.49	8.75	8.75	-	0.75
GRAND TOTAL	459.61	198.95	193.72	182.26	176.78
APPLICATION OF FUNDS:					
FIXED ASSETS					
Gross value	26.23	13.43	13.43	13.43	13.43
Accumulated depreciation	7.62	10.86	10.86	10.14	9.17
Net value	18.61	2.56	2.56	3.29	4.25
Add: Pre Operative Expenses	49.17	-	-	-	-
	67.78	2.56	2.56	3.29	4.25
INVESTMENTS	123.77	113.89	68.89	68.89	69.22
CURRENT ASSETS, LOANS & ADVANCES					
a) Inventories	8.19	-	-	-	-
b) Sundry Debtors	233.50	0.07	-	30.93	-
c) Cash & Bank Balances	3.44	1.52	3.23	7.63	3.12
d) Loans & Advances	319.43	131.47	121.47	175.88	101.20
	564.56	133.07	124.70	214.44	104.32
LESS: CURRENT LIABILITIES & PROVISIONS					
a) Current Liabilities	296.25	51.56	3.35	104.42	1.01
b) Provisions	0.41	-	-	0.49	-
	296.66	51.56	3.35	104.91	1.01
NET CURRENT ASSETS	267.90	81.51	121.35	109.53	103.30
DEFERRED TAX ASSETS	0.16	0.99	0.92	0.55	-
MISCELLANEOUS EXPENDITURE	-	-	-	-	-
GRAND TOTAL	459.61	198.95	193.72	182.26	176.78

The Issue

Fresh Issue of Equity Shares	1,40,00,000 Equity Shares
Promoters' contribution in this issue	55,00,000 Equity shares
Net Issue Size	85,00,000 Equity Shares
Out of which : Minimum allotment to QIBs on competitive basis (10% of net issue to public)*	8,50,000 Equity Shares
Net Issue to Public	76,50,000 Equity Shares
Equity Shares outstanding:	
• Prior to the Issue	14,99,000 Equity Shares of Rs 10/- each
• After the Issue	1,54,99,000 Equity Shares of Rs 10/- each
Use of Proceeds	We intend to use the net proceeds of the Issue (after meeting Issue related expenses) for objects given on page no. 14.

* At least 10% of the Issue size shall be compulsorily allotted to QIBs, failing which the full subscription monies shall be refunded.

GENERAL INFORMATION

Aviva Industries Limited

Company Registration No.11-34190

Registered Office

The present Registered Office of the Company is at 336, Sardar Gruh Building, 198, Lokmanya Tilak Road, Crawford Market, Mumbai- 400 002 **Tel:** 022-22000356 **Fax:** 022-22000357

(The Registered Office of the Company was shifted from 10, Minal Apartment, Shradhanand Road, Vile Parle (E), Bombay – 400 057 to 18, Surti Chamber, 2nd Dhobi Talao Lane, Bombay – 400 002 w.e.f. July 14, 1987 and to 12, Adityanwala Manzil, 2nd Floor, 37/39 Nakoda Street, Tamba Kanta, Bombay – 400 003 w.e.f. June 28, 1990 and to the present address w.e.f. September 1, 1998)

Corporate Office : 205 Sarthik – II, Opposite Rajpath Club, S.G. Road, Ahmedabad- 380015

Registrar of Companies

The Address of Registrar of Companies is Hakoba Mills Compound, 2nd floor, Dattaramlal Marg, Kalachowky, Mumbai - 400002

Board of Directors

The Board of Directors comprise of the following members:

Name	Designation
Mr. Mohan Gupta	Chairman
Mr. Sunil Kumar Gupta	Managing Director
Mr. Shyamsunder Gupta	Non-Executive Director
Mr. Jatin Gupta	Non-Executive Director
Mr. Pawan Kumar Gupta	Non-Executive Independent Director
Mr. Ajay Kumar Gupta	Non-Executive Independent Director
Mr. Anil Kumar Singhal	Non-Executive Independent Director
Mr. Sandeep Goyal	Non-Executive independent Director

Details of the Chairman and Managing Director

For details of Chairman and Managing Director of the Company, please refer to section titled “Management” on page 43 of the Draft Prospectus.

Company Secretary and Compliance Officer

Mr. Kalpesh Desai

205 Sarthik – II, Opposite Rajpath Club

S.G. Road, Ahmedabad- 380015

Tel: 079-40029111 Fax: 079-40029444

E-mail: cs@avivaindustries.com

Investors can contact the Compliance Officer 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.

Lead Manager to the Issue**Allianz Securities Ltd.**

33, 6th Floor, Vaswani Mansion,
Dinsha Vachha Road,
Churchgate, Mumbai-400 020
Tel: 022-22870580 Fax: 022-22870581
Website: www.aslfinancial.com
Email: Aviva.fpo@aslfinancial.com
Contact Person: Ms. Nitasha Rathod

Registrar to the Issue**MCS Limited**

101, Shatadal Complex, 1st Floor, Opposite Bata Showroom,
Ashram Road, Ahmedabad-380009
Tel: 079-3007071 - 77
Fax: 079-3007078
Email: aviva@mcsind.com
Website: www.mcsind.com
Contact Person: Mr. Mahendra SIngh

Legal Advisors to the Issue**Luthra & Luthra**

Luthra & Luthra Law offices
103, Ashoka Estate,
Barakhamba Road,
New Delhi-110001
Tel: 011-23350633
Fax: 011-23723909
E-mail: luthra@luthra.com

Bankers to the Company**State Bank of India**

Corporate Accounts Group - Central
3rd Floor, State Bank Bhavan
Madam Cama Road
Nariman Point
Mumbai – 400 021

Bankers to the Issue

[*]

Auditors to the Company**J.P.Saboo & Co.**

Chartered Accountants
3040, Jash Textile & Yarn Market
Ring Road, SURAT – 395 003
Tel No.: 0261-2325005
Fax No.: 0261-2328842
e-mail: saboo_adl@sancharnet.in

Credit Rating

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

Trustees

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

Monitoring Agency

State Bank of India
Corporate Accounts Group - Central
3rd Floor, State Bank Bhavan
Madam Cama Road
Nariman Point
Mumbai – 400 021

Appraising Agency

SBI Capital Markets Ltd.
202, Maker Tower 'E'
Cuffe Parade, Mumbai - 400005
Tel:022-22189182 Fax:022-22160379
Website: www.sbicans.com

Re-Appraising Agency

State Bank of India
Corporate Accounts Group – Central
3rd Floor, State Bank Bhavan,
Corporate Centre, Madame Cama Road, Nariman Point,
Mumbai – 400 021
Tel : 022-22801361 Fax : 022-22810962
Website: www.sbi.co.in

CAPITAL STRUCTURE OF THE COMPANY

		Aggregate Nominal Value (Rs. In Lakhs)	Aggregate Value at Issue Price (Rs. In Lakhs)
(A) Authorized Share Capital			
1,80,00,000	Equity Shares of Rs. 10/- each	1800.00	-
(B) Issued, Subscribed and Paid-up Equity Capital			
14,99,000	Equity Shares of Rs. 10/- each fully paid-up	149.90	-
(C) Present Issue in terms of the Draft Prospectus			
1,40,00,000	Equity Shares of Rs. 10/- each fully paid-up at Issue Price of Rs. 20/- per share	1400.00	2800.00
(D) Promoters participation in the Issue			
55,00,000	Equity Shares of Rs. 10/- each fully paid-up at Issue Price of Rs. 20/- per share	550.00	1100.00
(E) Issue to the Public in terms of this Prospectus			
85,00,000	Equity Shares of Rs. 10/- each fully paid-up at Issue Price of Rs. 20/- per share	850.00	1700.00
Out of the above			
8,50,000*	Equity Shares of Rs. 10/- each shall be compulsorily allotted to QIBs on competitive basis	85.00	170.00
(F) Net Issue to Public			
76,50,000	Equity Shares of Rs. 10/- each at Issue Price of Rs. 20/- per share	765.00	1530.00
(G) Paid – up Capital after the issue			
1,54,99,000	Equity Shares of Rs. 10/- each fully paid-up	1549.90	-
(H) Share Premium Account			
	Before the Issue		NIL
	After the Issue		1400.00

* At least 10% of the Issue size shall be compulsorily allotted to QIBs, failing which the full subscription monies shall be refunded.

Details of Increase in Authorised Capital

Date	Authorized Capital (Rs. in Lakhs)	Face Value Per share (Rs.)	No. of Shares	Approving authority
Incorporation	1	100	1000	Company Formation
12.01.1985	50	10	5,00,000	Extra-ordinary General Meeting
01.06.1988	150	10	15,00,000	Annual General Meeting
29.09.1992	300	10	30,00,000	Annual General Meeting
29.09.2005	1300	10	1,30,00,000	Annual General Meeting
28.02.2006	1800	10	1,80,00,000	Extra-ordinary General Meeting

NOTES FORMING PART OF THE CAPITAL STRUCTURE:

1. Equity Share Capital History of the Company (Capital build up):

Date of allotment	No. of shares allotted	Face Value (Rs.)	Cumulative no. of shares	Issue Price (Rs.)	Consideration	Nature of Allotment	Securities Premium Account (Rs.)
05.10.1984	200	100	200	100	Cash	Subscription to the MOA / AOA	-
08.01.1985	2,000	10	2,000	-	Split	-	-
02.05.1985	300,000	10	302,000	10	Cash	Public Issue	-
13.05.1985	197,000	10	499,000	10	Cash	Directors quota	-
14.08.1988	998,000	10	1,497,000	10	Cash	Rights Issue	-
14.08.1988	2,000	10	1,499,000	10	Cash	Additional Allotment	-
Total	1,499,000		1,499,000				

2. Shareholding of Promoters & Promoter Group:

#	Name	Date of allotment / Transfer	Conside-ration	Transac-tion	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of pre issue paid up capital	Lock in period
Promoters									
1	Mr. Mohan Gupta	11/11/1995	Cash	Transfer	25000	10.00	2.04		1 year
		11/11/1995	Cash	Transfer	74000	10.00	2.05		1 year
					99000			6.60	
2.	Mr. Sunil Kumar Gupta	11/11/1995	Cash	Transfer	25000	10.00	2.03		1 year
		11/11/1995	Cash	Transfer	72500	10.00	2.05		1 year
					97500			6.50	
3.	Mr. Nand Kishore Gupta	11/11/1995	Cash	Transfer	74000	10.00	2.05		1 year
		11/11/1995	Cash	Transfer	30000	10.00	2.03		1 year
					104000			6.94	
4.	Mr. Shyamsunder Gupta	07/01/1991	Cash	Transfer	20000	10.00	2.04		1 year
		11/11/1995	Cash	Transfer	30000	10.00	2.03		1 year
		11/11/1995	Cash	Transfer	74000	10.00	2.05		1 year
					124000			8.27	
5.	Mr. Prakash Gupta	07/01/1991	Cash	Transfer	15000	10.00	2.04		1 year
		11/11/1995	Cash	Transfer	25000	10.00	2.03		1 year
		11/11/1995	Cash	Transfer	74000	10.00	2.05		1 year
					114000			7.60	
Total holding of promoters					538500			35.91	
Persons acting in concert									
6.	Mr. Jatin Gupta	28/01/1994	Cash	Transfer	7000	10.00	10.00		1 year
		5/1/1995	Cash	Transfer	2300	10.00	10.00		1 year
					9300			0.62	
7.	Jatin Synthetics Pvt. Ltd.	03/12/1990	Cash	Transfer	50000	10.00	2.03		1 year
					50000			3.34	
8.	Gupta Dyeing & Printing Mills Pvt. Ltd.	03/12/1990	Cash	Transfer	50000	10.00	2.03		1 year
					50000			3.34	
9.	Polycoat India Pvt. Ltd.*	03/12/1990	Cash	Transfer	50000	10.00	2.03		1 year
					50000			3.34	
10.	M/s. Shikha Investments Pvt. Ltd.	03/12/1990	Cash	Transfer	50000	10.00	2.03		1 year
		11/11/1995	Cash	Transfer	1000	10.00	2.29		1 year
		25/08/1996	Cash	Transfer	1200	10.00	2.29		1 year
					52200			3.48	
11.	Ellora Syntex Pvt Ltd.	25/08/1996	Cash	Transfer	1000	10.00	2.03		1 year
					1000			0.07	
12.	Shikha Gupta	28/01/1994	Cash	Transfer	4000	10.00	10.00		1 year
		05/01/1995	Cash	Transfer	500	10.00	10.00		1 year
					4500			0.30	
13.	Gaurav Gupta	05/01/1995	Cash	Transfer	9950	10.00	10.00		1 year
					9950			0.66	
Total holding per persons acting in concert					226950			15.15	
Total					765450			51.06	

* (Formerly known as Gupta Silk Mills Pvt. Ltd.)

3. Promoters Contribution and lock-in:

Pursuant to clause 4.3.1 of SEBI (DIP) Guidelines, the promoters shall participate either to the extent of 20% of the proposed issue or ensure post-issue share holding to the extent of 20% of the post-issue capital. Promoters are participating in this Issue 55,00,000 Equity Shares which constitutes 35.49% of post-issued paid up capital. Out of 55,00,000 Equity Shares – 30,99,800 Equity Shares constituting 20% of post-issued paid up capital will be locked in for a period of 3 years from the date of allotment in this Public Issue. The balance 24,00,200 Equity Shares will be locked in for a period of one year from the date of allotment in this Public Issue. The details are as under:

Name of Promoter	No. of shares to be allotted	Face Value (Rs.)	Issue Price* (Rs.)	% of Post Issue Capital	Lock-in (years)
Mr. Mohan Gupta	7,74,950	10	20	5.00	3
Mr. Shyamsunder Gupta	7,74,950	10	20	5.00	3
Mr. Prakash Gupta	7,74,950	10	20	5.00	3
Mr. Sunil K Gupta	7,74,950	10	20	5.00	3
Sub-Total	30,99,800			20.00%	
Mr. Mohan Gupta	6,00,050	10	20	3.87	1
Mr. Shyamsunder Gupta	6,00,050	10	20	3.87	1
Mr. Prakash Gupta	6,00,050	10	20	3.87	1
Mr. Sunil K Gupta	6,00,050	10	20	3.87	1
Sub-Total	24,00,200				
Total	55,00,000			35.49%	

In accordance with clause 4.8.1 of SEBI (DIP) Guidelines, promoters' participation in the Public Issue in excess of required minimum 20% shall attract the pricing provisions of guidelines on preferential allotment, if the issue price is lower than the price as determined on the basis of said preferential allotment guidelines. The highest price works out to issue price of Rs. 20 per equity shares as equity shares of the company are infrequently traded on the Stock Exchanges. In compliance with clause 4.9.1 of SEBI (DIP) Guidelines, the full amount of Promoters' contribution of Rs. 1100 lakhs would be brought in before issue opening and would be deposited in an Escrow Account with a Scheduled Commercial Bank atleast one day prior to issue opening date and the said contribution shall be released alongwith the public issue proceeds. Allotment of equity shares for the said participation will be done alongwith the allotment in the net issue to the public.

Promoters intend to bring entire contribution of Rs. 1100 lakhs before filing of Offer Document with Registrar of Companies and undertake to give the cash flow statement in the final Offer Document disclosing the use of such funds as required under Clause 4.9.1 of SEBI (DIP) Guidelines.

4. Locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institution. The equity shares to be held by the promoters under lock-in period shall not be sold/ hypothecated/ transferred during the lock-in period. However, in terms of Clause 4.16(b) of the SEBI Guidelines, the Equity Shares may be transferred among the Promoters/ Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Equity Shares held by the persons other than the Promoters may be transferred to any other person holding shares prior to the issue, subject to the continuation of the lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as applicable.
5. The securities which are subject to lock-in shall carry inscription 'non-transferable' along with duration of specified non-transferable period mentioned in the face of security certificate.

6. The Promoters/Directors, or relatives thereof, have not purchased and/or sold/financed any securities of the Company during the past 6 months.
7. The Company has not issued any shares for consideration other than cash.
8. The Promoters Contribution brought in by the promoters is more than the specified minimum lot as defined under SEBI Guidelines.
9. There is no “buyback” or “standby” or similar arrangement for the purchase of Equity Shares by the Company/ its Promoters/ Directors/LM for purchase of Equity Shares offered through the Draft Prospectus.
10. The Company has not raised any bridge loans against the proceeds of this Issue.
11. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in para on “Basis of Allotment” on page no. 113 of the Draft Prospectus.
12. 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 multiple while finalising the allotment.
13. The Equity Shares offered through this Issue will be made fully paid up.
14. An applicant in the Net Offer to the Public category cannot make an application for a number of equity shares, which exceeds the Net offer to the Public.

15. **Details of Ten Major Shareholders of the Company**

a) As on the date of filing the Draft Prospectus

Sr. No.	Name of shareholder	No. of Shares	% of paid up capital
1.	Shyamsunder Gupta	124000	8.27
2.	Prakash Gupta	114000	7.60
3.	Nand Kishore Gupta	104000	6.93
4.	Mohan Gupta	99000	6.60
5.	Sunil Kumar Gupta	97500	6.50
6.	Yeshpal Mehta	60000	4.00
7.	Ravikumar Mehta	57500	3.83
8.	Shikha Investments Pvt. Ltd.	52200	3.48
9.	Jatin Synthetics Pvt. Ltd.	50000	3.33
10.	Gupta Dyeing & Printing Mills Pvt. Ltd.	50000	3.33
	Total	808200	53.87

b) 10 days prior to the date of filing the Draft Prospectus

Sr. No.	Name of shareholder	No. of Shares	% of paid up capital
1.	Shyamsunder Gupta	124000	8.27
2.	Prakash Gupta	114000	7.60
3.	Nand Kishore Gupta	104000	6.93
4.	Mohan Gupta	99000	6.60
5.	Sunil Kumar Gupta	97500	6.50
6.	Yeshpal Mehta	60000	4.00
7.	Ravikumar Mehta	57500	3.83
8.	Shikha Investments Pvt. Ltd.	52200	3.48
9.	Jatin Synthetics Pvt. Ltd.	50000	3.33
10.	Gupta Dyeing & Printing Mills Pvt. Ltd.	50000	3.33
	Total	808200	53.87

c) 2 years prior to the date of filing the Draft Prospectus

Sr. No.	Name of shareholder	No. of Shares	% of paid up capital
1.	Shyamsunder Gupta	124000	8.27

2.	Prakash Gupta	114000	7.60
3.	Nand Kishore Gupta	104000	6.93
4.	Mohan Gupta	99000	6.60
5.	Sunil Kumar Gupta	97500	6.50
6.	Yespal Mehta	60000	4.00
7.	Ravikumar Mehta	57500	3.83
8.	Shikha Investments Pvt. Ltd.	52200	3.48
9.	Jatin Synthetics Pvt. Ltd.	50000	3.33
10.	Gupta Dyeing & Printing Mills Pvt. Ltd.	50000	3.33
	Total	808200	53.87

16. The Promoters and Promoter Group hold the following Equity Shares of face value of Rs. 10/- each as on date which constitutes 51.06% of the aggregate Equity Share Capital of the Company, the details of which are as under:

Promoters	No. of Equity Shares	% of pre-issue paid up Equity Shares
Mr. Mohan Gupta	99000	6.60
Mr. Sunikumar Gupta	97500	6.50
Mr. Nand Kishore Gupta	104000	6.94
Mr. Shyamsunder Gupta	124000	8.27
Mr. Prakash Gupta	114000	7.60
Mr. Jatin Gupta	9300	0.62
Jatin Synthetics Pvt. Ltd.	50000	3.34
Gupta Dyeing & Printing Mills Pvt. Ltd.	50000	3.34
Polycoat India Pvt. Ltd.*	50000	3.34
Shikha Investments Pvt. Ltd.	52200	3.48
Ellora Syntex Pvt. Ltd.	1000	0.07
Shikha Gupta	4500	0.30
Gaurav Gupta	9950	0.66
	765450	51.06%

*(formerly known as Gupta Silk Mills Pvt. Ltd.)

17. Pre-issue and Post-issue Shareholding pattern

Particulars	Pre-issue shareholding		Post issue shareholding*	
	No. of shares	% to the present share capital	No. of shares	% to the post share capital
Promoters				
(a) Indian Promoters	538500	35.91	6038500	38.96
(b) Foreign Promoters	Nil	Nil	Nil	Nil
Persons acting in concert	226950	15.15	226950	1.46
<i>Total</i>	765450	51.06	6265450	40.42
Public	733550	48.94	9233550	59.58
TOTAL	1499000	100.00%	15499000	100.00%

***Note:** The shareholding pattern after the Issue is on the assumption that full allotment is done on all the shares offered through this Issue.

18. The Company had made an incorrect filing to Bombay Stock Exchange Limited in regard to disclosure in respect of number of shares in classification of promoters and persons acting in concert for four quarters beginning January, 2005 to December, 2005.

19. On the date of filing the Draft Prospectus with SEBI, there are no outstanding financial instruments or any other rights, which would entitle the existing promoters or shareholders or any other person, any option to receive equity shares after the Issue.
20. The Company has not issued any Equity Shares out of revaluation reserves.
21. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, right issue or in any other manner during the period commencing from submission of the Draft Prospectus with SEBI until the Equity Shares offered through the Draft Prospectus have been listed or all monies have been refunded to all investors.
22. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from date of opening of the Issue, by way of split/consolidation of the denomination of Equity shares or further issue of Equity shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares pursuant to the plan or issue Equity shares or securities linked to equity shares to finance an acquisition, merger or joint venture or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of the Company.
23. At any given point of time there shall be only one denomination for a class of Equity Shares of the Company, unless otherwise permitted by law and the Company shall comply with disclosures and accounting norms as may be specified by SEBI from time to time.
24. The Company has 376 shareholders as on the date of filing of the Draft Prospectus with the SEBI.
25. Restrictive conditions and negative lien under lenders agreements

There are restrictive covenants in agreements which are there in sanction letter of State Bank of India while sanctioning term loan. These restrictive covenants requires the company to seek the prior permission of the bank for various activities, including, amongst others, effect any major changes in the capital structure, formulate any scheme of amalgamation or reconstruction, undertake any new schemes/projects without obtaining the banks prior consent there, invest by way of share capital in or lend or advance funds, enter into borrowing arrangement either secured or unsecured with any other bank, undertake guarantee obligations, declare dividends, create any charge, lien or encumbrance over its property, sell, assign, mortgage or otherwise dispose off any of the fixed assets, enter into any contractual obligation, change the practice with regard to remuneration of directors, undertake any trading activity other than sale of products arising out of its own manufacturing operations and permit any transfer of controlling interest.

In addition, there is negative lien in the lenders agreement, which provide that the Company should not create, without prior consent of the bank, further charges on any or all of their properties or assets charged to the bank for the credit facilities granted.

OBJECTS OF THE ISSUE

The company is setting up a denim-fabric manufacturing facility with an installed capacity of 137.45 lakhs meter per annum at total cost of Rs. 7,119.82 lakhs.

Project Appraisal

The Company initially planned its denim-fabric manufacturing facility at Piplaj, Ahmedabad at an estimated cost of Rs. 6319.00 lakhs. The project was appraised by SBI Capital Markets Limited on September 24, 2005. Subsequently, the Company decided to set up its manufacturing facility at Moti Bhoyan, Gandhinagar instead of Piplaj, Ahmedabad. The Company approached State Bank of India for sanction of its term loan requirement who have accepted the project appraisal report of SBI Capital Markets Limited and re-appraised the cost of project and means of finance.

State Bank of India vide their letter no. CAG/AMT-4/AIL/1101 dated March 24, 2006 sanctioned term loan of Rs. 3300 lakhs. Further, State Bank of Mysore vide their letter no. RC/AMT2/AIL dated April 28, 2006 sanctioned term loan of Rs. 1053 lakhs.

Total Cost of the project

The details of total cost of project, as appraised by SBI Capital Markets Ltd. and then re-appraised by State Bank of India, is as under:

(Rs. in lakhs)				
Particulars	As per SBI Capital Markets Ltd.		As per State Bank of India	
Land and site development		249.00		283.00
Building and Civil Works		724.00		724.00
Plant and machinery				
- Imported	2012.00		3462.00	
- Indigenous	1192.00		305.00	
Total		3204.00		3767.00
Miscellaneous fixed assets				
- Imported	340.00		340.00	
- Indigenous	809.00		809.00	
Total		1149.00		1149.00
Contingencies		266.00		286.00
Preoperative expenses		152.00		141.00
Public Issue expenses	-	-		195.00
Margin Money for Working Capital		575.00		575.00
Total		6319.00		7120.00

Means of Finance

(Rs. in Lakhs)		
	As per SBI Capital Markets	As per State Bank of India
Promoters contribution		
Equity Capital	-	1383.60
Preference Share Capital	1000.00	-
Unsecured Loans	1340.00	-
Equity premium	-	1383.60
Sub-Total	2340.00	2767.20
Debt		
Rupee term loan - State Bank of India - 3300.00	3979.00	4353.00
State Bank of Mysore - 1053.00		
Total	6319.00	7120.20

The important terms and conditions of rupee term loan facility sanctioned by State Bank of India are as under:

Interest Rate	Interest shall be serviced at monthly rests at 0.5% below SBAR (presently effective rate- 9.75% p.a.)
Moratorium period	12 months from date of commercial production
Tenor	Full repayment within 7 years from date of commercial production
Repayment	25 quarterly installments
Security	<ul style="list-style-type: none"> - Primary: 1st hypothecation/mortgage charge on the entire fixed assets of the company both present and future. - Collateral (Movable/immovable property): Extension of charge on current assets. <p>The Security shall be created before disbursement of the credit facility except for a part of land (admeasuring 77,223 sq.yards), which is an agricultural land and the Company shall obtain approval from the concerned government authority, Gandhinagar for its conversion and use for industrial purpose.</p>
Guarantee	Personal Guarantee of Mr. Mohan Gupta , Mr. Sunil Kumar Gupta , and Mr. Jatin Gupta Corporate guarantee of Gupta Synthetics Ltd.
Other Terms	<ol style="list-style-type: none"> 1. The Company will give an undertaking that in the event of a shortfall in public issue subscription, the promoters will bring the required capital by raising the amount either by private placement or from their own sources. 2. The Company shall not declare dividend if any of the following benchmark is breached: <ol style="list-style-type: none"> a. TOL / TNW: maximum 3.00 b. Current Ratio: minimum 1.33 c. Gross DSCR: minimum 1.75 3. Term Loan will be disbursed under Technology Up-Gradation Scheme to the extent it is approved by Nodal branch on behalf of Commissioner of Textiles and the remaining amount under the sanction will be disbursed outside TUF Scheme. 4. The Company shall not, without the prior approval of the Bank, in writing, effect any major change in the capital structure; formulate any scheme of amalgamation or reconstruction; undertake any new project / scheme unless the expenditure on such expansion is covered by company's net cash accruals after providing for dividend, investment, etc. or from long term funds, received for financing such new projects or expansion; invest by way of share capital in or lend or advance funds to or place deposit with any other concern except in the normal course of business; enter into borrowing arrangement with any other Bank, Financial Institution, company or otherwise; undertake guarantee obligations; declare dividends for any year except out of profits relating to that year; create any charge, lien or encumbrance over its property or any part thereof in favour of any financial institution / bank; sell assign, mortgage or otherwise dispose off any of the fixed assets.

The Company hereby confirms that firm arrangements have been made through verifiable means towards 75 % of the stated means of finance, excluding the amount to be raised through proposed Public Issue.

The project is eligible for following special benefits:

Interest subsidy of 5% on term loans as per the Technology Upgradation Fund (TUF) Scheme of the Ministry of Textiles, Govt. of India.

Land, site development and Building

The Company initially planned its manufacturing facility at Piplaj, Ahmedabad, which comes under Ahmedabad Urban Development Authorities Town Planning Scheme, in which no agricultural land can be converted into industrial land. The Company, therefore, decided to set up its manufacturing facility at Moti Bhoyan, Distt. Gandhinagar, Gujarat instead of Piplaj, Ahmedabad.

The denim manufacturing plant is now proposed to be located at Village Moti Bhoyan, Taluka Kalol, Distt. Gandhinagar, Gujarat on a land area measuring 77223 sq. yards. Acquisition of land is not yet complete. The identified land is an agricultural land and the Company has to arrange for approval from the concerned District Authority for conversion of agricultural land into non-agricultural land and its use for industrial purpose. The area of 77,223 sq. yards will take care of present manufacturing capacity as also any future expansion plan. The aggregate cost, including registration charges and leveling, filling, boundary wall, gates, water drains, culverts and other site developments, is estimated as Rs.283.33 lakhs. The total cost of civil works for the construction of the production facilities, warehouse, and building for marketing, accounts, administration, utilities and other miscellaneous civil work has been estimated at Rs 723.55 lakhs for a construction area of around 18,530 sq meters (including 4,000 sq. meters of road area).

The Village Moti Bhoyan, Taluka Kalol, Dist. Gandhinagar area, where this plant is proposed has been notified as free zone. Several denim manufacturers and textile processors are located within a distance of 15 kms from the proposed site. The plant site is connected by road services. The plant site is about 6 kms from the National Highway 8C linking Ahmedabad with Kandla port. The plant site is also located near the State Highway linking the National Highway to Dholka/ Bhavnagar and the proposed Dholera port on Cambay coast. The location of the proposed site is 22 km from Ahmedabad city.

The company intends to procure the cotton yarn from domestic sources. The finished goods would be sold in both domestic and overseas markets. The location of the plant has thus been identified keeping in view the proximity to a developed textile market. The project site has facilities in terms of infrastructure, transportation, availability of raw material and market for finished product.

Main production equipment

Main production equipment and short-listed suppliers are as below:

Imported Equipment:

Process	Equipment name	Short listed Supplier	Quantity	Amount (after conversion into Rs. in Lakhs)	Date of Quotation
Weaving	Air jet looms – Model ZAX-9100 working width of 190cm	Tsudakoma Corp., Japan	42	1418.66	April 8,2006
Finishing and Shrinking	Denim foam finishing machines	Monforts Textilmaschinen GmbH &Co., Germany	1	556.72	April 7,2006
Warp tying	Warp tying machine	Todo Seisakusho, Japan	1	36.55	April 20,2006
Dyeing, sizing and Warping	Indigo dyeing, sizing and warping plant	Moenus Sucker	1	1450.44*	April 5,2006
Total estimated cost				3462.37	

* This was earlier planned to be purchased from indigenous suppliers as per appraisal report of SBI Capital Markets Limited.

Indigenous Equipment

Process	Equipment name	Short listed Supplier	Quantity	Rs. lakhs	Date of Quotation
Singeing	"Kuster Calico" Singeing machine	A.T.E. Marketing Pvt. Ltd. Ahmedabad	1	112.00	April 17,2006
Weaving	Dropper Pins for Tsudakoma ZAX9100 Air jet looms	Dharamshil Agencies, Ahmedabad	189,000	3.00	April 17,2006
Warping	Color & size Kitchen	K.B. Corporation	1	40.70	April 22,2006
Warping	Warper Beams	Dharamshil Agencies	30	32.00	April 19,2006

Weaving	Weavers Beams	Dharamshil Agencies	84	48.00	April 22,2006
	Other miscellaneous equipments			68.92	
		Total estimated cost		304.62	

Miscellaneous Fixed Assets

Miscellaneous fixed assets include the cost of all utilities viz. air compressors, humidification plant, genset, steam boiler, effluent treatment plant, cooling towers, weigh bridge, electrical equipments /distribution system, piping structure, bore well pump, furniture and office equipment, etc. Details are as under:

Imported

Description of machinery	Short listed Supplier	Quantity	Rs. lakhs	Date of Quotation
Air Compressor; Model ZR200-8.0 Pack	Atlas Copco	3	141.00	April 18,2006
Air Dryer Model FD-1600 (Water cooled)	Atlas Copco	1	18.00	April 18,2006
Luwa Auto control type Humidification plant	Zellweger Luwa Switzerland	1	11.00	April 19,2006
Gas Gen set (Imported Portion)	SARL, Singapore	1	170.00	April 24,2006
	Total estimated cost		340.00	

Indigenous

Description of machinery	Short listed Supplier	Quantity	Rs. lakhs	Date of Quotation
Humidification plant (indigenous portion)	Luwa India Pvt. Ltd., Bangalore	1	82.00	April 19,2006
Steam Boiler	Rajdeep Boilers, Surat	1	77.00	April 19,2006
Gas Gen set (indigenous portion)	GMCCO, Ahmedabad	1	62.00	April 24,2006
Effluent treatment plant	Advance Enviro Pvt. Ltd., Ahmedabad	1	46.00	April 18,2006
R O Plant	Tech Aid, Ahmedabad	1	30.00	April 18,2006
Bore-well Pump	Company estimates	2	50.00	
Fire Fighting Equipment	Company estimates		31.00	
Electricals	Swati Switchgears (India) Pvt. Ltd., Ahmedabad		147.00	April 23,2006
Other equipments like air receivers, pipelines, valves & fittings, cooling tower, insulation, laboratory equipments, etc.			284.00	
	Total estimated cost		809.00	

Pre-operative Expenses

Preoperative expenses include cost of financial tie-ups, commitment charges, insurance, bank charges and commissions, administration and other expenses during project set-up, legal costs, issue expenses, interest during project set-up, etc.

Contingency

The project cost has been estimated by the project team of the Company with help of professional consultants. The cost estimate is based on the budgetary quotations for the plant and machinery including the imported items. To provide for any unforeseen circumstances during project set-up, an amount of Rs. 286.12 lakhs has been kept as contingency provision.

Margin Money for Working Capital

The working capital margin requirement of the project is estimated at Rs.575 lakhs, based on the calculations for the first full year of operations i.e. 2007-08 of the project.

Most of the suppliers of cotton yarn are located near Ahmedabad and as per the industry practice in cotton trading; normally one-month credit is available on the cotton thread. However, cash discount or quantity discounts are available on cash purchases. Considering the availability the period of transportation and a safety stock level, raw material stocking period has been taken as two months and consumables one month. Generally the manufacturers extend one and half month credit on sales, receivables period has therefore been conservatively estimated at two months for both domestic and export sales.

The detailed calculation of working capital is as under

Particulars	2006-07		2007-08	
	Period Months	Rs. lakhs	Period Months	Rs. lakhs
Stock WIP	0.25	113.39	0.25	120.64
Stock FG	0.75	379.22	0.75	401.22
Stock RM	2.00	802.98	2.00	860.34
Stock of Colours and Chemicals	1.00	42.89	1.00	45.96
Debtors				
For Export	2.00	502.05	2.00	659.28
For other than Export	2.00	525.05	2.00	689.49
Other Current Assets		0.00		0.00
Current Assets (A)		2365.59		2776.94
Current Liabilities (B)		444.38		476.13
Net Current Assets (A) - (B)		1921.20		2300.81
Working capital margin		480.30		575.20
Bank finance for working capital		1440.90		1725.61

Source: Appraisal Report

Inputs

Raw – Material

The major raw materials required for denim manufacturing are coarse cotton yarn of various counts (6 to 20) besides chemicals, dyes and packaging materials.

Cotton yarn

The cotton yarn required for manufacturing Denim Fabric (of up to 14.5 Ozs quality) will be of 6 to 20 counts, which is available around Ahmedabad, Mumbai and nearby places. The current rates as per market enquiry by the company is said to be Rs 68 per kg for 6 counts cotton yarn and Rs 69 per kg for 7 counts cotton yarn. Typical consumption on proposed product mix is 0.7295 kg yarn per finished denim fabric meter.

Consumption pattern is 35% 6 count yarns and 65% 7 count yarns and above. The promoters are experienced in textile business, purchasing and selling yarn. This should help in yarn purchasing at competitive prices and also safeguarding against seasonal and other fluctuations. There are number of manufacturers of cotton spinning yarn in Gujarat, Maharashtra, Rajasthan and Punjab from where the Company is proposing to source its raw material.

Color Chemicals

The following chemicals are required for dyeing and finishing of denim fabric.

Name of the Chemicals	Gms/mtr
-----------------------	---------

Raw Maize Starch	16.47
Texloplast	7.65
Indigo	8.35
Sodium Hydro Sulphide	6.94
Finishing Chemical	12.94
Acryl- N	7.65
Mutton Tallow	1.76
Caustic	4.35
S.H.M.P	0.24
Sapco 1186 A	0.41
Gas for Singeing	3.82

Certain suppliers have been identified for meeting the indigo requirement. These are Kaiching Dye Stuff, China; Hebei Dye Stuff, China and Aihui Dye Stuff, China. The company would be entering into suitable agreements with these suppliers in due course.

Apart from the above, Catch Cord Yarn (2/40s) and Leno Yarn (80 d) are also required for manufacture of the Denim fabrics, which are also available locally. Their consumption is 0.28 grams/mtr and 0.05 grams/mtr respectively.

Utilities

Power

The connected load and demand has been estimated at 1000 KVA. The company plans to source it from Gujarat Urja Vikas Nigam Limited (GUVNL). Besides, as back-up provision, it also plans to purchase a gas-based genset (proposed plant output of 1170 KVA) of Caterpillar SAL Singapore make. As per the power requirement, one DG set of 1170 KVA would be adequate to meet any emergency /contingency situation. Power availability from GUVNL is sufficient and no difficulty is envisaged in this regard.

Steam

The requirement of steam for dyeing & sizing (6 tons per hour), finishing (1 ton per hour) and singeing sections (0.50 ton per hour) shall be around 7.5 tons per hour @8 Kg/cm² and the same will be available from the boiler. The boiler would be fired by lignite, which would be sourced from the nearby region. The Company is proposing to procure one Steam Boiler of 10 tons per hour capacity.

Compressed Air

Compressed air will be required for indigo dyeing & sizing and the loom sections. The requirement of compressed air for indigo dyeing & sizing shall be around 100 CFM - 300 CFM while the weaving activity would require 1700 – 2100 CFM. This requirement of compressed air of around 2400 CFM @7.50 Kg, is proposed to be met by installing 3 Atlas Copco Airpower N V (Belgium) make imported Screw Compressors and Atlas Copco make air dryer for the compressors.

Water

Water requirement for various activities like singeing, finishing, dyeing, boiler requirement, human consumption and misc. activities has been estimated at 5 lakh litres per day. The Company will source its entire water requirement through own bore wells of adequate size. The groundwater availability is sufficient in the region and other existing units in the region are also using the available ground water. Further, the company plans to procure one Reverse Osmosis Plant of capacity 345 m³/ day for treating the raw water.

Gas

For burning the fibers of Denim Fabric in the singeing process, gas flame would be required. In the singeing process, the roll of the fabric runs at a high speed over the gas flame. Gas requirement for the process shall be 15 Kg/hr @ 1 kg/ cm². Natural gas is planned to be used for singeing, which would be supplied through gas pipelines by BPCL.

Humidification

The requirement of humidification for the warping section and the loom shed will be met by humidification plant proposed to be purchased from Zellweger Luwa, Switzerland.

Effluent Treatment Plant

At 100% capacity utilization, the effluent generated would be around 250 m³/day. The Company plans to install the Effluent Treatment Plant (ETP) for bringing down the levels of effluents discharged during the process of manufacture of denim to an acceptable level. It plans to purchase the ETP based on conventional treatment from M/s Advance Enviro Pvt. Ltd, Ahmedabad, which would be able to process 250 m³/day. The treated effluents would be used for plantation and gardening.

Transport Facilities

Ahmedabad, is one of the textile centers of the country, is connected by rail and air with Bombay, Delhi, Baroda, Surat, Kolkata, etc. and by road through National Highway No.8. Kandla, JNPT and Mumbai ports having container-loading facilities are also approachable. The Company therefore is not likely to experience any difficulty in transport of raw materials and finished products through transport agencies having their own offices, branches, and warehouses in and around Ahmedabad.

Manpower:

The plant is proposed to be near Ahmedabad, which is a textile center besides being situated near Mumbai and Surat, the other textile centers of the country. On account of this, availability of skilled labor and other staff will not be a problem. The total requirement of manpower for the proposed plant will be 191 persons comprising of skilled, semi-skilled, unskilled workers, and supervisory and administrative staff. Ahmedabad, being a denim center; qualified manpower would be easily available.

Manpower required for plant

Production

Particular	No.
Vice President	1
DGM Production	1
Manager	4
Supervisor	17
Skilled Labour	135
Un-skilled	10
Clerks	2
Grand total	170

Administrative & Marketing

Particular	No.
GM Marketing	1
Chief Finance Officer	1
DGM Finance	1
Manager Procurement	1
Company Secretary	1
Marketing Manager	2
Administrative / Office Staff	14
Grand total	21

Implementation Schedule

Implementation schedule of the project, as re-appraised by SBI and further revised by the company in view of late start of some activities, is as below

Activities	Per re-appraisal report of SBI		Revised estimates of Company	
	Commencement	Completion	Commencement	Completion
Acquisition of land	January 2006	February 2006	April 2006	May 2006
Site Development	March 2006	June 2006	May 2006	July 2006
Civil construction & Building	March 2006	July 2006	May 2006	October 2006
Plant and Machinery				
Placement of Order	Imported	March 2006	Imported	April 2006
	Indigenous		Indigenous	
Delivery at site		August 2006		October 2006

Erection and Installation	Indigenous Imported	August 2006	October 2006	October 2006	November 2006
Trial Runs		November 2006	November 2006	December 2006	December 2006
Commercial Production			December 2006		December 2006

Status of funds deployment

As per Certificate by M/s J.P. Saboo & Co., Statutory Auditors of the Company dated April 28, 2006, the Company has deployed the funds till March 31, 2006 as mentioned hereunder:

Utilisation of Funds	(Rs. in lakhs)
Pre-operative Expenses	49.17
Advance for Capital Goods	5.21
Advance for Public Issue	7.26
Total	61.64
Sources of Funds	
Internal Accruals	61.64
Total	61.64

Interim use of the proceeds

The management of the Company, in accordance with the policies established by the Board of Directors, will have the flexibility in deploying the proceeds received by the company from the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds from the Issue, in high quality interest bearing liquid instruments including deposits with banks, for the necessary duration. Such investments would be in accordance with the investment policies approved by the Board of Directors of Company from time to time.

Company's Strategy

The Company has the following strategies for Denim business:

A. Product strategy

Denim is sold on the basis of weight per square yard (In ounces/Sq. Yard). According to weight per sq. yard, Denim is categorized as light weight (From 5 to 9.0 ounces/Sq. Yard) or heavy weight (more than 9 ounces/Sq. Yard). Lighter weight denim is usually used for shirts, tops and T-shirts, whereas heavy weight denim is usually used for trousers and skirts. The utility of denim has increased with different weights and with different after treatments or washes like stone wash, bleach wash, acid wash, over dyed, printed denim, embossed denim, etc.

Our product strategy is focused on:

- Pure cotton denim fabric with open end and ring yarn dyed warp and un-dyed weft
- Heavier denim used in bottom garments

This product selection is influenced by market breadth and depth, stability, and resistance to sudden fashion swings. Initial few years, the Company plans to operate in mass-market products, which give revenue and profit streams. This creates a platform to support upward push in value chain and gradually offer high-fashion premium fabrics in blended yarn, and lighter denims.

However, the Company's selection of equipment gives them the flexibility to manufacture denim fabric of lighter ounces also. According to demand patterns and orders in hand at any particular time, the company can change its production.

B. Marketing strategy

The Company plans to tap both domestic and international market. The Company plans to sell fifty percent of its production in domestic market and balance fifty percent to overseas market through dealer / agent

network. The major export markets identified by the company are USA, Canada, Turkey, Middle East, Bangladesh. The Company plans to interact and finalise with various dealers / agents for firm tie-ups but at present, no firm arrangement has been made. Once the dealers are selected, the Company would have access to the target markets and set up its marketing network. In domestic market, the Company has identified Delhi, Bangalore, Kolkatta, Mumbai and Hyderabad as the main denim marketing centres. The Company has identified some dealers and has initiated discussions with them. However, no firm arrangement has been made till date.

C. Technology strategy

We propose to adopt sheet dyeing, air jet weaving and foam finishing process for denim manufacturing. Sheet Dyeing process is a low capital intensive compared to rope-dyeing. The air jet looms weave better quality fabrics with higher productivity. The Vacu-Foam denim finishing machine would be employed, as this process is reportedly more environment friendly and energy-efficient.

We propose to acquire Air Jet Looms (42 nos.) from M/s Tsudakoma Corporation, Japan, Finishing & Shrikage machine from M/s Monforts Textile Maschinen GmbH & Co., Germany and Warp Tying machine from Todo Seisakusho, Japan. Besides these, we also propose to acquire imported miscellaneous fixed assets such as air compressor of Atlas Copco, Belgium make (the same would be sourced from the local office, Atlas Copco (India) Ltd. Mumbai), Humidification plant from Zellweger Luwa, Switzerland and Gas based gen set of SARL Singapore make (to be sourced from GMMCO, Ahmedabad).

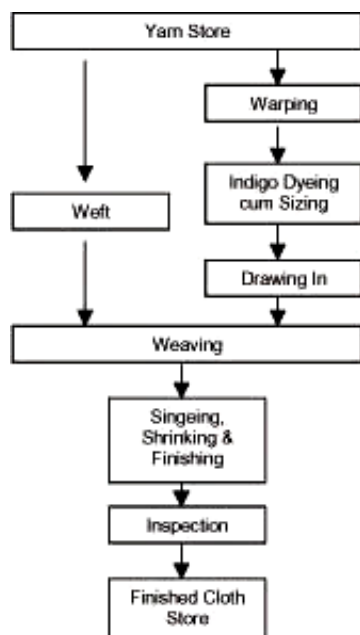
We propose to acquire the indigo dyeing and sizing machinery from Moenus Sucker, Germany, a leading manufacturer of this machinery. Moenus Sucker, Germany has around 100 years of industry presence and has manufactured and installed warping and sizing machine of various kinds for different textile units. Moenus Sucker, Germany has a network for sales and service of Warping Machine and Sizing Machine. Other equipment are also proposed to be acquired from reputed suppliers with track-record and facilities for after sale service and support.

We have not appointed any technical consultants for the project and propose to implement the project in-house. We are in the process of putting in place an in-house project team comprising professionals with technical knowledge and expertise for project implementation and operations. Further, we have been advised that assistance would also be provided by major machinery suppliers in installation and commissioning of the machines.

Manufacturing Process

Open-end cotton yarn of 6s to 20s Ne counts is the main raw material required for manufacturing denim. For weaving, yarn used is categorized into warp yarn and weft yarn. The warp yarn is the lengthwise yarn in a fabric and is usually dyed in a solid color (not dyed for naturally colored denim) whereas the weft (width-wise yarn in a fabric) is left un-dyed. 12 to 16 warp beams are passed through dyeing and sizing machine for dyeing and sizing. Weaving interlaces the warp and the weft yarn and the cloth, thus obtained, is sent for finishing and Shrinkage. The finished fabric is then inspected and packed for dispatch. The process for denim manufacturing could thus be broadly divided in to the following stages.

- Warp Preparation (warp beams)
- Fabric Weaving
- Singeing and Finishing
- Inspection, packing and Dispatch



The above stages are explained in detail below:

Warp Preparation

A. Forming direct warp beams:

Cotton yarn wound on cheeses or cones are put in creel of direct warping machines. Normally 350 ends are wound parallel on warping beam. 12 to 16 such beams are then sent to dyeing and sizing machines.

B. Dyeing

There are basically three technologies for yarn dyeing – rope dyeing, sheet dyeing and loop dyeing. AIL plans to adopt the sheet dyeing process; the sheet dyeing process is less capital intensive and the cost of production is lower, besides ease of operations.

The warping beams (12 to 16 nos.) are loaded on creel of indigo dyeing sizing machine and the yarn sheet goes through the process of pre-wetting, washing (wash boxes) and then indigo dyeing in 8 tanks (indigo dye vats) with aeration (where indigo fixation is done utilizing atmospheric oxygen). After dyeing, the dyed yarn is washed again with fresh water for two-three times (3 tanks for washing). Dyed yarn sheet is then passed through starch solution (sizing). This process provides thin layer on yarn surface, which enable the yarns to counter the frictional forces during weaving. It also imparts strength to the yarn. Sized yarn is then dried and wound on wavers beam which form the warp for weaving.

Weaving

The weavers beam, prepared above, is taken on the air jet looms for weaving after knotting the same with the help of knotting machine. The weaving process interlaces the warp (length-wise indigo dyed yarn) and the filling weft (gray yarn) producing 100% cotton denim in a variety of weights and styles. Weaving is basically interlacement of warp and weft threads in desired sequence and pattern to make a fabric. To obtain this interlacement, warp yarn sheet is bifurcated & opened in form of two layers/sheet and weft thread is inserted between so opened two warp sheets. This operation is called “Drawing - in. (the warp thread is in sheet form and the weft thread is inserted between two layers of warp sheet by means of a suitable carrier i.e. Shuttle, Projectile, Rapier, Air current, Water current, etc).

Weaving could be through Conventional Shuttle Weaving System by Ordinary Looms/ Automatic Looms or through Shuttle less Weaving System by Air jet /Water jet /Rapier /Projectile. Shuttle loom weaving is a conventional technology with much less production on account of slow speed and excessive wear and tear of machinery. This shuttle loom technology has now become obsolete. AIL plans to weave cloth through Shuttle-less Weaving by using ZAX 9100 Type Tsudakoma Corporation's Air jet looms. The air jet looms are based on the latest weaving technology where weft insertion is done with the help of compressed air.

Singeing and Foam Finishing

Grey fabric from loom is singed at singeing machine. Herein, protruding fibers present on the fabric's surface are burnt with the help of flame.

Singed fabric is foam finished and pre-shrunk. Foam finishing process involves formation of finishing softener on the face of the fabrics. It provides moisture to the tune of 15% to the fabrics. The fabric is now ready for mechanical Shrinkage through rubber belt. This pre-shrunk fabric has a residual Shrinkage of $\leq \pm 3\%$, both warp wise and weft wise.

Inspection and Dispatch

The finished fabric is taken to the inspection machine where it is inspected for any visual defects. The fabric is then graded and rolled for final dispatch to the buyer.

BASIS FOR ISSUE PRICE

Qualitative Factors

- The project is promoted by Gupta Group. The Group has more than 22 years of experience in the textile sector.
- The Project is located near Ahmedabad, which is one of the centres of textile and yarn business in India. The city is considered denim city of India. It accrues following distinct advantages to the Project:
 - a. Low cost procurement of yarn, supplies and utilities
 - b. Supply of skilled manpower
 - c. Proximity with customers, benefits of being at market-place
- The project has been appraised by SBI Capital Markets Ltd. and re-appraised by State Bank of India. State Bank of India is participating to extent of 46% of project cost by way of term loan and the balance requirement of term loan has been sanctioned by State Bank of Mysore.

Quantitative Factors:

1. Adjusted Earning Per Equity Share

Particulars	EPS (Rs.)	Weights Used
a. 2003-2004	0.18	1
b. 2004-2005	0.35	2
c. 2005-2006	17.81	3
Weighted Average EPS for last 3 years	9.05	

2. Price / Earning Ratio (P/E) in relation to the Issue Price of Rs. 20

a.	P/E based on EPS of 2005–2006	1.12
	P/E based on weighted EPS	2.21
b.	Industry P/E* (Textile – Cotton / Blended)	
(i)	Highest	74.3
(ii)	Lowest	4.1
(iii)	Average	13.5
c.	Industry P/E* (Textile – Products)	
(i)	Highest	97.6
(ii)	Lowest	5.9
(iii)	Average	32.1

(*Capital Market – April 24-May 7, 2006) (Textile – Cotton / Blended & Textile Products)

3. Minimum Return on Increased Net Worth required for maintaining Pre-Issue EPS of Rs. 0.35 is 1.81 %

4. Return on Net worth (RoNW)

Financial year	RONW (%)	Weights
2003-2004	1.47%	1
2004-2005	2.77%	2
2005-2006	58.39%	3
Weighted Average RONW	30.36%	

5. Comparison with Industry Peers*

The comparable ratios of the companies which are to some extent similar in business are as given below:

Name	Face Value (Rs.)	E.P.S. (Rs.)	P/E (times)	N.A.V. (Rs.)	RoNW (%)
Aarvee Denims	10.00	11.9	7.9	46.8	49.0
Rainbow Denim	10.00	1.1	10.3	28.0	-
Suryalakshmi Cotton	10.00	13.6	7.7	70.5	29.3
Soma Textiles	10.00	5.9	4.9	34.8	18.8

(*Capital Market – April 24-May 7, 2006) (Textile – Cotton / Blended & Textile Products)

The face value of the shares of the Company is Rs. 10/- per share, issued at a Price of Rs. 20 per equity share. The Issue Price is 2 times of the face value of the Equity Shares. Lead Manager believes that the Issue Price of Rs. 20 is justified in view of the above qualitative and quantitative parameters. Investors should read the section titled “Risk Factors” beginning on page iii, the financial statements included in this Prospectus and the section titled “Management Discussion and Analysis of financial condition and results of operations” beginning on page 78 of this Draft Prospectus. The trading price of the equity shares of the Company could decline due to these factors and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

April 4, 2006

M/s. Aviva Industries Limited,
(Formerly Ankush Synthetics Limited)
336, Sardar Gruh Building,
198, Lokmanya Tilak Road,
Near Crawford Market,
Mumbai – 400 002.

Dear Sirs,

Statement of Possible Tax Benefits available to the Company and its shareholders

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders, of the Company under the Income tax Act, 1961, Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the Selling Shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

- i. Company or its shareholders will continue to obtain these benefits in future; or
- ii. The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement 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.

For **J. P. Saboo & Co.,**
Chartered Accountants

(Singhal Pankaj)
Partner
M. No. 77041
Date: 04.04.2006
Place: Surat.

TAX BENEFITS

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

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

1. To the Company - Under the Income-tax Act, 1961 (the Act)

There is no additional benefit arising to the Company under The Income Tax Act, 1961, by proposed Initial Public Offer of Equity Shares to the public and institution in India.

2. To the Members of the Company - Under the Income Tax Act, 1961 including the provisions of Finance Act, 2006

2.1 Resident Members

- a) Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income-tax in the hands of the shareholders.
- b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.
- c) In terms of Section 88 E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities' transactions.
- d) As per the provisions of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.
- e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt u/s 10(38)) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued on or after the 1st day of April 2006 -
 1. National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988, and notified by Central Government in the Official Gazette for purpose of this section; or
 2. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956; and notified by Central Government in the Official Gazette for purpose of this section.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

- f) Under Section 54ED of the Act, capital gain arising from the transfer before the 1st day of April 2006, of long term capital assets, being listed securities or units (other than those exempt u/s 10(38)) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain is invested in public issue of equity shares issue by of an

Indian Public Company within a period of six months from the date of such transfer. If only a part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new equity shares are transferred or converted into money within one year from the date of their acquisition.

- g) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets (other than a residential house and those exempt U/S 10(38)) then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- h) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company or unit of an equity oriented mutual fund, which is subject to securities transaction tax will be taxable under the Act @ 10% (plus applicable surcharge and educational cess).
- i) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders..

2.2 **Non Resident Indians / Members other than Foreign Institutional Investors and Foreign Venture Capital Investors**

- a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the Act, is exempt from tax in the hands of the recipients.
- b) Taxation of Income from investment and Long Term Capital Gains on its transfer
 - (1) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. "Special Provisions Relating to certain incomes of Non-Residents".
 - (2) Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under Section 10(38) of the Act) be concessionaly taxed at a flat rate of 10% (plus applicable surcharge and educational cess on Income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act.
 - (3) Under provisions of section 115F of the Act, long term capital gains (not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months from 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 within three years from the date of their acquisition.

2.3 **Return of Income not to be filed in certain cases**

Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is 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.

2.4 Other Provisions of the Act

- a) Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long-term capital gains would be computed as per normal provisions of the Act.
- b) Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- c) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt U/Sec 10(38)) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued on or after the 1st day of April 2006 –
 - a) National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988, and notified by Central Government in the Official Gazette for purpose of this section; or
 - b) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956; and notified by Central Government in the Official Gazette for purpose of this section.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

- d) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets (other than a residential house and those exempt U/Sec. 10(38)), then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- e) Under Section 111 A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company or unit of an equity oriented mutual fund, which is subject to securities transaction tax will be taxable under the Act @10% (plus applicable surcharge and educational cess).
- f) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders..

2.5 Foreign Institutional Investors (FIIs)

- a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the institutional investor.
- b) Under section 115AD capital gain arising on transfer of short capital assets, being shares and debentures in a company, are taxed as follows:
 - (i) Short term capital gain on transfer of shares / debentures entered in a recognized stock exchange which is subject to securities transaction tax shall be taxed @ 10% (plus applicable surcharge and educational cess); and
 - (ii) Short term capital gains on transfer of shares / debentures other than those

mentioned above would be taxable @ 30% (plus applicable surcharge and educational cess).

- c) Under section 115AD capital gain arising on transfer of long term capital assets, being shares and debentures in a company, are taxed @ 10% (plus applicable surcharge and educational cess). Such capital gains would be computed without giving effect to the first and second proviso to section 48. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computing the capital gains.
- d) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt U/Sec 10(38)) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued on or after the 1st day of April 2006 -
 - i) National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988, and notified by Central Government in the Official Gazette for purpose of this section; or
 - ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956; and notified by Central Government in the Official Gazette for purpose of this section.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

2.6 Venture Capital Companies / Funds

As per the provisions of section 10(23FB) of the Act, income of the following mentioned Venture Capital Companies / Funds are exempt from tax.

- a) Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and
- b) Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set up for raising funds for investment in a Venture Capital Undertaking.

3. Wealth Tax Act, 1957

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth-tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

4. The Gift Tax Act, 1957

Gift of shares of the company made on or after October 1, 1998 are not liable to tax.

Notes:

- a) All the above benefits are as per the current tax law and will be available only to the sole / first named holder in case the shares are held by joint holders.
- b) In respect of non-residents, taxability of capital gains 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.
- c) In view of the individual nature of tax consequence, each investor is advised to consult his / her own tax adviser with respect to specific tax consequences of his / her participation in the scheme.
- d) The changes proposed in the Budget of 2006 have also been considered wherever applicable.
- e) All the above benefit are as per the Current Tax Laws as amendment by the Finance (No. 2) Act, 2006, and will be available only to the sole / first named holder in case the shares are held by joint holders. Legislation, its judicial interpretation and the policies of the regulatory authorities are subject to

change from time to time and these may have a bearing on the advice that we have given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this note.

In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

**For J. P. Saboo & Co.,
Chartered Accountants**

**(Singhal Pankaj)
Partner
M. No. 77041
Date: 04.04.2006
Place: Surat.**

INDUSTRY OVERVIEW

Denim Industry

The denim industry is marked by an increasing trend in both domestic and global consumption. High growth potential is visible with the lower per capita consumption at 0.2 meters p.a. in India compared to world average of 0.5 meters pa and US consumption at 2.8 meters. Global consumption at 4.5 billion meters p.a. (50% in the US) is growing at 4% p.a. India's consumption is at 200 million meters p.a. and is growing at 25% p.a. The domestic demand is increasing especially in the sub-urban and rural areas. (Source : Clothline Magazine April, 2005)

Total production capacity in India for Denim is over 300 million meters per annum. Domestic denim production is dominated by the few organised integrated players having large economies of scale; the unorganised sector is virtually absent. In the international market, India faces stiff competition from Asian countries like China, Hong Kong, Taiwan, Korea, etc.

Normally Denim Fabric market cycle is considered to be of 8 years, during the course of which the first 3 years show an increase in demand, which remains steady for next 2 years and thereafter it declines. Presently, the global denim cycle is on the upswing and the industry is experiencing strong demand from domestic as well as international markets. The increase in demand of Denim is on account of:

- Closure of many Denim Units in US, due to increase in raw material prices.
- Stringent Pollution Control Norms in Western countries.
- High cost of labor

Growing demand for denim products globally and a big drop in prices of cotton have become a boon for Indian denim makers. Companies in Denim business are gaining significantly from the swelling demand for denim worldwide. Demand for denim, which is preferred in warmer conditions as in the European summer, is growing at around 6-7% a year. Denim's market share in the global garments basket has grown nearly 10%. The surging demand has resulted in price stability. But at the same time, the price of cotton has crashed 30%. As a result, margins on denim products have increased, and even a small increase in sales is translating into more profits.

Denim Fabric

Denim is considered more as a fashion product and thus caters mainly to youth population; also, it is highly fashion-driven.

Traditionally, denim is defined as a 3/1 warp faced twill fabric made from cotton open-end yarn dyed warp and un-dyed weft although some denim is also produced out of ring spun and soft yarn. Varieties of Denim Fabrics are basically manufactured from cotton yarns of various counts. In order to enhance its characteristics, certain manufacturers blend these with other threads also. The description of Denim is generally given on the basis of Cotton Content in it, i.e. "Denim containing 100% Cotton" or less etc. Most denim is still 100% cotton, though a small volume of polyester/cotton denim is also produced. It is available in various shades & colors including the Blue Denim, which is most popular of all.

This fabric has been in existence for almost 150 years and conceived as Work Wear Fabric to a Fashion Trend Setter. It is affordable, comfortable, and durable and offers variety of style and color.

Denim is weighed in ounce and there are various weight wise categories of Denim like Light Denim (5 ounce, 7 ounce, 9 ounce etc) used to manufacture lighter garments like shirts, tops, T-shirts etc. Heavy Denim (12 ounce, 14 ounce, 16 ounce etc.) is used to make garments like Jeans, Skirts etc. The utility of denim has increased with different weights and with different after treatments or washes like stone wash, bleach wash, acid wash, over dyed, printed denim, embossed denim, etc.

AIL plans to manufacture pure cotton denim fabric of 14.5 ounce from cotton open-end yarn dyed warp and un-dyed weft. However, it has the flexibility to manufacture denim fabric of lighter ounces also.

India Advantage

With production facilities shifting from the US to the Asian countries, India is a sought after destination for denim product buyers. India is well poised to take the advantage of this increasing demand. India is the 3rd largest cotton producer with a share of 21% of global cotton production. India's cost advantage is expected to improve in the medium term with softening of cotton prices, on account of higher domestic and global cotton production. Quality of Indian cotton is very suitable for denim fabric. Skilled labour is available at low cost. Further, India's vertically integrated production facilities, strong design and product development capabilities, flexibility towards handling smaller lot sizes, shorter lead times by majority of the suppliers are all in India's favour.

Capacity Expansions

With denim becoming popular and more profitable, companies are going in for huge capacity expansions (expanding capacities by 5 to 20 million meters each by the end of 2006). Clothesline research shows that, taking into account the proposed capacity expansions and new entrants, by the end of 2006, India would be producing at least 355 million meters (increasing its share in the global market by 1.5%).

(Source : Clothline Magazine April, 2005)

Manufacturers	Million meters		
	Current Capacity	Proposed Expansion	Total post Expansion#
Arvind Mills Ltd	120	-	120
Raymond	20	20	40
Aarvee Denim and Exports Ltd.	45	9	54
KG Denim	24	6	30
Malwa Industries	15	5	20
Century Denim	10	10	20
Bhaskar Denim	12	12	24
Mafatlal	10	-	10
Suryalakshmi Cotton Mills	20	-	20
Modern Denim	17	-	17

by early 2007

Source: Clothlines Apr 2005

Market Trend

The per capita consumption in India at 0.2 meters as compared to world average of 0.5 meters and US of 2.8 meters is quite low; hence, there is a phenomenal scope for increase in the consumption of denim in India by catering to different age groups and by tapping rural areas. With changes in fashion trend and the inherent advantages of Denim Fabric, demand is expected to grow at 25% in India. With a population of over 1000 million, India will be a major consumer of Denim in the coming years. Per capita consumption of Denim Fabrics in India is bound to go up due to imitating of US culture as well as exposure to new culture. (Source : Clothline Magazine April, 2005)

The utility of denim has increased with different weights, type, colors and different treatments or washes both for apparel and non-apparel use. Denim Fabrics are used in jeans trousers, both by men and ladies. It is extensively used in the world as casual garments, Shirts, Jackets, children wear are also made of Denim fabrics. In India, the Denim Fabrics are most used by the youths in the age group of 15 to 25, mainly in metros and "B" class cities. Nevertheless, there is a phenomenal scope for spread in the rural areas, which are increasingly taking to this fabric wear.

Apart from the youth, it is being increasingly used as children wear also. Though Denims are also used by ladies as jeans, these are restricted to upper strata in metros. The ladies garment sector is the new upcoming target among Indian Denim manufacturers. Nowadays, this segment is also growing rapidly even in towns. The ruggedness of Denim Fabrics has already attracted the local ready-made garment manufacturers for use of Denim fabrics.

It is understood that with the phase out of quotas, global casual wear brands like Pepe Jeans International alone is expected to source more than double from India than its existing 10% of global business from India. Denim apparel vendor Levi Strauss is planning to create over 100 exclusive stores in India in coming 3 years from the existing 50 at present. Hong Kong based denim wear brand Giordano too is in talks with Indian apparel manufacturers for outsourcing. (Source : Clothline Magazine April, 2005)

International Denim Market

Denim jeans have been a favorite casual wear of all people in US, from the blue collar to the white collar; miners to the president of the United States. Denim Jeans have indeed become the symbol of American lifestyle.

European Market is also an important denim apparel market. Unlike USA, the denim market in Europe is traditionally fashion-oriented. There are many famous brand denim apparel designed and manufactured in Europe, such as Versace, Armani Jeans, Diesel, Esprit Jeans, Gaultier, Moschino Jeans, Replay etc. European top fashion designers also introduce their denim apparel in the house show every season. There are many different fabric styles with short life cycles. The local manufacturers use quick response and just-in-time techniques, which are more important than cost in the European market.

From 1999 to 2002, there was over supply in the international market. This has caused Denim recession and during the same period, some of the plants like Levis, Swift Textile, Burlington Industries and others in USA closed their Denim Fabric activity, which ultimately resulted in capacity reduction to the tune of 150 to 200 million meters p.a. by 2002. (Source: Appraisal report of SBI Capital Markets Limited)

At present too, global denim capacity is at 4.4 billion meters as against a consumption of 3.9 billion metres. However, global capacities are shifting from developed countries to Asian countries, due to abundant raw material availability and low labor costs. This will provide great export opportunities to India, as it has been traditionally a denim fabric exporter.

Also, the removal of quotas will enhance the exports of denim garments to developed markets of the US, UK, etc, which were hitherto limited by quotas. However, denim demand is prone to fashion changes and hence, is volatile. Denim prices are expected to be competitive due to stiff competition among Asian countries, as Asia accounts for more than 50 per cent of global denim production. However, it can be partly compensated by the softening of cotton prices, on account of higher domestic and global cotton production.

Competition

The USA and European Union are the biggest markets for Denim, whereas Mexico, Hong Kong, Taiwan & Canada are the largest suppliers of Denim to the US Market constituting about 78% of the total imports of USA. Today, in the post WTO scenario, in the international market, Indian manufacturers of Denim Fabric generally face competition from countries like China Hong Kong, Taiwan, Korea, Indonesia, Turkey, Brazil, Italy, etc.

Outlook

Supported by the increasing international demand and a consistently growing domestic market, eager to imitate the West, denim fabric industry in India is fast growing. International buyers like J C Penny, Tommy Hilfiger, GAP, Walmart have already established their offices in India and started outsourcing extensively, which will further boost Indian denim industry. The capacity expansions by Indian denim players would be able to effectively meet the increasing demand not just for the fabric but also garments. Most of the industry feels that there are good opportunities to move up in the value chain from fabric manufacturing to garments manufacturing.

OUR BUSINESS

The Company is an existing public limited company. It was originally incorporated in 1984 as Ankush Electronics and Electricals Private Limited to carry-out manufacturing, trading in electrical goods and services and also investment activities. In February 1992, Gupta group acquired the Company. The Gupta Group of Surat, which took over the Company, runs its textile and polyester business from its offices / facilities in Mumbai, Ahmedabad, Silvasa and Surat. The Group has experience of over 22 years in the field of textile / polyester business. The major companies in the Group are Gupta Synthetics Limited, Polycoat India Private Limited, Gupta Dyeing and Printing Mills and Nova Petrochemicals Limited. The Group has manufacturing facilities in textile segment viz. manufacture of Partially Oriented Yarn (POY), Fully Oriented Yarn (FOY), draw textured and draw twisted yarn and metallised yarn.

Looking to the business activities, the Company changed its name to Ankush Synthetics Ltd. w.e.f. March 20, 1992. Till 1997-98, Company were engaged in yarn trading activities to limited extent. The total income was increased from Rs. 71.83 lakhs in F.Y. 1991-92 to Rs. 335.55 lakhs in F.Y. 1997-98. Subsequently, during 1998-99 company started manufacturing and trading of yarn and cotton fabrics (dress material and sarees) by getting job work from outside. Total income and profit after tax from trading and manufacturing by getting job work during F.Y. 1999-2000 was Rs. 572.34 lakhs and Rs. 3.99 lakhs respectively. The Company stopped its operations during 2000-01 and 2001-02 and there were only largely dividend income. During F.Y. 2002-03, the company had again traded yarn and total income and profit after tax during this period was Rs. 1014.75 lakhs and Rs. 6.24 lakhs respectively. The Company once again stopped its operations for two years viz. 2003-04 and 2004-05. During the last F.Y. 2005-06, the company had income of Rs. 553.73 lakhs from trading and manufacturing of texturise yarn on job work basis from outside.

Purchase of Property

Except as stated in section titled “Objects of the Issue” in the Draft prospectus, on page 14, there is no property which the Company has purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed on the date of the Draft prospectus, other than property in respect of which: -

- a) The contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- b) The amount of the purchase money is not material; or
- c) Disclosure has been made in this Prospectus

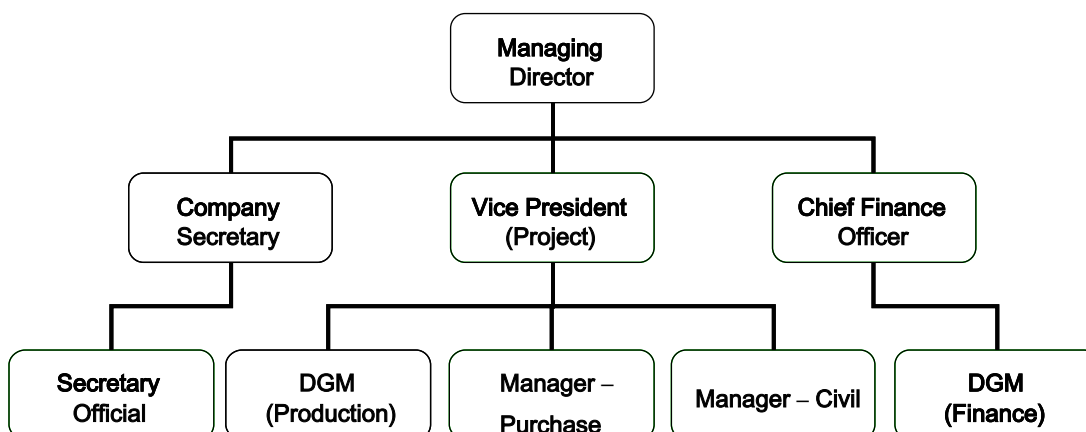
Except as stated in the section titled “Related Party Transactions” on page 63 of the Draft prospectus, the Company has not purchased any property in which any Directors, have any direct or indirect interest in any payment made thereof.

Insurance Coverage

The Company has obtained property and vehicle insurance

#	Insurer and Policy No.	Policy Type	Assets Insured	Period	Sum Insured (Rs. lakhs)	Premium (p.a) Rs.
1.	The New India Assurance Company Limited 230101/11/05/11/00004817	Standard Fire and Special Perils Policy	Office Premises	Valid till 22/01/2007	16.70	1,104
2.	Royal Sundaram Allianz Insurance Company Limited MP10115419	Private Car Policy	Maruti Alto	Valid till 10/3/2007	2.54	9,710

Organization chart of the Company



Concerns and Threats identified by the Appraising Agency

SBI Capital Markets Limited have identified following concerns and threats in their appraisal report:

Concerns

- The product – denim fabric- proposed to be manufactured by the company is susceptible to fashion trends.
- Marketing would be a key thing. The firm is yet to have any firm selling arrangements.
- The company is yet to arrange for the firm tie-ups for purchase of the yarn, chemicals, lignite, etc.
- The company has short-listed the land for the proposed project. However, it is yet to acquire the land in its name
- The company has not proposed to appoint any technical consultants for implementation of the project. Based on its in-house assessment, it has finalized the plant and machinery to be acquired. It has still to place firm orders for the plant and machinery.

Threats

- A number of capacity expansions are expected to be implemented by various companies over the next 1-2 years. In this scenario, the player with lower production costs would be in a position to utilize capacities optimally.
- Post imposition of ‘safeguard measures’ against China by US and EU, the threat of Chinese dumping looms large over the Asian markets; this could cause market disruption and hurt the competitiveness of domestic players, on account of possible dumping in the Indian market.
- Continuous Rupee appreciation could negatively impact the competitiveness of its exports.

Investors are advised to refer detailed listing of risk factors on page iii.

REGULATIONS AND POLICIES

REGULATIONS

The Government of India, has over the years, formulated various legislations which apply to companies engaged in the Textiles in India. Under the provisions of various Central Government and State Government Statutes / Legislations, the Company is required to obtain and regularly renew certain licenses / registrations and / or to seek statutory permissions to operate its business.

Pursuant to the applicable law in force in the State of Gujarat in which the Company and its manufacturing facilities are situated, the material registrations/licenses/consents/permissions under various statutes is set out below by way of illustration. The same is not exhaustive.

1. The Companies Act, 1956
2. The Income-Tax Act, 1961
3. The Central Excise Act, 1944
4. The Customs and Excise Act, 1962
5. The Gujarat / Mumbai General Sales Tax Act, 1959.
6. The Central Sales Tax Act, 1956.
7. The Foreign Exchange Management Act, 1999.
8. The Industries Development and Regulations Act, 1951.
9. The Bombay Shops and Establishments Act, 1947.
10. The Bombay Industrial Establishments (National and Festival Holidays) Act, 1958.
11. The Bombay Fire Services Act, 1985.

In addition to the above, the Company is required to comply with various provisions of the Labour related legislations / statutes and the Rules framed from time to time thereunder to the extent applicable.

For details of the above mentioned licenses / registrations see the section titled 'Government and Other Approvals' in the Draft Prospectus beginning on page no 98.

Key Government Initiatives to Promote growth of the Indian Textile Industry

In order to promote reforms in the textiles sector and to boost exports of textile products, the Government has taken certain important initiatives. Some of the initiatives that have been taken by the Government in the recent past are as follows (*Source: Ministry of Textile Annual report 2003-04*):

(i) **Announcement of New Textile Policy**: One of the main objectives of the New Textile Policy (NTxP-2000) announced in November 2000 is to facilitate the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The policy endeavours to achieve the target of textile and apparel exports from the present level to US \$ 50 billion by 2010.

(ii) **Technology Up-gradation Fund Scheme (TUFs)**: In view of the urgent need for stepping up the process of modernization interest subsidy has been prescribed under the scheme.

(iii) **Duty Exemption Pass Book (DEPB) Scheme**: DEPB credit rates have been prescribed for 82 textiles and clothing products. The nomenclature and rates for DEPB entries pertaining to certain textile products have been rationalized.

(iv) **Duty Drawback Scheme**: The exporters are allowed refund of the excise and import duty suffered on raw materials under the scheme so as to make the products more competitive in the international market.

From January 19, 2005, the Ministry of Finance restructured the drawback rate from value-based to quantity-based.

(v) **Human Resource Development:** Attention has also been paid to Human Resource Development in the textile sector. Towards this end, particular mention deserves to be made of National Institute of Fashion Technology (NIFT) that is imparting training to Fashion Designers and Fashion Technologists to cater to the human resource requirements of garment industry.

The Ministry of Textiles is also concerned over the need to improve the quality of textile training institutes in the country. Therefore, a Nodal Centre for Upgradation of Textile Education has been established at the Indian Institute of Technology, Delhi with funding from the Ministry of Textiles. The Apparel Export Promotion Council has been running Apparel Training and Design Centres (ATDCs) at important apparel centres located at Chennai, Delhi, Kolkata, Hyderabad, Jaipur and Bangalore in order to impart training at shop floor level to meet the growing needs of apparel industry.

(vi) **Construction of Apparel International Mart:** Apparel Export Promotion Council is constructing an Apparel International Mart at Gurgaon with assistance from Government. For this purpose a grant of Rs. 1500 lakhs was released during the year 2001-02 and of Rs. 3000 lakhs has been released during the year 2003-04.

(vii) **Setting up of modern laboratories:** The Ministry of Textiles has assisted the Textile Committee in setting up of modern textile laboratories to ensure that the textiles exported from the country meet all international environmental standards.

(viii) **Apparel Park for Exports Scheme:** A centrally sponsored scheme titled “Apparel Parks for Exports Scheme” has been launched. The scheme is intended to impart focused thrust to setting up of apparel Manufacturing units of international standards at potential growth centres and to give fillip to exports. Since the inception of scheme in March 2002, eleven Project Proposals has been sanctioned for setting up Apparel Parks at Tronica City & Kanpur (U.P.), Surat (Gujarat), Thiruvananthapuram (Kerala), Visakhapatnam (Andhra Pradesh), Ludhiana (Punjab), Bangalore (Karnataka), Tirupur & Kanchipuram (Tamil Nadu), SEZ, Indore (Madhya Pradesh) and Mahal (Jaipur, Rajasthan).

(ix) **Textile Centres Infrastructure Development Scheme (TCIDS):** Development of infrastructure facilities at predominantly textile/apparel sector areas is one of the thrust areas of NTxP-2000. For attaining this objective, a new scheme (TCIDS) has been launched for upgrading infrastructure facilities at important textile centres.

The WTO 2005 Initiative

Protection of the textile and clothing sector has a long history in United States and Europe. In the 1950s, Japan, Hong Kong, China, India and Pakistan agreed to voluntary export restraints for cotton textile products to the United States. In 1962 a Long Term Agreement regarding International Trade in Cotton Textiles (LTA) was signed under the auspices of the GATT (replacing a 1-year short-term agreement). The LTA was renegotiated several times until it was replaced by the MFA, which extended restrictions on trade to wool and man-made fibers in addition to cotton. Since 1947, when the General Agreements on Tariff and Trade (GATT) was first signed, an increasing proportion of international trade was regulated by the international agreements, designed to ensure countries could erect or maintain barriers to international trade only under mutually agreed terms.

Apparel / readymade garments were not included in GATT provisions. In 1947, the Multi-Fibre Agreement (MFA) was signed, without reference to GATT, essentially ratifying countries right to impose quotas on textiles and apparel / readymade garment imports from each other. This was intended to be a temporary measure allowing developed countries time to restructure their apparel / ready-made garments and textile industries before opening them up to competition from developed countries.

In practice the MFA was frequently renewed. In 1994, GATT signatories signed the Agreement on Textiles and Clothing (ATC), committing to phasing out MFA and replacing it by the general systems for agreeing trade barriers and disputes that the GATT has laid down. Almost simultaneously, the World Trade Organisation (WTO) replaced the GATT.

The most important underlying principles of the ATC are:

- The quotas would be phased out to an agreed timetable
- There would be no extension date
- The ATC would be binding only on trade between WTO member states.
- There would be no temporary provisions while the ATC was in force for monitoring progress and managing duties

Accordingly, quota restrictions have been removed with effect from January 1, 2005. This removal of world trade quota restrictions is expected to bring a change in the global apparel trade. Productivity, labour costs, quality and creativity will determine which countries will eventually emerge as winners.

Environmental Regulations:

The Company is subject to Indian laws and regulations concerning environmental protection, in particular, the discharge of effluent water and solid particulate matter during its manufacturing processes. The principal environmental regulations applicable to industries in India are the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986.

The PCB located across the States monitors compliance with applicable environmental regulations. No industrial or productive facility may operate without a valid authorisation from the local PCB office. We are required to set up the environment management unit at its site & install necessary pollution control equipments and tools. PCBs routinely inspect industrial and productive facilities, to monitor compliance with applicable environmental standards and regulations, including the provisions of the Water Act and the Water Access Act. The PCBs are also empowered to grant authorisation for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

Foreign Investment Regulations

The new industrial policy was formulated in 1991 to implement the Government's liberalisation programme and consequently, the industrial policy reforms relaxed industrial licensing requirements and restrictions on foreign investment. In subsequent years, the Government has further liberalized the foreign investment regime.

HISTORY AND CERTAIN CORPORATE MATTERS

History

Aviva Industries Limited was originally incorporated in October 1984 as Ankush Electronics & Electricals Pvt. Ltd. to carry out manufacturing and trading in electrical goods and services as also investment activities. It was converted into a public limited company and its name was changed to Ankush Electronics & Electricals Limited (AEEL) in February 1985. AEEL came out with a public issue in April 1985.

Later in February 1992, it was acquired by the Gupta group. Thereafter it diversified into textiles trading activities and its name was changed to Ankush Synthetics Limited. Till 1997-98, Company were engaged in yarn trading activities to limited extent. The total income was increased from Rs. 71.83 lakhs in F.Y. 1991-92 to Rs. 335.55 lakhs in F.Y. 1997-98. Subsequently, during 1998-99 company started manufacturing and trading of yarn and cotton fabrics (dress material and sarees) by getting job work from outside. Total income and profit after tax from trading and manufacturing by getting job work during F.Y. 1999-2000 was Rs. 572.34 lakhs and Rs. 3.99 lakhs respectively. The Company stopped its operations during 2000-01 and 2001-02 and there were largely dividend income. During F.Y. 2002-03, the company had again traded yarn and total income and profit after tax during this period was Rs. 1014.75 lakhs and Rs. 6.24 lakhs respectively. The Company once again stopped its operations for two years viz. 2003-04 and 2004-05.

In FY 2005-06 it started trading in POY/ texturised yarn and fabric. The company buys POY from market. It hires texturising machines from market for conversion of POY into texturized yarn. The yarn is then supplied to fabric manufacturers. During the last F.Y. 2005-06, the company had income of Rs. 553.73 lakhs from trading and manufacturing of texturise yarn on job work basis from outside.

During 2005-06 the name was changed to Aviva Industries Ltd. and a project for manufacturing Denim fabric near Ahmedabad was planned. A project appraisal study was carried out by SBI Capital Markets Ltd. and the project was sanctioned financial assistance by State Bank of India. Company is proposing this public issue to part finance the project.

Major events in Company's history

Year	Event
1984-85	Incorporated as Ankush Electronics & Electricals Private Limited on October 1984.
1984-85	Converted into Public Limited Company.
1985-86	Public issue of Equity shares in April 1985.
1988-89	Right Issue of equity shares.
1991-92	Acquired by the Gupta group and diversification into textiles trading activities Name changed to Ankush Synthetics Limited.
2005-06	Change of name to Aviva Industries Limited

PROVISIONS OF MEMORANDUM OF ASSOCIATION OF THE COMPANY

Main Objects of the Company

The main objects of the company to be pursued by the company on its incorporation:

1. To carry on the business of manufacturing and selling of tubelights, fluorescent tubes fluorescent lamps, sodium lamps, mercury lamps, bulbs, searchlights, beam lights, and all other type of electrical goods.
2. To carry on the business of manufacturing and selling of switches, plugs, bells regulators and all other type of electrical accessories.
3. To act as agents, sub-agents, indenting agents, distributors, sub-brokers and representatives for manufacturers and traders of all type of electrical goods and electrical accessories.

4. To undertake on turnkey basis or on contract or subcontract basis job of electrification of various projects and undertakings.
5. To draw, make endorse, execute, issue, discount, buy, sell and deal in Bills of Exchange, Promissory Notes, Hundies, Bills of Lading, Warrants, Coupons, import entitlements and other negotiable or transferable securities or documents, in course of Company's business.
6. To enter into any partnership or joint venture or any arrangement for sharing profits and losses, reciprocal concession or otherwise with any person or persons, firm or concern or corporation carrying on or engaged in or about to carry on or engage in any business or enterprise which this Company is authorised to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit or to expedient for the purpose of this Company and to take or otherwise acquire and hold shares or stock in or securities of and to subsidies or otherwise assist any such Company and to sell, hold, re-issue with or without guarantee or otherwise deal with such shares, stock or securities.
7. To carry on the business of spinners, weavers, manufacturers ginner, processors, traders, packers, and balers of cotton, jute, hemp, silk, artificial silk linen, rayon, nylon, man made synthetic fibres, and yarns, staple, fibres, wool, waste droppening, and any other fibrous materials and the cultivation thereof, and the business of weaving or otherwise manufacturing, bleaching, printing, processing and selling yarn, cloth, linen and other foods and fabrics whether textile faltd, natted or looped.

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

Changes in the Memorandum of Association

Since incorporation of the Company, the following changes have been made in the Memorandum of Association:

Amendment	Date of Amendment
Change of Name from Ankush Electronics & Electricals Private Limited to Ankush Electronics & Electricals Limited'	26 th February 1985
Change of Name from Ankush Electronics & Electricals Limited to Ankush Synthetics Limited	20 th March 1992
Change of name from Ankush Synthetics Limited to ' Aviva Industries Limited'	18 th November, 2005
Alteration of Object	29 th September, 2005
Increase in Authorised Capital from 1 Lakhs to 50Lakhs	12 th January, 1985
Increase in Authorised Capital from 50 Lakhs to 150Lakhs	1 st June, 1988
Increase in Authorised Capital from 150Lakhs to 300 Lakhs	29 th September, 1992
Increase in Authorised Capital from 300 Lakhs to 1300 Lakhs	29 th September, 2005
Increase in Authorised Capital from 1300 Lakhs to 1800 Lakhs	28 th February, 2006

Subsidiaries of the Company

The Company does not have any subsidiary.

Strategic Partners

The Company does not have any strategic partners.

Financial Partners

The Company does not have any financial partners.

Shareholders Agreement

The Company does not have any shareholders agreement.

MANAGEMENT

Board of Directors

The Company is currently managed by a Board of Directors comprising of Eight (8) Directors. Mr. Mohan Gupta is currently the Company's Chairman. Mr. Sunil Kumar Gupta is Managing Director. He is in-charge of the overall management of the Company subject to the supervision and control of the Board. He is supported by a professionally and technically qualified team of executives specified in operations, finance, marketing, legal and personnel.

The following table sets forth the details regarding Board of Directors of the Company as on the date of filing of the Draft Prospectus.

Sr. No	Name, Age, Designation, Address, Fathers name & Occupation of Director	Other Directorships/Partnerships	Date of Appointment and term
1	Mr. Mohan Gupta (46 years) s/o Mr Nand Kishore Gupta Chairman (Promoter Director) 8/9, Sanjay Co. Op. Housing Society, Somnath Mahadev Road, Nr. Umra Jakat, Athwa Lines, Surat – 395007. <i>Occupation: Business</i>	<ul style="list-style-type: none"> ▪ Gupta Synthetics Limited ▪ Nova Petrochemicals Limited ▪ Riviera Tex Prints Pvt. Ltd. ▪ Gupta Agro Farms Pvt. Ltd. ▪ Shikha Investments Pvt. Ltd. ▪ Gupta Dyeing & Printing Mills ▪ Gupta Dyeing & Printing Mills Pvt. Ltd. ▪ Sharp Synthetics Pvt. Ltd. 	1 st May, 2005
2	Mr. Sunil Kumar Gupta (42 years) s/o Mr Nand Kishore Gupta Managing Director (Promoter Director) 8/9, Sanjay Co. Op. Housing Society, Somnath Mahadev Road, Nr. Umra Jakat, Athwa Lines, Surat – 395007. <i>Occupation: Business</i>	<ul style="list-style-type: none"> ▪ Gupta Synthetics Limited ▪ Nova Petrochemicals Limited ▪ Sangam Silk Mills Pvt. Ltd. ▪ Sharp Synthetics Pvt. Ltd. ▪ Shikha Investments Pvt. Ltd. ▪ Sant Textile Mills Pvt. Ltd. ▪ Gupta Dyeing & Printing Mills ▪ Nova Petrofils Ltd. ▪ Nova Poly Yarns Ltd. ▪ Aviva Polyflex Pvt. Ltd. 	1 st May, 2005 Was appointed as Managing Director on 30 th January, 2006 for period of 5 years
3	Mr. Pawan Kumar Gupta (45 years) s/o Mr. Baluram Gupta Non-Executive Independent Director 105, Amra Kunj Society, Behind Union Park, Ghod-Dod Road, Surat – 395007. <i>Occupation: Business</i>	<ul style="list-style-type: none"> ▪ Shubh Laxmi Dyeing & Printing Mills Pvt. Ltd. ▪ Sterlite Synthetics Pvt. Ltd. ▪ Millenium Infosoft Pvt. Ltd. 	1 st June 1990
4	Mr. Ajay Kumar Gupta (40 years) s/o Mr. Santlal Gupta Non-Executive Independent Director 105, Amra Kunj Society, Behind Union Park, Ghod-Dod Road, Surat – 395007. <i>Occupation: Business</i>	<ul style="list-style-type: none"> ▪ Shubh Laxmi Dyeing & Printing Mills Pvt. Ltd. ▪ Sant Textile Mills Pvt. Ltd. 	1 st June 1990
5	Mr. Anil Kumar Singhal (47 years) s/o Mr. Shiamsunder Singhal Non-Executive Independent Director 9-A, Sagar Apartment, Nr. Umra Jakat Naka, Athwa Lines, Surat – 395007.	<ul style="list-style-type: none"> ▪ Gupta Synthetics Limited ▪ Shubh Laxmi Dyeing & Printing Mills Pvt. Ltd. ▪ Sharp Synthetics Pvt. Ltd. ▪ Gold Star Lease Finance Pvt. Ltd. ▪ Millenium Infosoft Pvt. Ltd. ▪ Comptel Infosys Pvt. Ltd. ▪ Evergreen Synthetics Pvt. Ltd. 	5 th March, 1993

Sr. No	Name, Age, Designation, Address, Fathers name & Occupation of Director	Other Directorships/Partnerships	Date of Appointment and term
	<i>Occupation: Business</i>		
6	Mr. Sandeep Goyal (30 years) s/o Mr Shivkumar Goyal Non-Executive Independent Director 9-A, Uday Punam Apartment, Ghod-Dod Road Surat – 395007. <i>Occupation: Business</i>	<ul style="list-style-type: none"> ▪ Numech Synthetics Pvt. Ltd. ▪ Nandan Dyeing Prints Pvt. Ltd. ▪ Comptel Infosys Pvt. Ltd. ▪ Sterlite Synthetics Pvt. Ltd. 	28 th June 2004
7	Mr. Jatin Gupta (23 years) s/o Mr. Prakash Gupta Non-Executive Director (Promoter) 8/9, Sanjay Co. Op. Housing Society, Somnath Mahadev Road, Nr. Umra Jakat, Athwa Lines, Surat – 395007. <i>Occupation: Business</i>	<ul style="list-style-type: none"> ▪ Gupta Dyeing & Printing Mills Pvt. Ltd. ▪ Gaurav Silk Mills Pvt. Ltd. ▪ Nand Impex ▪ Nikunj Silk Mills 	30 th January, 2006
8	Mr. Shyamsunder Gupta (51 years) s/o Mr Nand Kishore Gupta Non-Executive Director (Promoter) 8/9, Sanjay Co. Op. Housing Society, Somnath Mahadev Road, Nr. Umra Jakat, Athwa Lines, Surat – 395007. <i>Occupation: Business</i>	<ul style="list-style-type: none"> ▪ Gupta Synthetics Limited ▪ Nova Petrochemicals Limited ▪ Sangam Silk Mills Pvt. Ltd. ▪ Shikha Investments Pvt. Ltd. ▪ Gupta Dyeing & Printing Mills ▪ Nova Petrofils Ltd. ▪ Nova Poly Yarns Ltd. ▪ Ellora Syntex Pvt. Ltd. ▪ Sterlite Synthetics Pvt. Ltd ▪ Anamika Syntex Pvt.Ltd. 	28 th February, 2006

Brief Profile of Board of Directors of the Company

Mr. Mohan Gupta

The details of Mr. Mohan Gupta are appearing under “Promoters” on page 49.

Mr. Sunil Kumar Gupta

The details of Mr. Sunil Kumar Gupta are appearing under “Promoters” on page 49.

Mr. Pawan Kumar Gupta

Mr. Pawan Kumar Gupta, 45, was appointed by the Board of Directors with effect from June 01, 1990. Mr. Pawan Kumar Gupta is a Bachelor of Commerce having graduated from Rohtak University in the year 1982. He has 23 years experience in trading, manufacturing and marketing of textile products.

Mr. Ajay Kumar Gupta

Mr. Ajay Kumar Gupta, 40, was appointed by the Board of Directors with effect from June 01, 1990. Mr. Ajay Kumar Gupta is a Bachelor of Commerce having graduated from K.P. College of Commerce in the year 1985. He has 17 years experience in the textiles industry in the field of manufacturing and marketing.

Mr. Anil Kumar Singhal

Mr. Anil Kumar Singhal, 47, was appointed by the Board of Directors with effect from March 05, 1993. Mr. Singhal is a Master of Arts having graduated from Delhi University in the year 1977 and completed Master degree from Punjab University in the year 1979. He has 15 years experience in the marketing of textile products and also in the import-export of fabrics.

Mr. Sandeep Goyal

Mr. Sandeep Goyal, 30, was appointed by the Board of Directors with effect from June 28, 2004. Mr. Goyal is a Bachelor of Commerce having graduated from Bangalore University in the year 1998. He has 7 years experience in the textile industry in the field of Dyeing, Printing and Marketing.

Mr. Jatin Gupta

Mr. Jatin Gupta, 23, was appointed as Director by the Board of Directors with effect from January 30, 2006. Mr Jatin Gupta is pursuing Graduation and Management studies from University of Hertford Shire, United Kingdom.

Mr. Shyamsunder Gupta

The details of Mr. Shyamsunder Gupta are appearing under “Promoters” on page 49.

Borrowing powers of the Directors

Pursuant to the resolution passed on February 28, 2006 by the shareholders, and subject to section 293(1)(d) of the Companies Act, 1956, the Board of Directors have been authorised to borrow moneys upto Rs. 50000.00 lakhs.

Compensation of Managing Directors

Name	<i>Contract/ Appointment/ Letter/ Resolution</i>	Remuneration	Term of appointment
Mr. Sunil Kumar Gupta	Board Resolution dated January 30, 2006	None	5 years

Remuneration

The total remuneration by way of salary, commission and perquisites shall not exceed Rs 24.00 Lakhs per annum or Rs 2.00 Lakhs per month as provided in Part II, Section II of Schedule XIII of the Companies Act, 1956. Presently the Managing Director is not drawing any remuneration from the Company.

Compliance with Corporate Governance requirements

The Company's equity shares are currently listed on the Bombay Stock Exchange Limited and Vadodara Stock Exchange. The Company is in compliance with the provisions of the listing agreement with the Stock Exchanges, including those relating to corporate governance, broad basing of management and setting up necessary committees like the Audit Committee and the Shareholders' Committee. The Company has complied with SEBI Guidelines in respect of corporate governance, including those with respect to broad-basing of the Board, constituting the committees such as the Audit Committee, Remuneration Committee and the Shareholders'/Investors' Grievance Committee, details of which are provided herein below. The Company is in compliance with the requirements of SEBI circular bearing number SEBI/CFD/DIL/CG/1/2004 dated October 29, 2004, which notifies revised corporate governance guidelines for listed entities.

The Company has constituted the following committees of Board of Directors of the Company for compliance with corporate governance requirements:

- Audit Committee;
- Share Transfer & Shareholders'/ Investors' Grievance Committee;
- Remuneration Committee;

1) Audit Committee

The Audit Committee comprises of Mr Anil Kumar Singhal (Chairman) and Mr. Ajay Kumar Gupta as Independent Non-Executive directors, and Mr. Mohan Gupta as the third member Director on the committee. The Audit Committee is authorised to exercise all powers as specified in Section 292A of the

Companies Act, 1956 and the listing agreement with the Stock Exchanges. The Audit Committee met once during F.Y. 2005-06.

2) Share Transfer & Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee comprises of Mr Pawan Kumar Gupta as Chairman, Mr Sunil Kumar Gupta and Mr Jatin Gupta as members.

The Committee has been formed to look into resolution of Shareholders' / Investors' complaints relating to transfer of shares, non receipt of Balance Sheet, non receipt of dividend or any other matters, as also to approve requests requiring issue of new/duplicate share certificates.

3) Remuneration Committee

The Remuneration Committee comprises of Mr Anil Kumar Singhal (Chairman), Mr Ajay Kumar Gupta and Mr Mohan Gupta as members.

The Committee has been constituted to determine the Company's policy on specific remuneration packages for executive Directors, including pension rights and compensation payments, and exercise all powers specified in the Companies Act 1956 and the listing agreement with the Stock Exchanges in relation to the appointment and remuneration of executive Directors.

Shareholding of Directors

Name	No. of Shares
Mr. Mohan Gupta	99,000
Mr. Sunil Kumar Gupta	97,500
Mr. Jatin Gupta	9,300
Mr. Shyamsunder Gupta	124,000
Total	329,800

Change in Directors of the Company

The changes in Board of Directors during the last three years are as follows:

Name	Appointment date	Cessation	Reason
Mr. Sandeep Goyal	June 28, 2004	-	Strengthening the board
Mr. Mohan Gupta	May 01, 2005	-	Strengthening the board
Mr. Sunil Kumar Gupta	May 01, 2005	-	Strengthening the board
Mr. Jatin Gupta	January 30, 2006	-	Strengthening the board
Mr. Shyamsunder Gupta	February 28, 2006	-	Strengthening the board

Key Management Personnel

The details of the key managerial personnel in the company are as follows

Name and designation	Qualification	Age Yrs.	Exp. Yrs.	Joining date	Details of previous employment	Gross Remuneration (Rs. Lac)
Mr. Rakesh Singh <i>Vice – President (Project)</i>	B.E. (Polymer) Pune University	37	14	01/11/2005	• Gupta Synthetics Limited	5.00 p.a.
Rajesh K. Gohil <i>Chief Finance Officer</i>	B.Com., LLB (Gen.), FCA	43	15	19/01/2006	• Mega Rayon Pvt. Ltd. as Vice President	3.6 p.a.
Mr. Deen Bandhu Gaggar	FCA	39	16	01/09/2005	• Nandan Exim Ltd., as	3.1 p.a.

<i>DGM (Finance)</i>					Manager Finance and Accounts	
Mr. Kalpesh Desai <i>Company Secretary</i>	B.Com,LLB,ACS	43	16	01/02/2006	<ul style="list-style-type: none"> Symphony Comfort Systems Ltd. (Company secretary cum Sr. Manager Legal) 	3.1 p.a.
Mr. Pradeep Kumar Karwal <i>DGM (Production)</i>	B.Text (T.I.T. Bhiwani) M.B.A. (Kurushetra University)	43	18	07/11/2005	<ul style="list-style-type: none"> Century Denim (A division of Century Textile & Industries Ltd.) Production Manager 	3.1 p.a.
Mr. Yogesh Chand Dubey <i>Manager Purchase</i>	B.Sc., Diploma in Customs & Central Excise	31	9	01/03/2006	<ul style="list-style-type: none"> Mahendera Petrochemicals Ltd (As Stores & Purchase Manager) 	1.08 p.a.
Mr. Gaurang Bharat Parekh <i>Manager Civil</i>	B.E. (Civil) M.S. University, Vadodara	35	13	01/03/2006	<ul style="list-style-type: none"> M.B. Brothers Construction Limited (Site-In-charge) 	1.08 p.a.

Brief Profile of Key Managerial Personnel

Mr. Rakesh Singh

Mr. Rakesh Singh aged 37 years has experience of 14 years in project implementation, project administration and execution. Prior to joining the Group he was handling various aspects of project planning and implementation in his roles as Dy. Head of Department (Polycondensation) and General Manager (Poly) with his previous employers, viz. Polyplex Corporation Ltd., Khatima, US Nagar and JBF Industries Ltd., Silvassa respectively. He was previously employed with Nandan Exim Ltd., as Vice President (Projects) where he headed their denim project.

Mr. Rajesh K. Gohil

Mr. Rajesh K. Gohil aged 43 years has an experience of 15 years in banking and finance. Prior to joining the company as Chief Finance Officer he was employed as Vice President (Finance) with Mega Rayon Pvt. Ltd. Earlier he served at senior positions in other companies like Micro Polyester Pvt. Ltd. as Chief Executive Officer; Suzlon Fibres Ltd. as General Manager (Finance); Haryana Petrochemicals Ltd. as Dy. Manager (Accounts).

Mr. Deen Bandhu Gaggar

Mr. Deen Bandhu Gaggar, aged 39 has an experience of 16 years in the area of finance, accounting and internal audit. Prior to joining the company he was employed with Nandan Exim Limited as Manager Finance & Accounts. Earlier he served at senior positions in other companies like Chamunda Synprocessors Pvt. Ltd., Bhilwara as General Manager (Commercial & Finance), Nutech Spinning Ltd., Bhilwara as G.M. Commercial, Sangam Processors Limited, Bhilwara as Senior Manager Accounts, Sumanglam Suitings Pvt. Ltd., Bhilwara as Manager (Accounts).

Mr. Kalpesh Desai

Mr. Kalpesh Desai aged 43 has an experience of 16 years in secretarial work, insurance, legal, intellectual property rights. Prior to joining the company, he was employed with Symphony Comfort Systems Ltd. as Company Secretary and Senior Manager (Legal). Earlier he served as Company Secretary in companies like Core Healthcare Ltd., Nilnita Chemicals Ltd., Gujarat Inject Ltd.

Mr. Pradeep Kumar Karwal

Mr. Pradeep Kumar Karwal aged 43 years has an experience of 18 years in denim and textile production. Prior to joining the company as DGM (Production) he was employed with Century Denim (A division of

Century Textile & Industries Ltd.) as Production Manager. Earlier he served at senior position in H.P.Cotton Textile Mills Ltd.

Mr. Yogesh Chand Dubey

Mr. Yogesh Chand Dubey aged 31 years has an experience of 9 Years in stores and purchase Department. Prior to joining the company as Manager Purchase he was employed with Mahendera Petrochemicals Ltd as Stores & Purchase Manager.

Mr. Gaurang Bharat Parekh

Mr. Gaurang Bharat Parekh aged 35 Years has an experience of 13 Years in industrial and civil construction activities. Prior to joining the company as Manager Civil he was employed with M.B. Brothers Construction Limited as Site-In-charge. Earlier he was employed with District Primary Education Programme as Taluka Resource Person and Y. Raval & Co. as Site Engineer.

None of the Key Managerial Personnel are related to each other. All the key managerial personnel are permanent employees of the Company.

Shareholding of Key Managerial Employees

The key managerial personnel, apart from the Managing Director of the Company do not hold any shares of the Company.

The changes in key managerial employees during the last three years are as follows:

Name of employee	Designation	Appointment Date
Mr. Rakesh Singh	Vice President (Project)	November 01, 2005
Mr. Rajesh Gohil	Chief Finance Officer	January 19, 2006
Mr. Dean Bandhu Gaggar	DGM (Finance)	September 01, 2005
Mr. Kalpesh Desai	Company Secretary	February 01, 2006
Mr. Pradeep Kumar Karwal	DGM (Production)	November 07, 2005
Mr. Yogesh Chand Dubey	Manager (Civil)	March 01, 2006
Mr. Gaurang Bharat Parekh	Manager (Purchase)	March 01, 2006

The Company does not have any Employees Stock Option Scheme as on date.

Payment or benefit to Officers of the Company (non-salary related)

Currently, the Company does not have a performance-linked bonus or profit-sharing scheme for the employees. The key managerial personnel do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment.

PROMOTERS

The details of promoters are as below:



Mr. Mohan Gupta

PAN:	AAWPG3032A
Voter ID	Not obtained
Passport	E 9397202
Driving License	GJ05/39268/02
Bank Account	C/A 5089 Bank of Maharashtra, Ring Road, Surat

Mr. Mohan Gupta, 46, was appointed by the Board of Directors with effect from May 01, 2005. Mr. Mohan Gupta is a Bachelor of Science having graduated from M.S. University, Vadodara in the year 1978. He has 20 years experience in the textiles industry in the field of textile processing and yarn manufacturing.



Mr. Sunil Kumar Gupta

PAN:	AAWPG3033B
Voter ID	Not obtained
Passport	F2753901
Driving License	GJ01/500360/00
Bank Account	C/A 2683 Bank of Maharashtra, Ring Road, Surat

Mr. Sunil Kumar Gupta, 42, was appointed by the Board of Directors with effect from May 01, 2005, and further appointed as Managing Director of the Company with effect from January 30, 2006. Mr. Sunil Kumar Gupta is a Bachelor of Commerce having graduated from South Gujarat University in the year 1984. He has 20 years experience in the textiles industry in the field of production of textile articles, dyes, and yarns, as also in the field of import-export of fabrics.



Mr. Shyamsunder Gupta

PAN:	ABEPG7824K
Voter ID	Not obtained
Passport	D/2943/01
Driving License	103665/01SRT
Bank Account	S/B 352 Canara Bank, Ring Road, Surat

Mr. Shyamsunder Gupta, 51, was appointed as Director by the Board of Directors with effect from February 28, 2006. Mr. Shyamsunder Gupta is a Bachelor of Commerce having graduated from Gorakhpur University in the year 1974. He has 30 years experience in the textiles industry in the field of textile processing and yarn manufacturing.



Mr. Prakash Gupta

PAN:	ABEPG7823Q
Voter ID	Not obtained
Passport	F1660864
Driving License	GJ05/106169/01
Bank Account	S/B 504 Canara Bank, Ring Road, Surat.

Mr Prakash Gupta, 50, is a Bachelor of Arts having graduated from M.B.T. Arts College in the year 1974 and later completed his LLB from V.T. Choksi College, Surat in 1976. He has 20 years experience in the textiles industry in the field of textile processing and yarn manufacturing.



Mr. Nand Kishore Gupta

PAN:	AAZPG0184A
Voter ID	Not obtained
Passport	T-256788
Driving License	Not obtained
Bank Account	S/B 5087 Bank of Maharashtra, Ring Road, Surat.

Mr. Nand Kishore Gupta, 72, is a Bachelor of Arts having graduated from Punjab University in the year 1953. He has obtained Bachelor of Law degree from Calcutta University in 1956. He has 30 years experience in the textiles industry in the field of textile processing and yarn manufacturing.

Common Pursuits

Group concerns / entities, i.e. Gupta Synthetics Limited, Nova Petrochemicals Limited, Polycoat India Private Limited, Gupta Dyeing and Printing Mills Private Limited, Gupta Dyeing and Printing Mills, Jatin Synthetics Private Limited, and Ellora Syntex Pvt. Ltd., are in same or connected line of business and hence to this extent there exists a potential conflict of interest between the Company and these entities.

Interest of Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the Company.

The Promoters are not interested in any property acquired by the Company within two years from the date of the Draft Prospectus. The Promoters are not interested in any loan or advance given by the Company, neither are they beneficiary of any such loans or advances.

Except as disclosed above and '*Related Party Transactions*' on page 63, the Promoters of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits.

The Registered Office of the Company was taken on lease in 1998 from Mr. Prakash Gupta, one of the Promoter.

Interest of Directors

The Directors of the Company have no interest in the Company except to the extent of sitting fees for attending board / committee meeting and reimbursement of expenses.

PROMOTER GROUP COMPANIES / ENTITIES

A. GUPTA SYNTHETICS LIMITED

Date of Incorporation: August 07, 1984

Nature of Activity: Manufacture of Partially Oriented Yarn, Fully Drawn Yarn, Draw Texturised and Draw Twisted Yarn.

Directors

1. Mr. Shyamsunder Gupta
2. Mr. Mohan Gupta
3. Mr. Prakash Gupta
4. Mr. Sunil Kumar Gupta.
5. Mr. Rakesh Y. Singh
6. Mr. Anil Kumar Singhal

Financial Performance

Particulars	(Rs. in Lakhs)		
	For the year ended March 31 st		
	2005	2004	2003
Sales & Other Income	10444.54	3321.61	1200.36
Equity share capital	157.74	157.74	157.74
Redeemable preference share capital	1500.00	-	-
Reserves (excluding Capital Reserve)	323.79	400.43	393.49
Profit After Tax	295.28	162.08	10.83
Earning Per Share (Rs.)	18.72	10.27	0.75
Book Value Per Share (Rs.)	30.53	35.39	34.95

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors except as indicated in the chapter titled "Outstanding Litigation" on page 83 of the Draft Prospectus.

The Company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

Shareholding Pattern as on March 31, 2006

Category	No. Of Shares	% Holding
Promoter group:		
(i) Promoters	752700	43.45
(ii) Persons acting in concert	101218	5.84
	853918	49.29
Private corporate bodies	126184	7.28
Indian public	728665	42.06
NRIs/OCBs	10868	0.63
Others	12765	0.74
Total	1732400	100.00

Promise vis-à-vis performance

Gupta Synthetics Ltd. made its initial public offering on February 15, 1989. The number of shares issued was 9,00,000 Equity Shares of Rs. 10 each for cash at a premium of Rs. 4 per share aggregating to Rs. 126.00 lakhs. The objects of the above issue were:

- a) To part finance the expansion cum diversification programme of the company,
- b) To meet the issue expenses.

There were no financial projections made in the Offer Document. However, projected capacity had been disclosed. The details of actual capacity vis-à-vis projected were as under:

Sr. No.	Process	Kg/Day			
		Pre-issue capacity	Proposed post issue capacity (expected to be completed by mid 1989)	Actual Project completion	Actual post-issue capacity
1	Texturising	1500	3300	1992-93	3300
2	Twisting	600	900	1989-90	1050
3	Sizing	Nil	1000	1989-90	1000

Stock Market Data

Gupta Synthetics Ltd. is currently listed on the Stock Exchanges at Bombay, Ahmedabad, Delhi, and Vadodara. The company has made an application for delisting of its shares from Delhi, Ahmedabad and Vadodara Stock Exchanges vide its letter dated July 24, 2003 and their final decision is still awaited.

Last 6 months' high and low prices (Rs.) of Equity shares of Gupta Synthetics Ltd. and trading volumes (no of shares) are as follows:

	April, 2006	March 2006	February, 2006	January, 2006	December, 2005	November, 2005
High	183	175.60	197.00	168.30	162.35	167.70
Low	150	139.10	160.00	139.50	130.25	138.35

Source: www.bseindia.com

The market value of the company as on the date of filing of the Draft Prospectus is Rs. 167.15 on Bombay Stock Exchange Limited.

The market price of the scrip of Gupta Synthetics Ltd. on the day immediately after the day on which the Board of Directors of Aviva Industries Limited passed the resolution authorizing the Public Issue, i.e. on January 30, 2006, was Rs. 166.25/- at BSE.

Mechanism for redressal of investor grievance and time normally taken for disposal

The company has formed a Shareholders/Investors' Grievance Committee to look into investor's grievances. The time normally taken for disposal of investor grievances is 10-15 days. There is no pending complaint as of the date of filing this draft prospectus.

Status of Investor Grievances

As on April 20, 2006 there are no investor complaints pending against Gupta Synthetics Limited.

B. NOVA PETROCHEMICALS LIMITED

Date of Incorporation:

December 23, 1993

Nature of Activity :

Manufacture of Partially Oriented Yarn, Fully Drawn Yarn, Draw Texturised and Draw Twisted Yarn.

Directors:

1. Mr. Vedprakash Chiripal
2. Mr. Shyamsunder Gupta
3. Mr. Mohan Gupta
4. Mr. Sunil Kumar Gupta.
5. Mr. Jyotiprasad Chiripal
6. Mr. Brijmohan Chiripal
7. Mr. R.S. Rathore
8. Mr. R.C. Jain

9. Mr. B.C. Rastogi
10. Mr. V.D. Gupta
11. Mr. S.N.L. Agarwala
12. Mr. K.M. Pradhan, Nominee Director of IDBI

Financial Performance

Particulars	(Rs.in Lakhs)		
	For the year ended March 31 st		
	2005	2004	2003
Sales & Other Income	39746.84	40240.01	34378.38
Share Capital	1350.00	1350.00	1350.00
Reserves & Surplus (excluding revaluation reserves)	5027.37	6713.14	6360.11
Profit After Tax	(1745.78)	687.99	241.51
Earning Per Share (Rs.)	(12.93)	5.10	1.79
Networth	6377.37	8063.14	7710.11
Book Value Per Share (Rs.)	47.24	59.73	57.11

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company, its promoters or directors except as indicated in the chapter titled "Outstanding Litigation" on page 83 of the Draft Prospectus.

The company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

Shareholding Pattern* as on March 31, 2006

Category	No. Of Shares	% Holding
Promoter group:		
(i) Promoters	5116400	37.90
(ii) Persons acting in concert	3882163	28.76
	8998563	66.66
Private corporate bodies	1974950	14.63
Indian public	2213167	16.39
NRIs/OCBs	313320	2.32
Others	-	-
Total	13500000	100.00

* excluding bonus issue made by the company in January, 2006 for which listing approval is awaited.

Nova Petrochemicals Ltd. was earlier listed at National Stock Exchange of India Limited (NSE); Bombay Stock Exchange Limited (BSE); The Stock Exchange, Ahmedabad (ASE); Madras Stock Exchange Limited (MSE) and The Delhi Stock Exchange Association Limited (DSE). The company received delisting approval from MSE and DSE vide their letters dated December 2, 2004 and December 10, 2004 respectively. Currently, equity shares of the company are listed on the Stock Exchanges at Bombay, Ahmedabad and the National Stock Exchange of India Limited.

Non-compliance of listing agreement with stock exchanges:

- Nova Petrochemicals Limited had issued shares on preferential basis without obtaining 'in-principle' listing approval from the stock exchanges :

On September 29, 2001, Nova Petrochemicals Limited, a listed group company issued 10,00,000 equity shares of Rs. 10/- each under preferential allotment on private placement basis to promoter group at a price of Rs. 60/- per equity share. The company had written to The Stock Exchange, Ahmedabad for 'in-principle' approval on July 23, 2001 and to other stock exchanges viz. NSE, BSE, DSE and MSE on October 13, 2001. The company received in-principle approval from NSE, ASE, DSE and MSE vide their letters dated July 15, 2002; March 9, 2002; March 30, 2002 and April 4, 2002 respectively. However, BSE till date had not given 'in-principle' approval for 10,00,000 equity shares issued on September 29, 2001.

- Nova Petrochemicals Limited had issued partly paid shares on preferential basis and without obtaining 'in-principle' listing approval from stock exchanges:

Further, on March 30, 2002 Nova Petrochemicals Limited allotted 24,00,000 equity shares of Rs. 10/- each at a premium of Rs. 50/- per share on preferential basis to promoter group. The company called only 50% i.e. Rs. 30/- per share as application money and the balance Rs. 30/- per share was to be paid on or before April 30, 2002. The company made an application for 'in-principle' listing of these shares to BSE, NSE and ASE on April 17, 2002. The company had not received listing approval for 24,00,000 equity shares issued on preferential basis from any of the stock exchanges where securities of the company are listed. BSE advised the company to take necessary relaxation / exemption in respect of issuance of partly paid shares on preferential basis from SEBI. NSE referred the matter with SEBI and advised the company to submit necessary documents to SEBI.

SEBI vide its letter dated December 10, 2003 issued show cause notice to Nova Petrochemicals Limited mentioning that the company had not obtained 'in-principle' listing approval before issuance of securities. The company vide its letter dated December 23, 2003 replied to SEBI's show-cause notice and have not received any communication till date from SEBI.

- Nova Petrochemicals Limited in its Board Meeting dated January 28, 2006 issued 1,35,00,000 bonus shares to existing shareholders. The company had written to stock exchanges for 'in-principle' listing approval, but the company had not received any approval till date.

Last Capital Issues

Details of capital issues during last three years are as follows:

The Company issued 1,35,00,000 equity shares of Rs. 10/- each issued to existing shareholders as fully paid bonus shares in ratio of one share for every one share held on record date 20th March 2006. Listing application has been made to BSE and NSE. Approval is awaited.

Promise vis-à-vis performance

Nova Petrochemicals Ltd. made its initial public offering on February 13, 1995. The number of shares issued was 45,64,000 Equity Shares of Rs. 10 each for cash at a premium of Rs. 20 per share aggregating to Rs 1369.20 lakhs.

The objects of the above issue were:

- c) To part finance the company's project for setting up of plant to manufacture Partially Oriented Polyester Filament Yarn (The estimated total project cost was Rs.5600 Lakhs),
- d) To meet the issue expenses,
- e) To get the Equity Shares of the company listed on the stock exchanges.

The project was to be financed by the term loan of Rs. 2,800 Lakhs (State Bank of India - Rs. 1,425 Lakhs & Bank of Baroda Rs 1,375 Lakhs) and Equity Share capital of Rs. 2,800 Lakhs (promoters Rs. 1,431 Lakhs & Public Issue of Rs. 1,369 Lakhs).

The details of commencement of commercial production as estimated in prospectus vis-à-vis actual are as follows:

No.	Particulars	1 st POY Line	2 nd POY Line	3 rd POY Line
1.	As per prospectus	April 1995	July 1995	October 1995
2.	Actual (as per Audited Accounts of 1995/96)	October 1995	January 1996	July 1996

Reason of delay in actual commencement of production lines was due to late delivery of machines.

Projected vis-à-vis actual financial performance was as follows:

(Rs. in lakhs)

No.	Particulars	1995-96		1996-97		1997-98		1998-99	
		Projected	Actuals	Projected	Actuals	Projected	Actuals	Projected	Actuals
1.	Capacity Utilisation	60%	79%	85%	84%	90%	89%	95%	85%
2.	Sales	6222	2093	8895	7419	9427	9980	9958	12493
3.	PBDIT	1480	318	2145	1496	2268	1828	2383	2475
4.	Interest	536	117	619	594	579	647	532	808
5.	Depreciation	265	52	265	671	265	750	265	939
6.	Tax	0	0	157	30	333	57	434	77
7.	PAT	679	149	1104	201	1091	374	1152	651
8.	Net Cash Accruals	944	201	1369	872	1356	1124	1417	1590
9.	Equity Share Capital	933	920	933	950	933	950	933	950
10.	Reserves & Surplus	2453	1940	3370	2140	4228	2358	5147	2800
11.	Dividend	10%	0	20%	0	25%	15%	25%	20%
12.	Book Value Of shares (Rs)	36.29	30.11	46.12	32.53	55.32	34.82	65.17	39.47
13.	Earning Per Shares	7.27	3.33	11.83	2.11	11.69	3.94	12.35	6.85

The reasons for variance between the estimated vis-à-vis the actual are:

1. In 1995-96 & 1996-97 the sales projected in the prospectus could not be achieved due to delay in delivery of machines, which delayed the implementation. The reason for decrease of PBDIT was due to decrease in POY selling price in comparison to estimates.
2. In 1997-1998, the company had achieved higher sales than projected. The PBDIT had decreased on account of decrease in POY selling price in comparison to estimates.
3. In 1998-99, the company was able to surpass the estimated sales & PBDIT. The PAT had decreased in comparison to estimates due to higher depreciation and interest. The cash accruals earned in 1998-99 was higher than the estimated cash accruals.

Stock Market Data

Last 6 months' high and low prices (Rs.) of Equity shares of Nova Petrochemicals Ltd. and trading volumes (no of shares) are as follows:

a) At Bombay Stock Exchange Limited

	April, 2006	March, 2006	February, 2006	January, 2006	December, 2005	November, 2005
High	99.60	159.90	118.00	99.95	121.70	93.00
Low	53.25	51.50	91.00	89.25	81.60	60.50

Source: www.bseindia.com

b) At National Stock Exchange of India Limited

	April 2006	March 2006	February, 2006	January, 2006	December, 2005	November, 2005
High	100.60	159.85	118.00	102.75	122.00	92.50
Low	56.00	53.90	90.15	88.40	85.00	62.10

Source: www.nseindia.com

The market value of the shares as on the date of filing of the Draft Prospectus is Rs. 96.00 and Rs. 94.90 on NSE and BSE respectively.

The market price of the scrip of Nova Petrochemicals Ltd. on the day immediately after the day on which the Board of Directors of Aviva Industries passed the resolution authorizing the Public Issue, i.e. on January 30, 2006, was Rs. 99.95/-.

Mechanism for redressal of investor grievance and time normally taken for disposal

The company has formed a Shareholders/Investors' Grievance Committee to look into investor's grievances. The time normally taken for disposal of investor grievances is 10-15 days. There is no pending complaint as of the date of filing this draft prospectus.

Status of Investor Grievances

As on April 20, 2006 there are no investor complaints pending against Nova Petrochemicals Limited.

C. POLYCOAT INDIA PRIVATE LIMITED (Formerly known as Gupta Silk Mills Pvt. Ltd.)

Date of Incorporation : January 17, 1983
Nature of Activity : Manufacture of metallized yarn.
Directors: 1. Mr. Prakash Gupta
2. Mr. Vinod Y. Vaidya

Financial Performance

Particulars	(Rs. in Lakhs)		
	For the year ended March 31 st		
	2005	2004	2003
Sales & Other Income	1338.30	32.14	93.58
Equity Share Capital (Face Value – Rs. 100/- per share)	162.31	37.31	37.31
Redeemable preference shares	585.00	585.00	585.00
Reserves & Surplus (excluding revaluation reserves)	308.87	225.87	217.69
Profit After Tax	83.00	24.06	24.41
Earning Per Share (Rs.)	51.14	64.49	65.42
Networth	466.86	261.38	254.79
Book Value Per Share (Rs.)	287.64	700.60	682.92

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors except as indicated in the chapter titled “**Outstanding Litigation**” on page 83 of the Draft Prospectus.

The company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

Shareholding Pattern as on March 31, 2006

S. No.	Name of Member	No. of equity shares of Rs. 100/- each	No. of redeemable preference shares of Rs. 100/- each
1.	Mr. Shyamsunder Gupta	23682	143500

2.	Mr. Prakash Gupta	21985	143500
3.	Mr. Mohan Gupta	19391	151500
4.	Mr. Sunil Kumar Gupta	21225	146500
5.	Mrs. Savita Gupta	10000	0
6.	Mrs. Uma M. Gupta	14200	0
7.	Mrs. Neeta P. Gupta	11550	0
8.	Mrs. Sunaina Gupta	12275	0
9.	Gold Star Lease Finance Ltd.	3000	0
10.	Shikha Investments Pvt. Ltd.	25000	0
	TOTAL	162308	585000

Stock Market Data is not applicable since the company is a private limited company.

D. GUPTA DYEING AND PRINTING MILLS PRIVATE LIMITED

Date of Incorporation : August 01, 1986
Nature of Activity : Manufacture of dyed and processed yarn and fabrics.
Directors
1. Mr. Mohan Gupta
2. Mr. Jatin Gupta
3. Mr. Chetan V. Agarwal

Financial Performance

(Rs. in Lakhs)

Particulars	For the year ended March 31 st		
	2005	2004	2003
Sales & Other Income	1182.24	1918.98	568.10
Equity Share Capital (Face Value – Rs. 100/- per share)	89.50	89.50	24.50
Reserves & Surplus (excluding revaluation reserves)	82.66	85.90	115.12
Profit After Tax	(3.24)	30.13	7.23
Earning Per Share (Rs.)	(3.62)	33.66	29.50
Networth	172.16	175.40	139.62
Book Value Per Share (Rs.)	192.36	195.98	569.87

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors except as indicated in the chapter titled “**Outstanding Litigation**” on page 83 of the Draft Prospectus.

The company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

Shareholding Pattern as on March 31, 2006

S. No.	Name of Member	No. of equity shares of Rs. 100/- each
1.	Mr. Shyamsunder Gupta	19110
2.	Mr. Prakash Gupta	19730
3.	Mr. Mohan Gupta	19660
4.	Mr. Sunil Kumar Gupta	19690
5.	Mrs. Savita Gupta	2500
6.	Mrs. Uma M. Gupta	2350
7.	Mrs. Neeta P. Gupta	2250
8.	Mrs. Sunaina Gupta	2500
9.	Ms. Aisha Gupta	700
10.	Mrs. Indrawatidevi Gupta	1000
11.	Mr. Pawankumar Gupta	10
	TOTAL	89500

Stock Market Data is not applicable since the company is a private limited company.

E. JATIN SYNTHETICS PRIVATE LIMITED

Date of Incorporation : August 22, 1986
Nature of Activity : Manufacture of Texturised Yarn.
Registered Office: Plot No 114 National Highway No8, Village Pipodera,
 Taluka Mangrol, Dist Surat
Directors: 1. Mr. Pawan Gaur
 2. Mr. Rajendra Kaushik

Financial Performance

Particulars	(Rs. in lakhs)		
	For the year ended March 31 st		
	2005	2004	2003
Sales & Other Income	1.73	0.92	0.89
Share Capital(Face Value – Rs. 100/- per share)	8.25	8.25	8.25
Reserves & Surplus (excluding revaluation reserves)	32.12	32.49	32.01
Profit After Tax	(0.37)	0.50	0.07
Earning Per Share (Rs.)	(4.50)	6.09	0.89
Net Worth	40.37	40.74	40.26
Book Value Per Share (Rs.)	489.35	493.85	487.95

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors except as indicated in the chapter titled “**Outstanding Litigation**” on page 83 of the Draft Prospectus.

The company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

Shareholding Pattern as on March 31, 2006

S. No.	Name of Member	No. of equity shares of Rs. 100/- each
1.	Mr Shyamsunder Gupta	970
2.	Mr Prakash Gupta	1010
3.	Mr Mohan Gupta	1010
4.	Mr Sunil Kumar Gupta	1010
5.	Mrs. Savita Gupta	450
6.	Mrs Neeta Gupta	250
7.	Mrs. Uma M. Gupta	250
8.	Mrs. Sunaina Gupta	250
9.	Ms. Aisha S. Gupta	250
10.	Mr. Rajaram Jivanram	800
11.	Shikha Investments Pvt. Ltd.	1000
12.	Sterlite Synthetics Pvt. Ltd.	100
13.	Sangam Silk Mills Pvt. Ltd.	100
14.	Gold Star Lease Financing Limited	800
	TOTAL	8250

Stock Market Data

Not applicable since company is a private limited company

F. ELLORA SYNTEX PRIVATE LIMITED

Date of Incorporation : January 28, 1991
Nature of Activity : Trading of Polyester Yarn.
Directors: 1. Mr. Shyamsunder Gupta
 2. Mrs. Savita Gupta
 3. Mr. Prakash Gupta

Financial Performance**(Rs. in Lakhs)**

Particulars	For the year ended March 31 st		
	2005	2004	2003
Other Income	1.19	1.18	0.00
Share Capital	14.05	14.05	14.05
Reserves & Surplus (excluding revaluation reserves)	12.90	12.27	11.42
Profit After Tax	0.63	0.85	(0.14)
Earning Per Share (Rs.)	0.45	0.60	(0.10)
Net Worth	26.95	26.32	25.47
Book Value Per Share (Rs.)	19.18	18.73	18.13

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors except as indicated in the chapter titled "Outstanding Litigation" on page 83 of the Draft Prospectus.

The company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

Shareholding Pattern as on March 31, 2006

S. No.	Name of Member	No. of equity shares of Rs. 10/- each
1.	Mr Shyamsunder Gupta	19875
2.	Mr Prakash Gupta	20575
3.	Mr Mohan Gupta	15925
4.	Mr Sunil Kumar Gupta	20995
5.	Mrs. Savita Gupta	16900
6.	Mrs Neeta Gupta	16250
7.	Mrs. Uma M. Gupta	19100
8.	Mrs. Sunaina Gupta	10900
	TOTAL	140520

Stock Market Data

Not applicable since company is a private limited company.

G. SHIKHA INVESTMENTS PRIVATE LIMITED

Date of Incorporation : July 31, 1989
Nature of Activity : Trading and Investment.
Directors: 1. Mr. Shyamsunder Gupta
 2. Mr. Prakash Gupta
 3. Mr. Mohan Gupta
 4. Mr. Sunil Kumar Gupta

Financial Performance**(Rs. in Lakhs)**

Particulars	For the year ended March 31 st		
	2005	2004	2003
Total Income	6.69	5.05	5.03
Share Capital (Face Value – Rs. 100/- per share)	103.82	103.82	103.82
Reserves & Surplus (excluding revaluation reserves)	23.03	19.11	17.65
Profit After Tax	3.92	1.39	1.14
Earning Per Share (Rs.)	3.78	1.34	1.10
Net Worth	126.47	122.78	121.47
Book Value Per Share (Rs.)	121.82	118.27	117.00

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors except as indicated in the chapter titled “**Outstanding Litigation**” on page 83 of the Draft Prospectus.

The company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

Shareholding Pattern as on March 31, 2006

S. No.	Name of Member	No. of equity shares of Rs. 100/- each
1.	Mr Shyamsunder Gupta	17960
2.	Mr Prakash Gupta	17616
3.	Mr Mohan Gupta	17886
4.	Mr Sunil Kumar Gupta	18004
5.	Mrs. Savita Gupta	7642
6.	Mrs Neeta Gupta	8066
7.	Mrs. Uma M. Gupta	8066
8.	Mrs. Sunaina Gupta	8066
9.	Mr Anilkumar S. Singhal	500
10.	Mr Pawankumar B. Gupta	10
	TOTAL	103816

Stock Market Data

Not applicable since company is a private limited company.

H. GUPTA DYEING AND PRINTING MILLS (Partnership concern)

Date of Registration : April 01, 1997

Nature of Activity : Manufacturing of sarees and dress materials.

Partners:

1. Mr. Shyamsunder Gupta
2. Mr. Prakash Gupta
3. Mr. Mohan Gupta
4. Mr. Sunil Kumar Gupta

Financial Performance**(Rs. in Lakhs)**

Particulars	For the year ended March 31 st		
	2005	2004	2003
Sales & Other Income	2316.54	2115.46	2100.99
Partner's Capital	1000.00	1016.58	1075.21

Reserves & Surplus	-	-	-
Profit After Tax	61.77	51.48	51.42
Net-worth	1000.00	1016.58	1075.21

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Firm, its partners except as indicated in the chapter titled “Outstanding Litigation” on page 83 of the Draft Prospectus.

CURRENCY OF PRESENTATION

In the Draft Prospectus, all references to “Rupees” and “Rs.” are to the legal currency of India.

In the Draft Prospectus, throughout all figures have been expressed in Lakhs and millions. The word “Lakhs” or “Lakhs” means “One hundred thousand” and millions means “One thousand thousand”.

Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” and elsewhere in the Draft Prospectus, unless otherwise indicated, have been calculated on the basis of financial statements prepared in accordance with Indian GAAP.

RELATED PARTY TRANSACTIONS

Related party disclosures as required as per AS-18 on 'Related Parties Disclosures' issued by the Institute of Chartered Accountants of India, are given below:

i. List of related parties and their relationships

Name of Party	Relationship
1. Mr. Mohan Gupta	Director
2. Mr. Sunil Kumar Gupta	Director
3. Mr. Shyamsunder Gupta	Director
4. Mr. Prakash Gupta	Director's Brothers
5. Mrs. Uma Devi Gupta	Director's Wife
6. Mrs Sunaina Devi Gupta	Director's Wife
7. Mr. Nand Kishore Gupta	Director's Father
8. Mrs. Savita Devi Gupta	Director's Wife
9. Mrs. Neeta Devi Gupta	Director Brother's Wife
10. Mr. Jatin Gupta	Director
11. Mr. Gaurav Gupta	Director's Brother
12. Miss Ruchi Gupta	Director's Daughter
13. Miss Shikha Gupta	Director's Daughter
14. Master Nikunj Gupta	Director's Son
15. Nova Petrochemicals Limited	Associate Concern
16. Gupta Synthetics Limited	Associate Concern
17. Polycoat India Private Limited	Associate Concern
18. Gupta Dyeing & Printing Mills Private Limited	Associate Concern

ii. Related party transactions

Period ended	Rs. Lakhs					
	31-Dec-05	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01
Months	9	12	12	12	12	12
A. Investment in company by related parties						
Mr. Nand Kishore Gupta	-	-	-	10.40	10.40	10.40
Mr. Shyamsunder Gupta	19.15	19.15	19.15	16.55	16.55	16.55
Mr. Prakash Gupta	17.40	17.40	17.40	14.80	14.80	14.80
Mr. Mohan Gupta	20.00	20.00	20.00	17.40	17.40	17.40
Mr. Sunil Kumar Gupta	20.05	20.05	20.05	17.46	17.46	17.46
Mrs. Savita Devi Gupta	2.00	2.00	2.00	2.00	2.00	2.00
Mrs. Neeta Devi Gupta	2.00	2.00	2.00	2.00	2.00	2.00
Mr. Jatin Gupta	0.93	0.93	0.93	0.93	0.93	0.93
Mr. Gaurav Gupta	1.00	1.00	1.00	1.00	1.00	1.00
Miss Ruchi Gupta	-	-	-	1.17	1.17	1.17
Miss Shikha Gupta	0.45	0.45	0.45	0.45	0.45	0.45
Master Nikunj Gupta	1.17	1.17	1.17	-	-	-
B. Investment by company in related parties						
Nova Petrochemicals Limited	132.46	49.79	49.79	49.79	49.79	49.79

Gupta Synthetics Limited (Equity)	0.05	7.71	7.71	7.71	7.71	7.71
Gupta Synthetics Limited (Pref.)	45.00	45.00	-	-	-	-
C. Loans & Advances given						
Gupta Synthetics Limited	61.06	81.46	120.97	133.86	93.91	91.86
Nova Petrochemicals Limited	-	-	-	6.10	5.50	5.50
Gupta Dyeing & Printing Mills Private Limited	-	25.00	-	1.10	-	-
D. Loans & Advances Accepted						
Mrs. Savita Devi Gupta	-	1.75	1.75	-	-	-
Mrs. Neeta Devi Gupta	-	1.80	1.80	-	-	-
Mrs. Sunaina Devi Gupta	-	2.38	2.38	-	-	-
Mrs. Uma Devi Gupta	-	2.83	2.83	-	-	-
Nova Petrochemicals Limited	1.23	1.23	1.23	1.14	-	-
Gupta Silk Mills Private Limited	3.83	50.00	-	-	-	-
E. Purchases & Sales						
a. Purchases						
Gupta Synthetics Limited	132.46	-	-	318.60	-	-
Nova Petrochemicals Limited	-	-	-	7.96	-	-
Gupta Dyeing & Printing Mills Private Limited	-	-	-	0.17	-	-
b. Sales						
Gupta Dyeing & Printing Mills Private Limited	-	-	-	93.60	-	-

DIVIDEND POLICY

The declaration and payment of dividends on equity shares is recommended by the Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial condition.

The company has not declared any dividend during the last 5 years.

FINANCIAL STATEMENTS

AUDITOR'S REPORT

The Board of Directors,
Aviva Industries Limited
(Formerly Ankush Synthetics Limited)
336, Sardar Gruh Building,
198, Lokmanya Tilak Road,
Near Crawford Market,
Mumbai – 400 002.

Subject: **Your upcoming Further Public Offer of Equity Shares**

Dear Sirs,

1. We have examined the financial informations of Aviva Industries Limited (the company) (Formerly Known as Ankush Synthetics Limited), annexed to this Report which have been prepared in accordance with the requirements of:
 - a. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (“the Act”);
 - b. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (“the Guideline”) issued by the Securities and Exchange Board of India Act, 1992; and
 - c. The terms of reference received from the Company, requesting us to carry out the work, proposed to be included for the purpose of the Offering Memorandum in connection with the proposed Further Public Issue of shares.

We report that:

2. We have examined the ‘Statement of Adjusted Profits and Losses’ of the Company for each five financial years ended 31st March, 2002, 2003, 2004, 2005 and 2006 and the ‘Statement of Adjusted Assets and Liabilities’ as at those dates enclosed as ANNEXURES I and II respectively and confirm that:
 - a. These Statements reflect the profits and losses and assets and liabilities of the Company for each of the relevant periods as extracted from the Profits and Loss Account and Balance Sheet for the year ended 31st March 2002, 2003, 2004, 2005 and 2006 audited by us and adopted by the members and adopted by the Board of Directors, after making therein the disclosures and adjustments required to be made in accordance with the provisions of paragraph 6.18.7 of the Guidelines.
 - b. The Significant Accounting Policies adopted by the Company along-with notes forming the part of accounts are enclosed as ANNEXURE III.
3. We further certify that the company does not have any Subsidiary under the provisions of the Companies Act, 1956.
4. We further certify that all related party transactions are disclosed in this respect of the Company and enclosed as Annexure III.
5. We confirm that the Company has not declared any dividend during the last five years.
6. We have examined the following financial information relating to the Company proposed to be included in the Prospectus as annexed to this report.
 - i. Statement of cash flow as per annexure - IV.
 - ii. Summary of Accounting Ratios based on the adjusted profits relating to Earning Per Share, Net Asset Value and Return on Net worth enclosed as Annexure- V.

- iii. Capitalisation Statement as on 31st March 2006 of the Company enclosed as Annexure – VI.
- iv. Statement of Tax Shelter enclosed as Annexure – VII.

We certify that the information disclosed in Statements mentioned in the above Para No. 5 have been correctly computed from the figures stated in the Adjusted Profit and Loss Account and Adjusted Assets and Liabilities referred to in paragraph I above.

This report is intended solely for your information for inclusion in the Prospectus in connection with the proposed Further Public Issue of the Company's shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Your's faithfully,
For **J. P. Saboo & Co.,**
Chartered Accountants

(Saboo J. P.)
Partner
M. No. 54037
Date: 28.04.2006

ANNEXURE - I STATEMENT OF ADJUSTED PROFIT & LOSS ACCOUNT

(Rupees in lakhs)

<i>Period ended</i>	<i>31-March06</i>	<i>31-Mar-05</i>	<i>31-Mar-04</i>	<i>31-Mar-03</i>	<i>31-Mar-02</i>
Income					
Turnover	553.73	-	-	1014.75	-
Other Income	264.53	5.97	5.16	5.28	5.90
TOTAL	818.26	5.97	5.16	1020.04	5.90
Expenditure					
Cost of Goods Sold	543.99	-	-	965.92	-
Payment & Provision for Employees	-	-	-	35.84	-
Administrative & Other Expenses	3.38	0.81	0.65	9.82	0.42
Selling & Distribution Expenses	0.91	-	0.12	1.32	0.43
Financial Charges	-	-	-	-	0.25
Depreciation	1.54	-	0.73	0.96	1.28
Preliminary Expense Written off	-	-	-	-	-
TOTAL	549.81	0.81	1.50	1013.86	2.38
Profit Before Income Tax	268.45	5.16	3.66	6.18	3.53
Provision for Taxation	0.41	-	-	0.49	-
Prior Period Item (Income Tax of earlier year)	-	-	1.33	-	0.07
Fringe Benefit Tax	0.28	-	-	-	-
Add: Deferred Tax Adjustment	0.83	0.08	0.37	0.55	-
Profit after Income Tax	266.92	5.24	2.70	6.24	3.46
Balance Brought Forward from Previous Year	35.76	30.52	27.81	21.58	18.12
Balance Carried over in Balance Sheet	302.68	35.76	30.52	27.81	21.58

ANNEXURE - II STATEMENT OF ASSETS & LIABILITIES

(Rupees in lakhs)

<i>As of</i>	<i>31-March-06</i>	<i>31-Mar-05</i>	<i>31-Mar-04</i>	<i>31-Mar-03</i>	<i>31-Mar-02</i>
SOURCES OF FUNDS:					
SHARE HOLDER'S FUND					
a) Share Capital	149.90	149.90	149.90	149.90	149.90
b) Reserve & Surplus	307.23	40.30	35.07	32.36	26.12
	457.13	190.20	184.97	182.26	176.02
LOAN FUNDS					
a) Secured Loans	2.49	-	-	-	0.75
b) Unsecured Loans	-	8.75	8.75	-	-
	2.49	8.75	8.75	-	0.75
GRAND TOTAL	459.61	198.95	193.72	182.26	176.78
APPLICATION OF FUNDS:					
FIXED ASSETS					
Gross value	26.23	13.43	13.43	13.43	13.43
Accumulated depreciation	7.62	10.86	10.86	10.14	9.17
Net value	18.61	2.56	2.56	3.29	4.25
Add: Pre Operative Expenses	49.17	-	-	-	-
	67.78	2.56	2.56	3.29	4.25
INVESTMENTS	123.77	113.89	68.89	68.89	69.22
CURRENT ASSETS, LOANS & ADVANCES					
a) Inventories	8.19	-	-	-	-
b) Sundry Debtors	233.50	0.07	-	30.93	-
c) Cash & Bank Balances	3.44	1.52	3.23	7.63	3.12
d) Loans & Advances	319.43	131.47	121.47	175.88	101.20
	564.56	133.07	124.70	214.44	104.32
LESS: CURRENT LIABILITIES & PROVISIONS					
a) Current Liabilities	296.25	51.56	3.35	104.42	1.01
b) Provisions	0.41	-	-	0.49	-
	296.66	51.56	3.35	104.91	1.01
NET CURRENT ASSETS	267.90	81.51	121.35	109.53	103.30
DEFERRED TAX ASSETS	0.16	0.99	0.92	0.55	-
MISCELLANEOUS EXPENDITURE	-	-	-	-	-
GRAND TOTAL	459.61	198.95	193.72	182.26	176.78

ANNEXURE III - ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. Significant Accounting Policies

1. General

- i. The Financial Statements have generally been prepared on the historical cost convention.
- ii. Accounting policies not specifically referred to otherwise are in consonance with generally accepted accounting principles.

2. Basis of Accounting

The company follows the mercantile system of accounting generally except otherwise stated herein below.

3. Fixed Assets

- a. Fixed Assets are stated at cost less accumulated depreciation.
- b. Addition to the fixed assets during the year has been shown at cost.

4. Depreciation

- a. Depreciation on fixed assets has been provided at the rates and in accordance with the provisions of Schedule XIV of the Companies Act 1956 on Written Down Value Method.
- b. No depreciation on the fixed assets for the year 2004-05 has been provided for which the profit of the company has been affected adversely to that extent.

5. Inventories

Inventories have been valued at lower of cost and market price.

6. Revenue and Expenditure Recognition

Revenue is recognised and expenditure is accounted for on their accrual except claims in respect of goods purchased and sold which are accounted on cash basis.

7. Miscellaneous Expenditure

Expenditure are amortised over a period of 10 years, however the same has been expired during the financial year 2001-2002.

8. Investment

Investments are valued at Cost. No provision has been made for depreciation of the market value of the investment. In the case of investment in shares of Nova Petrochemicals Limited the company has declared bonus shares in the ratio of 1:1 in its EGM dated 04.03.2006. Dematerialisation of the effect of Bonus Shares issued is pending, subject to the above the No. of shares are shown as before the issue of Bonus Shares. The market value of shares are taken on the basis of ex-bonus price as on 31.03.2006. The market value of quoted investment is shown lower to the extent.

B. Notes on Accounts

1. Earning Per Share (EPS):

As per AS-20, the Basis Earning Per Share is as follows:

<i>Period ended</i>	<i>31-Mar-06</i>	<i>31-Mar-05</i>	<i>31-Mar-04</i>	<i>31-Mar-03</i>	<i>31-Mar-02</i>
a. Net Profit available (Rs. Lakhs)	266.92	5.24	2.70	6.24	3.46
b. Equity Shares (Nos.)	1,499,000	1,499,000	1,499,000	1,499,000	1,499,000
c. Basic Earning Per Share (a/b)	17.81	0.35	0.18	0.42	0.23

2. Deferred tax

Accounting Standard-22: Accounting for Taxes on Income was firstly applicable to the company in the year ended on 31st March 2003. Pursuant to the AS, the company has recorded net Deferred Tax Assets of Rs. 99248/- for the year ended on 31st March 2005, which has been charged to the Profit and Loss Account of the company. However no effect of the same has been provided in the books by the company for the period ended 31.03.2006.

Balance of the significant component and classification of Deferred Tax Assets and Liabilities on account of timing differences are as follows:

<i>Period ended</i>	<i>31Mar-06</i>	<i>31-Mar-05</i>	<i>31-Mar-04</i>	<i>31-Mar-03</i>	<i>31-Mar-02</i>
Deferred tax assets (Rs. Lakhs)	0.16	0.99	0.92	0.55	0.00

3. Related Party Transactions

i. List of related parties and their relationships

Name of Party	Relationship
1. Mr. Mohan Gupta	Director
2. Mr. Sunil Kumar Gupta	Director
3. Mr. Shyamsunder Gupta	Director
4. Mr. Prakash Gupta	Director's Brothers
5. Mrs. Uma Devi Gupta	Director's Wife
6. Mrs Sunaina Devi Gupta	Director's Wife
7. Mr. Nand Kishore Gupta	Director's Father
8. Mrs. Savita Devi Gupta	Director's Wife
9. Mrs. Neeta Devi Gupta	Director Brother's Wife
10. Mr. Jatin Gupta	Director
11. Mr. Gaurav Gupta	Director's Brother
12. Miss Ruchi Gupta	Director's Daughter
13. Miss Shikha Gupta	Director's Daughter
14. Master Nikunj Gupta	Director's Son
15. Nova Petrochemicals Limited	Associate Concern
16. Gupta Synthetics Limited	Associate Concern
17. Polycoat India Private Limited	Associate Concern
18. Gupta Dyeing & Printing Mills	Associate Concern
19. Shikha Investments Private Limited	Associate Concern
20. Gupta Dyeing & Printing Mills Private Limited	Associate Concern

ii. Related party transactions

	Rs. Lakhs				
Period ended	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
A. Investment in company by related parties					
Mr. Nand Kishore Gupta	-	-	-	10.40	10.40
Mr. Shyamsunder N. Gupta	19.15	19.15	19.15	16.55	16.55
Mr. Prakash N. Gupta	17.40	17.40	17.40	14.80	14.80
Mr. Mohan Gupta	20.00	20.00	20.00	17.40	17.40
Mr. Sunil Kumar N. Gupta	20.05	20.05	20.05	17.46	17.46
Mrs. Savita Gupta	2.00	2.00	2.00	2.00	2.00
Mrs. Neeta Gupta	2.00	2.00	2.00	2.00	2.00

Mr. Jatin P. Gupta	0.93	0.93	0.93	0.93	0.93
Mr. Gaurav P. Gupta	1.00	1.00	1.00	1.00	1.00
Miss Ruchi S. Gupta	-	-	-	1.17	1.17
Miss Shikha S. Gupta	0.45	0.45	0.45	0.45	0.45
Master Nikunj S. Gupta	1.17	1.17	1.17	-	-
B. Investment by company in related parties					
Nova Petrochemicals Limited	77.82	49.79	49.79	49.79	49.79
Gupta Synthetics Limited (Equity)	0.05	7.71	7.71	7.71	7.71
Gupta Synthetics Limited (Pref.)	45.00	45.00	-	-	-
C. Loans & Advances given					
Gupta Synthetics Limited	223.29	81.46	120.97	133.86	93.91
Nova Petrochemicals Limited	-	-	-	6.10	5.50
Gupta Dyeing & Printing Mills Private Limited	-	25.00	-	1.10	-
Shikha Investments Private Limited	5.00	-	-	-	-
D. Loans & Advances Accepted					
Mrs. Savita Devi Gupta	-	1.75	1.75	-	-
Mrs. Neeta Devi Gupta	-	1.80	1.80	-	-
Mrs. Sunaina Devi Gupta	-	2.38	2.38	-	-
Mrs. Uma Devi Gupta	-	2.83	2.83	-	-
Nova Petrochemicals Limited	1.23	1.23	1.23	1.14	-
Polycoat India Private Limited	3.83	50.00	-	-	-
Shikha Investments Private Limited	5.00	-	-	-	-
E. Purchases & Sales					
A. Purchases					
Gupta Synthetics Limited	218.97	-	-	318.60	-
Nova Petrochemicals Limited	-	-	-	7.96	-
Gupta Dyeing & Printing Mills Private Limited	-	-	-	0.17	-
Gupta Silk Mills Private Limited	3.53				
B. Sales					
Gupta Dyeing & Printing Mills Private Limited	0.30	-	-	93.60	-
Gupta Synthetics Limited	219.17				
F. Other Expenses (Rent)					
Shri Prakash N. Gupta	0.90				
Gupta Silk Mills Private Limited	0.30				

4. Other Income

The particulars of other income are as under:

Rs. Lakhs

Period ended	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
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Dividend Income	0.39	5.97	4.48	4.48	5.81
Brokerage & Commission	-	-			
Claim received (Insurance)	-	-		0.07	0.09
Profit on Sale of Investments	263.20	-		0.73	
Profit on Sale of Fixed Assets	0.74	-		-	
Interest Received	-	-	0.02	-	
Other Income	0.20	-	0.67	-	
Total	264.53	5.97	5.16	5.28	5.90

5. Debtors Ageing

Rs. Lakhs

As of	31-Marc-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
Over Six Months	0.07	-	-	1.01	-
Others	233.43	0.07	-	29.92	-
Total	233.50	0.07	-	30.93	-

6. Unsecured Loans

(Rupees in lakhs)

As of	31-March-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
Mrs. Savita Devi Gupta	-	1.75	1.75	-	-
Mrs. Neeta Devi Gupta	-	1.80	1.80	-	-
Mrs. Sunaina Devi Gupta	-	2.38	2.38	-	-
Mrs. Uma Devi Gupta	-	2.83	2.83	-	-
Total	-	8.75	8.75	-	-

7. Secured Loans

Facility	Sanctioned Amount Rs. Lakhs	Security	Rate of Interest
1.Car Loan (Gold Star Lease Financing Ltd.)*	7.10	Hypothecation of car	Flat Rate 10.35 % 36 instalments of Rs. 25,844/- each
2. Car Loan (ICICI Bank)	2.49	Hypothecation of car	Flat Rate 7.05% 34 instalments of Rs. 8190/- each

*Note: The Loan has been squared up during 2001-2002

8. The name of the company has been changed from Ankush Synthetics Limited to Aviva Industries Limited w.e.f 18.11.2005 vide new incorporation certificate issued by ROC Maharashtra, Mumbai.

9. In the opinion of the Board of Directors of the company, the Current Assets, Loans, Advances and Deposits are approximately of the value stated in the Accounts, if in the ordinary course of business, unless otherwise stated.

10. The provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

11. All balances forming the part of final accounts are as per books of accounts and subject to confirmation.

12. Previous year figures have been regrouped and rearranged wherever necessary.

13. Liability for gratuity is to be provided on cash basis, however there is no accrued gratuity liability so far.

14. Information pursuant to para 3 & 4 of the Part II of the Schedule VI of the Companies Act, 1956 are as under:

	Rs. Lakhs				
Period ended	31-March-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
i) Quantitative information of the goods traded:					
<u>RAW MATERIAL / W.I.P.</u>					
a) Opening Stock					
Qty (,000 Kgs.)	-	-	-	-	-
Amount (Rs. In Lakhs)	-	-	-	-	-
b) Purchases					
Qty (,000 Kgs.)	452.811	-	-	817.030	-
Amount (Rs. In Lakhs)	277.78	-	-	708.25	-
c) Production / Consumption					
Qty (,000 Kgs.)	406.092	-	-	788.631	-
Amount (Rs. In Lakhs)	279.37	-	-	-	-
d) Sales					
Qty (,000 Kgs.)	-				
Amount (Rs. In Lakhs)	-				
e) Wastage / Shortage					
Qty (,000 Kgs.)	-	-	-	28.398	-
Amount (Rs. In Lakhs)	-	-	-	25.56	-
f) Closing Stock					
Qty (,000 Kgs.)	3.131	-	-	-	-
Amount (Rs. In Lakhs)	2.19	-	-	-	-
<u>FINISHED GOODS</u>					
a) Opening Stock					
Qty (,000 Kgs.)	-	-	-	-	-
Amount (Rs. In Lakhs)	-	-	-	-	-
b) Purchases					
Qty (,000 Kgs.)	-	-	-	25.675	-
Amount (Rs. In Lakhs)	-	-	-	32.04	-
c) Production / Consumption					
Qty (,000 Kgs.)	420.890	-	-	791.560	-
Amount (Rs. In Lakhs)	329.21	-	-	-	-
d) Sales					
Qty (,000 Kgs.)	420.890	-	-	817.236	-
Amount (Rs. In Lakhs)	334.65	-	-	961.92	-
e) Closing Stock					
Qty (,000 Kgs.)	-	-	-	-	-
Amount (Rs. In Lakhs)	-	-	-	-	-
f) Gain Qty (,000 Kgs.)	14.800				
<u>FINISHED GOODS (Trading)</u>					
a) Opening Stock					
Qty (,000 Kgs.)	-	-	-	-	-
Amount (Rs. In Lakhs)	-	-	-	-	-
b) Purchases	500.000	-	-	-	-

Qty (,000 Kgs.)	214.78				
Amount (Rs. In Lakhs)	-	-	-	-	-
c) Production / Consumption	-	-	-	-	-
Qty (,000 Kgs.)	-	-	-	-	-
Amount (Rs. In Lakhs)	-	-	-	-	-
d) Sales					
Qty (,000 Kgs.)	500.000	-	-	-	-
Amount (Rs. In Lakhs)	219.08	-	-	-	-
e) Closing Stock	-	-	-	-	-
Qty (,000 Kgs.)	-	-	-	-	-
Amount (Rs. In Lakhs)	-				

ii) Expenditure on employees: Less than 24.00 Lacs Employees part of the year on remuneration not less than 2.00 Lac	Nil	Nil	Nil	Nil	Nil
iii) Company has not undertaken any manufacturing activity during the five years under review therefore other relevant information required to be disclosed are not reported herewith.					
iv) Expenditure incurred in Foreign Currency	Nil	Nil	Nil	Nil	Nil
v) Value of Import on C.I.F. basis	Nil	Nil	Nil	Nil	Nil
vi) Earning in Foreign Currency	Nil	Nil	Nil	Nil	Nil

ANNEXURE IV – CASH FLOW STATEMENT

	Rs. Lakhs				
Period ended	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
A. CASH FLOW FROM OPERATING ACTIVITIES:					
Net profit before tax and extraordinary items	268.44	5.16	3.66	6.18	3.53
Adjustments for:-		-			
Depreciation	1.54	-	0.73	0.96	1.28
Foreign Exchange	-	-	-	-	-
Profit on sale of Shares/Fixed Assets	(263.94)		-	(0.73)	-
Interest / Dividend	(0.58)	(5.97)	(4.49)	(4.48)	(5.81)
	5.45	(0.81)	(0.10)	1.93	(1.01)
Adjustment for: -					
Trade and other receivable	(421.38)	(10.08)	85.34	(105.61)	(0.24)
Inventories	(8.19)	-	-	-	-
Trade Payables	245.09	48.21	(101.07)	(103.41)	(2.50)
Cash generated from operations	(179.03)	37.33	(15.83)	(0.27)	(3.75)
Interest paid/Item related to earlier year	-	-	(1.33)	-	-
Direct Taxes paid	(0.69)	-	(0.49)	-	(0.07)
Cash Flow before extraordinary items	(179.72)	37.33	(17.65)	(0.27)	(3.82)
Extraordinary items:					
Preliminary & Capital exp. W/off	-	-	-	-	-
Loss on sale of Fixed Assets	-	-	-	-	-
NET CASH FROM OPERATING ACTIVITIES	(179.72)	37.33	17.65	(0.27)	(3.82)

B. CASH FLOW FROM INVESTING ACTIVITIES:					
Purchases of Fixed Assets	(18.44)	-	-	-	-
Sale of Fixed Assets	1.60	-	-	-	-
Pre Operative Expenses	(49.17)	-	-	-	-
Acquisition of Companies	-	-	-	-	-
Purchases of Investments	(9.88)	(45.00)	-	-	-
Sale of Investments	-	-	-	0.33	-
Profit on sale of Investments	263.20	-	-	0.73	-
Interest Received / Other Income	0.20	-	0.02	-	-
Dividend Received	0.39	5.97	4.48	4.48	5.81
CASH FLOW FROM INVESTING ACTIVITIES	187.90	(39.03)	4.49	5.54	5.81
C. CASH FLOW FROM FINANCING ACTIVITIES :					
Proceeds from Issue of Share Capital	-	-	-	-	-
Proceeds from Long Term Borrowings/ USL	2.49	-	8.75	-	-
Receipt / Repayment of Finance Lease / Liabilities	(8.75)	-	-	(0.75)	(1.84)
Dividend Paid	-	-	-	-	-
TOTAL	(6.26)	-	8.75	(0.75)	(1.84)
NET INCREASE / (DECREASE)	1.91	(1.71)	(4.40)	4.52	0.15
CASH & CASH EQUIVALENTS AS AT 1ST APRIL	1.52	3.23	7.63	3.12	2.97
CASH & CASH EQUIVALENTS AS AT 31ST MARCH	3.43	1.52	3.23	7.63	3.12

ANNEXURE V – ACCOUNTING RATIOS

Period ended	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
Earning Per Share (Rs.)	17.81	0.35	0.18	0.42	0.23
Book value per share	30.5	12.62	12.28	12.12	11.74
Return on Net Worth (%)	58.39%	2.77%	1.47%	3.43%	1.96%
Equity Share at the end of the year (Nos.in lakhs)	14.99	14.99	14.99	14.99	14.99

Formulas:

Earning per share = (Net profit after tax, extraordinary/exceptional items, if any) / (Number of Equity Shares at end of each year)

Net assets value per share = (Net worth) / (Number of Equity shares at end of each year)

Return on net worth % = (Net profit after tax) / (Net worth)

ANNEXURE VI – CAPITALIZATION STATEMENT

Rs. Lakhs

	Pre Issue as at 31 st March 2006	As Adjusted for the Issue
Short term debt		
Secured Loan	2.42	4,320.42
Unsecured Loan	-	-
Total Debts Fund (A)	2.42	4,320.42
Equity Share Capital	149.90	1,549.90
Share Premium Account	-	1,400.00

Reserves & Surplus	307.23	307.23
Total Shareholder's Funds (B)	457.13	3,257.13
Total Debt / Shareholder's Funds (A/B)	-	1.33

ANNEXURE VII – TAX SHELTER STATEMENT

Rs. Lakhs

Period ended	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
Profits Before Taxes	268.45	5.16	3.66	6.18	3.53
Tax on Net Profits as per applicable rates	90.36	1.85	1.31	2.27	1.26
RATES: (%)	33.66%	35.88%	35.88%	36.75%	35.70%
(MAT)				0.49	
ADJUSTMENTS:					
Export Profits	-	-	-	-	-
Diff between Tax Dep & Book Dep.	-	-	(0.07)	(0.15)	(0.27)
Other Adjustments	268.45	5.16	3.74	5.33	3.79
Net Adjustments (D+E+F)	268.45	5.16	3.66	5.18	3.53
Tax Saving Thereon (C* G)	90.36	1.85	1.31	1.90	1.26
Total Taxation (Tax Liability) (B-H)	-	-	-	0.37	-
Taxation on Extraordinary items	-	-	-	-	-
Tax on profit before extraordinary items	0.41	-	-	0.49	-
	(MAT is Applicable)			(MAT)	

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The investors should read the following discussion of the financial conditions and results of operations together with the audited financial statements of the Company, for financial year ended 2006, 2005, 2004, 2003 and 2002 including the notes thereto and the reports thereon, which appear on the page no. 66 of the Draft Prospectus.

The financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated, as described in the report of Statutory Auditor of the Company viz. M/s J. P. Saboo & Co dated April 28, 2006 in the section titled "Financial Information" on page no. 66 of the Draft Prospectus.

The fiscal year of the Company ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-months period ended 31st day of that year.

OVERVIEW OF THE BUSINESS

Aviva Industries Limited was originally incorporated in October 1984 as Ankush Electronics & Electricals Pvt. Ltd. to carry out manufacturing and trading in electrical goods and services as also investment activities. It was converted into a public limited company and its name was changed to Ankush Electronics & Electricals Limited (AEEL) in February 1985.

Later in February 1992, it was acquired by the Gupta group. Thereafter it diversified into textiles trading activities and its name was changed to Ankush Synthetics Limited. Till 1997-98, Company was engaged in yarn trading activities to limited extent. Subsequently, during 1998-99 company started manufacturing and trading of yarn and cotton fabrics (dress material and sarees) by getting job work from outside. The Company stopped its operations during 2000-01 and 2001-02 and there were only largely dividend income. During F.Y. 2002-03, the company had again traded yarn for one year only. The Company once again stopped its operations for two years viz. 2003-04 and 2004-05. In FY 2005-06 it started trading in POY/ texturised yarn and fabric. The company buys POY from market. It hires texturising machines from market for conversion of POY into texturized yarn. The yarn is then supplied to fabric manufacturers.

During 2005-06 the name was changed to Aviva Industries Ltd. and a project for manufacturing Denim fabric near Ahmedabad was planned.

FACTORS AFFECTING THE FUTURE RESULTS OF OPERATIONS

Future financial results heavily depend on the denim fabric project. Following factors are likely to affect success of the project:

- Timely completion of the Denim fabric manufacturing project
- Demand supply conditions in Denim fabric market
- Customer choices, fashion trends
- Raw material supplies, availability and prices of cotton
- General economic environment
- Tax structure and other government regulations

These factors have been disclosed in risk factors and project details.

Analysis of Results of Operations

(Rupees in lakhs)

<i>Period ended</i>	<i>31-March06</i>	<i>31-Mar-05</i>	<i>31-Mar-04</i>	<i>31-Mar-03</i>	<i>31-Mar-02</i>
Income					
Turnover	553.73	-	-	1014.75	-
Other Income	264.53	5.97	5.16	5.28	5.90

TOTAL	818.26	5.97	5.16	1020.04	5.90
Expenditure					
Cost of Goods Sold	543.99	-	-	965.92	-
Payment & Provision for Employees	-	-	-	35.84	-
Administrative & Other Expenses	3.38	0.81	0.65	9.82	0.42
Selling & Distribution Expenses	0.91	-	0.12	1.32	0.43
Financial Charges	-	-	-	-	0.25
Depreciation	1.54	-	0.73	0.96	1.28
Preliminary Expense Written off	-	-	-	-	-
TOTAL	549.81	0.81	1.50	1013.86	2.38
Profit Before Income Tax	268.45	5.16	3.66	6.18	3.53
Provision for Taxation	0.41	-	-	0.49	-
Profit after Income Tax	266.92	5.24	2.70	6.24	3.46

COMPARISON OF F.Y. ENDED ON MARCH 31, 2006 WITH F.Y. ENDED ON MARCH 31, 2005

Sales

The company has again started the trading and manufacturing activity in F.Y. 2005-06 and achieved the total turnover of Rs. 553.72 lakhs in comparison to Rs. Nil in the F.Y. 2004-05. Out of Rs. 553.72 lakhs, Rs. 219.08 lakhs was contributed by trading of imported textile products and remaining Rs. 334.65 lakhs was from manufacturing activity on job work basis from outside.

Other Income

Other income of the company during F.Y.2005-06 was Rs. 264.53 lakhs in comparison to Rs. 5.97 lakhs during F.Y. 2004-05. During F.Y. 2005-06, other income mainly includes long term capital gain from the sale of Investments of Company, dividend, profit from the sale of fixed assets & other miscellaneous income.

Expenditure

Total expenditure was Rs. 549.81 lakhs during F.Y. 2005-06 in comparison to Rs. 0.81 lakhs during F.Y. 2004-05. This increase was due to the business activities which was started by the company in 2005-06.

Cost of Goods Sold

The total cost of goods sold in F.Y. 2005-06 was Rs. 543.99 lakhs while in the F.Y. 2004-05 it was Nil as the company was not having any business activity in that year.

Administrative Expenses

In the FY 2005-06 the administrative expenses were Rs.3.38 lacs as compared to Rs. 0.81 lacs in FY 2004-05. This increase was due to the commencement of the business activity.

Selling Expenses

Selling expenses during 2005-06 was Rs. 91 lakhs and nil during 2004-05 as there were no activity during that period.

Depreciation

Depreciation on Fixed Assets has been provided at the rates in accordance with the provisions of Schedule XIV of the Companies Act, 1956 on written down value method on pro-rata basis from the date on which it was put to use. The Total depreciation charged during 2005-06 was Rs. 1.54 lakhs as against Nil in 2004-05. The depreciation on fixed assets during 2004-05 was not provided because company was not engaged in any commercial activity.

Profit before tax

Profit before tax during 2005-06 was Rs. 268.44 lakhs as against Rs. 5.16 lakhs during 2004-05.

Income Tax

Provision for income tax during 2005-06 was made to the extent of Rs. 0.41 lakhs as compared to Nil in the 2004-05. The provision for income tax during 2005-06 was made on account of Minimum Alternate Tax (MAT) as per the current provisions of Income Tax Act. The Company had not made any provisions for income tax on long term capital gain of Rs. 263.20 lakhs as this being exempt under Income Tax Act.

Profit After Tax

Profit after tax was Rs. 266.92 lakhs during 2005-06 in comparison to Rs. 5.24 lakhs in 2004-05.

COMPARISON OF FY ENDED MARCH 31, 2005 WITH FY ENDED MARCH 31, 2004**Sales**

The total sales is NIL for the year ended on March 31, 2005 & March 31, 2004 during both the years the company have no business activity.

Other Income

Other income was Rs.5.16 Lakhs in FY 04 and Rs.5.97 Lakhs in FY 05. The other income includes mainly dividend income.

Expenditure

The total expenditure is Rs.1.50 Lakhs in FY 04 and Rs. 0.81 Lakhs in FY 05

Administrative Expenses

In the FY 2005 the administrative expenses were Rs.0.81 Lakhs as compared to Rs. 0.65 Lakhs in FY 2004.

Selling Expenses

Selling Exp for the year ended on March 31, 2005 is NIL and for the year ended on March 31, 2004 was Rs. 0.12 Lakhs.

Depreciation

Depreciation is provided in accordance with the provisions of the Companies Act on written down value method. Depreciation in the FY 2004 was Rs.0.73 Lakhs as against Rs NIL Lakhs in FY 2005. The depreciation on fixed assets for the year-ended 2005 was not provided because company was not engaged in any commercial activity

Profits before tax

Profit before tax increased by 41.26% from Rs.3.66 Lakhs in FY 04 to Rs.5.16 Lakhs in FY 05.

Income Tax

Income Tax provisions for the F.Y. 2003-04 & 2004-05 is nil however prior period tax provision of Rs.1.33 Lakhs has been made for the F.Y. 03-04

Profit After Tax

Profit after tax was Rs. 2.70 Lakhs for F.Y. 2003-04 and Rs. 5.24 Lakhs for F.Y. 2004-05

COMPARISON OF FY ENDED MARCH 31, 2004 WITH FY ENDED MARCH 31, 2003**Sales**

The total sales for the F.Y. 2003-04 Rs. NIL and whereas F.Y.2002-03 was Rs.1014.75 Lakhs.

Other Income

During the year other income was Rs.5.16 Lakhs in FY 04 and Rs. 5.28 Lakhs in FY 03. The other income includes mainly dividend income.

Cost of Goods Sold

Cost of goods sold was Rs.965.92 Lakhs in year 2002-2003. There was no trading activity in year 03-04 and so cost of goods sold is zero.

Payment & Provisions for Employees

In the F.Y.02-03 expenses incurred on employees were Rs.35.84 lakhs and Rs. NIL in FY03-04

Administrative Expenses

In the FY 03-04 administrative expenses were Rs 0.65 Lakhs as compared to Rs 9.82 Lakhs in FY 02-03.

Selling & Distribution Expenses

In the FY 03-04 selling expenses were Rs 0.12 Lakhs as compared to Rs 1.32 Lakhs in FY 02-03 the decrease due to drop in business activity in the F.Y.03-04. .

Expenditure

The total expenditure is Rs.1.50 Lakhs in FY 04 and Rs. 1013.86 Lakhs in FY 03 Expenditure reduced in FY04 because trading activity was stopped.

Depreciation

Depreciation is provided on written down value method. Depreciation in the FY 2003 was Rs.0.96 Lakhs as against Rs.0.73 Lakhs in FY 2004.

Profits before Tax

Profit before Tax was Rs. 3.66 Lakhs in F.Y. 03-04 and Rs. 6.18 Lakhs in F.Y.02-03

Income Tax

Provision for Tax is Rs NIL in FY 2004 and Rs.0.49 Lakhs in FY 2003.

Profit After Tax

Profit after Tax is Rs.2.70 Lakhs in FY 2004 and Rs. 6.24 Lakhs in FY 2003.

Other Matters***Unusual or infrequent events or transactions***

To the best of our knowledge, and as disclosed in “Management Discussion and Analysis of Financial Condition and Results of Operations”, there are no unusual or infrequent events or transactions that has significantly affected the business of the Company.

Significant economic changes that materially affected or are likely to affect income from continuing operations

There are no significant economic changes that materially affected Company’s operations or are likely to affect income from continuing operations.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations except as described in the section titled “Risk Factors” on page no. iii and in “Management Discussion and Analysis of Financial Condition and Results of Operations” in the Draft Prospectus, to Company’s knowledge.

Future changes in relationship between costs and revenues

The Company reasonably does not foresee any factor that may have a material adverse impact on the operation and finances of the Company except disclosed in “Risk Factors” and “Management Discussion and Analysis of Financial Condition and Results of Operations” in the Draft Prospectus.

Increases in net sales or revenue and Introduction of new products or services or increased sales prices

Increases in revenues are by and large linked to increases in volume of business activity carried out by the Company.

Total turnover of each major industry segment in which the Company operated

The Company operates in only one Industry Segment i.e. Textile Industry.

Status of any publicly announced New Products or Business Segment

The Company has not announced any new products or business segment.

Seasonality of Business

The business operations of the Company are not seasonal.

Dependence on a single or few suppliers or customers

We are not dependent on any single or few suppliers or customers.

Significant Developments after March 31, 2006 that may affect the future results of operations

No circumstances have arisen since the date of the last financial statement until the date of filing of the Draft Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of the Company, or value of its assets, or its ability to pay its liability within next twelve months.

There is no subsequent development after the date of the Auditor’s Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of the Company.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against the Company, and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by the 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 the Company and that no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Promoter or Directors.

1. LITIGATION INVOLVING THE COMPANY

A. LITIGATION AGAINST COMPANY

There is no litigation pending against the Company involving civil, criminal, labour, securities and economic, and statutory law offences.

B. LITIGATION FILED BY COMPANY

There is no litigation pending that has been filed by the Company involving civil, criminal, labour, securities and economic, and statutory law offences.

C. LITIGATION INVOLVING STATUTORY LAWS

There is no litigation pending against or filed by the Company involving statutory laws.

2. LITIGATION INVOLVING THE PROMOTERS/DIRECTORS

Except as stated herein, there is no litigation pending against or filed by the Directors/Promoters of the Company involving civil, criminal, labour, securities & economic and statutory law offences.

A. Mr Mohan Gupta

Litigation involving statutory dues

- a) The officers from the Central Excise Department, Surat inspected the unit M/sGupta Synthetics Ltd. and recovered a Kutch delivery pad on which some details of textured yarn were written. It was alleged that said details pertain to Polycoat India Pvt. Ltd. A show cause notice no. SCN IV/9-HPIC-V/11/95 dated 27.08.1997 was issued to Polycoat India Pvt. Ltd. A penalty of Rs 0.20 lakhs on Mr Mohan Gupta, being the director of Polycoat India Pvt. Ltd. was also imposed along with penalty on Polycoat India Pvt. Ltd.. An appeal was filed with Commissioner (Appeals), who set aside the order-in-original passed by the Deputy Commissioner, Central Excise, HDQRS, Surat-I. Against this order, the Commissioner (Central Excise) has filed an appeal dated 27.03.2000 along with a stay application before Appellate tribunal, which is pending for further hearing.
- b) A show cause notice no. SCN DGCEI/AZU/36-09/2003 dated 14.02.2003 was issued by the Joint Director, DGCEI, Ahmedabad, to Gupta Synthetics Ltd. on the ground that Gupta Synthetics Ltd. has procured raw material viz POY from M/s Nova Petrochemicals Ltd., Ahmedabad without payment of duty & without following any of the provision contained in Central Excise Act and Rules made there under. Assistant Commissioner passed order in original No. 116/AC/SW/OA/2004 dated 31.08.2004 for imposing penalty of Rs 0.25 lakhs on Mr Mohan

Gupta, Director of Gupta Synthetics Ltd. along with penalty on Gupta Synthetics Ltd. . Against this order, an appeal along with a stay application dated 17.11.2005 has been filed, which is pending for further hearing.

- c) A show cause notice-bearing no. SG/Misc-29/04/SIIB (I) JNCH proposing imposition of penalty on Gupta Synthetics Ltd. and on Mr Mohan Gupta, Director for purchasing second hand POY plant from Korea, which is alleged to be more than 10 years old in contravention of provisions of EXIM Policy 2002-07, was issued by Deputy Commissioner of Customs, JNCH, Sheva, Raigarh. Gupta Synthetics Ltd. has replied to the notice, denying all allegations, has been filed.

B. Mr Sunil Kumar Gupta

Litigation involving statutory dues

- a) A show cause notice SCN DGCEI/AZU/36-09/2003 dated 14.02.2003 was issued by the Joint Director, DGCEI, Ahmedabad, on the ground that Gupta Synthetics has procured raw material viz POY from M/s Nova Petrochemicals Ltd., Ahmedabad without payment of duty & without following any of the provision contained in Central Excise Act and Rules made thereunder. Assistant Commissioner passed order in original No. 116/AC/SW/OA/2004 for imposing penalty of Rs 0.25 lakhs on Mr Sunil Gupta, Director of Nova Petrochemicals Ltd. along with penalty on the company. Against this order, an appeal along with a stay application dated 17.11.2005 has been filed, which is pending for further hearing.
- b) A show cause notice bearing no. VIII/10-89/ COMM. /01 dated 13.05.2002 was issued by Commissioner Customs, Ahmedabad, for payment of duty on purchase of second hand machine from Korea. It has been alleged that the machine was more than 10 years old and could be imported only against specific import license. The reply to the notice denying all allegations was filed. However, the Commissioner of Customs passed the order imposing duty and also penalty of Rs 5.00 lakhs on Mr Sunil Gupta, Director of Nova Petrochemicals Ltd. along with penalty on Nova Petrochemicals Ltd. An appeal has been filed, which is pending for further hearing.

3. LITIGATION INVOLVING GROUP COMPANIES / ENTITIES

Except as stated herein, there is no litigation pending against or filed by the Group companies/concerns involving civil, criminal, labour, securities & economic and statutory law offences.

A. Gupta Synthetics Ltd.

Matters involving statutory dues

Sr. No	Nature of the Matter	No. and Authority with whom it is Pending with	Gist of the case	Financial implication, if any (wherever ascertainable)
01	Central Excise/Custom Matters	Appeal before the Commissioner of Central Excise & Customs (Appeals), Surat, against order A.C, Central Excise's order no. O-I-O No. 116/AC/SW/OA/2004	A show cause notice no. SCN DGCEI/AZU/36-09/2003 dated 14.02.2003 was issued by the Assistant Commissioner, Central Excise, on the ground that Gupta Synthetics Ltd. has procured raw material viz POY from M/s Nova Petrochemicals Ltd., Ahmedabad without payment of duty & without following any of the	Duty: Rs. 0.80 lakhs Penalty: Rs 0.80 Lakhs

			provision contained in Central Excise Act and Rules made thereunder. Assistant Commissioner passed order for imposing penalty on Gupta Synthetics Ltd. as well as on Mr Mohan Gupta. Against this order an appeal-dated 17.11.2005 along with a stay application has been filed, which is pending for further hearing.	
02	Central Excise/Custom Matters	S/10-34/SDP/94 dated 31.05.94 and Appeal No. C/ 336/94-BOM	Collector of Customs, Mumbai, imposed duty for showing shortage in the weight of fabrics exported. An appeal was filed in the CEGATE, Mumbai, which was dismissed. Against that order Gupta Synthetics Ltd. has filed a reference application in Mumbai High Court, which is pending for further hearing.	Duty: Rs 0.46 lakhs Fine: Rs 0.50 lakhs Penalty: Rs. 1.00 lakhs
03	Custom Matter	SCN No. SG/Misc-29/04 SIIB(I) JNCH dated 18.10.2004	A show cause notice was issued for payment of duty on alleged purchase of second hand machine from Korea. The machine was more than 10 years old and could be imported only against specific import licence. Commissioner of Customs imposed duty. Reply has been filed denying the allegations and the matter is still pending for further hearing.	Confiscation and penalty.

Matters involving labour disputes

04	Labour Disputes	Case no. 577/03 Labour Court, Surat.	State government referred the labour dispute between Vasant Narayan Parab v/s Management of Gupta Synthetics for adjudication to Labour Court. The workman is claiming reinstatement with back wages.	Rs. 2.18 lakhs
05	Labour Disputes	Case no. 843/00 Labour Court, Surat.	State government referred the labour dispute between Mohammad Naim Shekh v/s Management of Gupta Synthetics for adjudication to Labour Court. The workman is claiming	Rs. 1.44 lakhs

			reinstatement with back wages.	
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B. Nova Petrochemicals Ltd.

Matters involving statutory dues

Sr. No	Nature of the Matter	No. and Authority with whom it is Pending with	Gist of the case	Financial implication, if any
01	Central Excise Matter.	Appeal before the Commissioner of Central Excise & Customs (Appeals), Surat, against order A.C, Central Excise's order no. O-I-O No. 116/AC/SW/OA/2004	A show cause notice was issued by the Assistant Commissioner, Central Excise, allegedly on the ground that Nova Petrochemicals Ltd. was supplying raw material viz POY to Gupta Synthetics without payment of duty & without following any of the provision contained in Central Excise Act and Rules made thereunder. A penalty was imposed on Mr Sunil Gupta, Director and alos on Nova Petrochemical Ltd. An appeal has been filed, which is pending for further hearing.	Rs. 0.50 lakhs
02	Civil Suit	Summary Suit No. 466/2005 at Bombay High Court.	Suit filed under summary procedure by Rishabh Dev Technocable Ltd, Mumbai for recovery of dues for supply of cables. Matter referred to Arbitrators appointed by Bombay High Court. Nova Petrochemicals Ltd. has also filed a counter claim for Rs 90 Lakhs against Rishabh Technocable in Civil Court at Ahmedabad for not supplying cables of the standard norms.	Rs. 106.53 lakhs together with further interest on Rs. 69.48 lakhs @ 18% per annum.
03	Cess	TC/CESS/2004-05/AC Textile Committee (Govt. of India, Ministry of Textile)	Cess under Cess rules, 1975 on value of yarn manufactured. Reply has been filed. The matter is still pending for further hearing.	Rs. 41.32 lakhs
04	Central Excise	SCN No. DGCEI/AZU/36-26/2004 dated 30.06.2004 issued by Commissioner of Central Excise	A show cause notice for non-payment of National Calamity Contingent Duty (NCCD) under Central Excise Tariff Act, 1985 was issued and Commissioner Central Excise (Adjudication), Ahmedabad, confirmed demand for payment of duty. An appeal against the order has been filed. A stay has been granted and the application for its extension is pending.	Rs. 42.80 lakhs (Out of this, an amount of Rs. 5.01 lakhs has been deposited at the time of filing the stay application).
05	Central Excise	VIII/10-89/COMMR/2001, CESTAT, Mumbai dated	Pending in Appeal –Case of import of more than 10 years old Second Hand Machine without Import License. Nova Petrochemicals Ltd. had already paid duty of Rs. 17.08 lakhs at the time of clearance of Machine. The appeal is against the fine and penalty. Fair grounds in favour of Nova Petrochemicals Ltd. . BG of Rs. 17.08 lakhs also encashed by customs	Rs. 20.00 lakhs

		25/11/04	authority.	
06	Sales Tax	STC/4-79/NOVA/SCN-83/ Deputy Commissioner of Service Tax, Ahmedabad-I dated 30/09/04	Pending Adjudication- for demand of Service Tax for availing Services of Goods transport Operators (GTO). The demand is for the period during 16-11-97 to 2-6-98 with interest and penalty. Nova Petrochemicals Ltd. is of the view that the demand is time barred and not liable to pay service tax with interest/penalty. Fair grounds in favour of Nova Petrochemicals Ltd. .	Rs. 2.16 lakhs
07	Central Excise	DGCEI/AZU/36-09/2003 Joint Commissioner of Central Excise, Ahmedabad-II dated 14/02/2003	Pending Adjudication- for seizure of Polyester chips lying in factory. Fair grounds in favour of Nova Petrochemicals Ltd. .	
08	Central Excise	55/C-778/SLR/93-94/AC Textile Committee, Mumbai dated 07/12/04	Pending Adjudication-Demand for textile Cess. Fair grounds in favour of Nova Petrochemicals Ltd. .	Rs. 41.32 lakhs
09	Custom.	S/26-Misc-27/2005-Gr.II-D Deputy Commissioner of Custom, Group-II-D, JNCH, Nhava Sheva, 2004-2005	Pending Adjudication-Demand for differential duty on import of Polyester Chips. Fair grounds in favour of Nova Petrochemicals Ltd. .	Rs. 24.42 lakhs
10	Income Tax	CIT (A)-XI/49/2004-2005 (ORDER NO. Of CITA)	Nova Petrochemicals Ltd. has filed an appeal against the order of disallowance, of Rs.1037.61 lakhs u/s10A & others & demand of Rs. 239.44 lakhs by the assessing officer, to CIT (A) and the appellate authority has partly excepted the appeal and allowed Rs.679.61 lakhs and assessed the loss of Rs.27.51 lakhs. Nova Petrochemicals Ltd. has accepted the disallowance of Rs.32.41 lakhs out of the total disallowance of Rs.358.00 lakhs. Further Nova Petrochemicals Ltd. has filed an appeal to ITAT for the appeal not accepted For Rs. 325.58 lakhs by CIT (A) now the hearing is pending with ITAT.	Rs. 239.44 lakhs
11	Sales Tax	Sales Tax Department Case no. 4250 and 745008585	The Government of Gujarat had framed a scheme known as the Capital Investment Incentive to Premier/Prestigious Units Scheme (herein referred to as “ Scheme ”), August 1995-August 2000. Though eligible, Nova Petrochemicals Ltd. applied after the operative period was over. Nova Petrochemicals Ltd. claim for the incentive was refused. Hence, Sales Tax Department raised a demand of Rs. 349.14 lakhs. A Special civil application bearing No. 4250 of 2004 was filed in High Court of Gujarat at Ahmedabad. The said application has been disposed of by the High Court on 14.09.2005 with the direction that representation be reconsidered and concerned officer shall pass speaking orders within 4	Rs. 349.14 lakhs

			months. Representation has been made on 02.11.2005. Nova Petrochemicals Ltd. has submitted the information required by the High Power Committee of the Government of Gujarat on 17.01.2006. The decision is likely to be taken shortly.	
12	Income Tax	Demand raised in Assessment Year 1996-97	The ACIT passed an order disallowing expenses of Rs. 4.27 lakhs. Nova Petrochemicals Ltd. filed an appeal against the order to CIT (A) and the CIT (A) has partly accepted Nova Petrochemicals Ltd. appeal and sent back the case to ACIT. Further ACIT allowed exps. of Rs.2.67 lakhs but there was no demand for tax on account of total loss of Rs.151.72 lakhs. Nova Petrochemicals Ltd. accepted the disallowance of Rs. 0.16 lakhs but the department has further filed an appeal to ITAT for the exps. of Rs.2.67 lakhs allowed by the CIT(A).	Rs 4.27 lakhs
13	Income Tax	Demand raised in Assessment Year 1997-98	The ACIT passed an order disallowing expenses of Rs.4.62 lakhs. Nova Petrochemicals Ltd. filed an appeal against the order to CIT (A) and the CIT (A) has partly accepted Nova Petrochemicals Ltd. appeal and sent back the case to ACIT. Further ACIT allowed exp of Rs. 2.72 lakhs but there was no demand for tax on account of total loss of Rs. 244.28 lakhs. Nova Petrochemicals Ltd. accepted the disallowance of Rs.1.90 lakhs but the department has further filed an appeal to ITAT for the expenses. of Rs. 2.72 lakhs allowed by the CIT (A).	Rs. 4.62 lakhs
14	Income Tax	Demand raised in Assessment Year 1998-99	The ACIT passed an order disallowing expenses of Rs.3.87 lakhs. Nova Petrochemicals Ltd. filed an appeal against the order to CIT (A) and the CIT (A) has partly accepted Nova Petrochemicals Ltd. appeal and sent back the case to ACIT. Further ACIT allowed expense of Rs. 3.22 lakhs but there was no demand for tax on account of total loss of Rs.65.48 lakhs. Nova Petrochemicals Ltd. accepted the disallowance of Rs. 0.65 lakhs but the department has further filed an appeal to ITAT for the expense. of Rs.3.22 lakh allowed by the CIT (A)	Rs. 3.22 lakhs
15	Income Tax	Demand raised in Assessment Year 1999-00	The department passed an order charging an interest of Rs 15.99 lakh under Section 234B and 234C of the Income Tax Act. An appeal against the said order was filed before Commissioner (Appeal), who set aside the order charging the interest.	Rs. 15.99 lakhs

			Against this order the department has filed an appeal before Income Tax Appellate Tribunal, which is pending for further hearing.	
16	Income Tax	Demand raised in Assessment Year 2000-01	The department passed an order charging an interest of Rs 15.14 lakhs under Section 234B and 234C of the Income Tax Act. An appeal against the said order was filed before Commissioner (Appeal), who set aside the order charging the interest. Against this order the department has filed an appeal before Income Tax Appellate Tribunal, which is pending for further hearing.	Rs. 15.14 lakhs
17	Income Tax	Demand raised in Assessment Year 2001-02	The department imposed a penalty on the company for late issue of TDS certificates of Rs. 2.67 lakh. Against this order the company has filed an appeal before Commissioner (Appeals), which is pending for further hearing.	Rs 2.67 lakhs

Matters involving civil laws

18	Recovery Matter	Recovery Application No. 278 of 1997 filed by Union Bank of India, Surat, in DRT, Ahmedabad.	Union Bank of India, Surat, in DRT, Ahmedabad, filed an application. against Gujarat Synthetics Oxide Pvt. Ltd. for recovery of debts due to the said bank. One premise 402-B, Trividh Chambers, Ring Road, Surat were mortgaged by Konika Leasing Pvt. Ltd. for securing various credit facilities sanctioned to Gujarat Synthetics Oxide Pvt. Ltd. Nova Petrochemicals Ltd. was made one of the respondents in the matter as Nova Petrochemicals Ltd. purchased the said premises. A written statement has been filed denying the contentions of the Bank. The application is pending for further hearing.	Rs. 2.25 lakhs
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Matter involving labour disputes

19	Labour	Labour Disputes No. 385/01 pending before Labour Court, Ahmedabad.	The workman Mr Baban M. Gaikwad, has claimed reinstatement and back wages. The Company has denied its liability. The matter is pending.	Rs. 1.90 lakh
20	Labour	Recovery 214/02 Labour Court, Ahmedabad.	The Applicant Baban M. Gaikwad, Akhila Gujarat Mazdur Sangh has claimed due related to overtime, casual leave, festival leave, privilege leave,	Rs. 0.84 lakhs

			sick leave and weekly off. The Company has denied its liability. The matter is pending.	
21	Labour	Recovery 2069/02 Labour Court, Ahmedabad.	The workman has claimed dues for overtime and conveyance for the last five years. The Company has stated in reply that they were not employees as per Industrial Disputes Act. No provision for payment of conveyance was ever made. Application has been made by Atul Umatia, Akhila Gujarat Mazdur Sangh. The matter is pending.	Rs. 1.24 lakhs
22	Labour	Recovery 805/02 Labour Court, Ahmedabad.	The Applicant Jignesh Kumar Pandya, Akhila Gujarat Mazdur Sangh has claimed dues related to past salary, overtime, bonus and leave dues. The Company has state that his due P.L is only 5 in balance, which Company is ready to pay. The matter is pending.	Rs. 1.04 lakhs
23	Labour	Recovery 2068/02 Labour Court, Ahmedabad.	The Applicant Baban M. Gaikwad, Akhila Gujarat Mazdur Sangh has claimed salary from January 2001 to November 2001, overtime, due leave and bonus.As per the Company the pending dues of salaries after deduction is Rs 1,301/-, which the Company is ready to pay. The matter is pending.	Rs. 0.87 lakhs
24	Labour	Labour Dispute No. 163/99 pending before Labour Court, Ahmedabad	The workman Jignesh G. Pandya has claimed reinstatement and back wages. The matter is pending.	Rs. 1.92 lakh
25	Labour	Labour Dispute No.70/2005 pending before Labour Court, Ahmedabad	The workman Ashok K Chavda has claimed reinstatement and back wages. The matter is pending.	Rs. 0.55 lakh

SEBI Show Cause Notice

Nature of Matter	S.C.N and Date	Present Status	Penalty/Action
Nova Petrochemicals Ltd. allotted 24,00,000 equity shares to promoters group on preferential basis on 30.03.2002. Since shares allotted were partly paid and In-principle approval of Stock exchanges for listing of these shares was not taken, National Stock Exchange referred the matter to SEBI. SEBI issued a Show	SEBI Show cause Notice No. MRD/VSS/23377/2003 dated 10-12-2003	There has been no communication from SEBI after Nova Petrochemicals Ltd. reply. The matter is being followed up for obtaining a NOC from SEBI for listing of these shares. Presently these shares are unlisted.	SEBI in its Show cause Notice has referred to section 11(4) and 11B of SEBI Act under which direction can be issued.

cause Notice dated 10-12-2003 to Nova Petrochemicals Ltd. . Nova Petrochemicals Ltd. has replied to SEBI vide its letter dated 23-12-2003.			
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C. Polycoat India Pvt. Ltd.

Matters involving statutory dues

Sr. No.	Nature of the Matter	No. and Authority with whom it is Pending with	Gist of the case	Financial implication, if any
1.	Central Excise	SCN IV/9-HPIC-V/11/95 dated 27.08.1997.	Officer from the office Of Central Excise, Surat inspected the unit of M/s Gupta Synthetics Ltd. and recovered a Kutcha delivery pad on which some details of textured yarn were written. It was alleged that said details pertain to Polycoat India Pvt. Ltd. A show cause notice no. SCN IV/9-HPIC-V/11/95 dated 27.08.1997 was issued. Penalty and fine on redemption of confiscated goods was imposed. Penalty on Mr Mohan Gupta, Director was also imposed. An appeal was filed with the Commissioner (Appeals), who set aside the said order. Commissioner filed an appeal dated 27.03.2000 along with a stay application before Appellate tribunal, which is pending for further hearing.	Fine: Rs 0.40 lakhs Penalty: Rs 2.10 lakhs

D. Gupta Dyeing and Printing Mills Pvt. Ltd.

Matters involving Labour disputes/ statutory Dues

Sr. No	Nature of the Matter	No. and Authority with whom it is Pending with	Gist of the case	Financial implication, if any
01	Labour Dispute	Case No. 423/05 pending in Labour Court at Surat.	State government referred the labour dispute between Jayanti Bhurabhai Patel v/s Management of Gupta Synthetics Ltd. for adjudication to Labour Court. The workman is claiming reinstatement with back wages, which is pending for further hearing.	Rs. 0.54 lakhs

E. Jatin Synthetics Pvt. Ltd.

Matters involving statutory dues

Sr. No	Nature of the Matter	No. and Authority with whom it is Pending with	Gist of the case	Financial implication, if any
01	Central Excise	<p>SCN AR-VI / SCN/ EEFC/ JSPL / 99-2000 dated. 01.10.1999</p> <p>Appeal before the Custom, Excise & Gold (Control) Appellate Tribunal, Mumbai against the order of Commissioner (Appeals) Central Excise & Custom, Surat. O-I-A No. YPP/47/SRT-II/2003 dtd.24.03.2003</p>	<p>Jatin Synthetics Pvt. Ltd. is engaged in manufacturing of Polyester Twisted Yarn and is registered as 100% EOU with Central Excise Department. Jatin Synthetics Pvt. Ltd. had cleared Polyester Twisted Yarn in Domestic Tariff Area (DTA) on the basis of the permission granted by Development Commissioner but wrongly availed the benefit of concessional rate of duty under Notification No. 8/97 CE dated 01.03.1997. Thereafter, a show cause notice bearing number SCN AR-VI / SCN/ EEFC/ JSPL / 99-2000 dated 01.10.1999 by Superintendent of Central Excise, Range-VI, Div – V, Surat-I was issued, raising therein a duty of Rs.12.96 lakhs .</p> <p>Dy. Commissioner of Central Excise, Surat adjudicated the matter and passed an order confirming the duty of Rs. 12.96 lakhs and imposed a penalty of Rs.3.00 lakhs .</p> <p>An appeal was filed by Jatin Synthetics Pvt. Ltd. with the Commissioner (Appeals), who rejected the appeal.</p> <p>Against that order an appeal was filed with the Custom, Excise & Gold (Control) appellate Tribunal, Mumbai. A stay was granted by Hon'ble Tribunal vide Order No. CI /2484 /WZB /2003 dtd.17.10.03. Tribunal also directed Jatin Synthetics Pvt. Ltd. to deposit a sum of Rs. 2.00 lakhs as penalty in place of Rs.3.00 lakhs which was deposited on 06.12.2003.</p> <p>An application for extension of stay was filed and it was allowed vide order No. M/219-266/WZB/2005/C-II/EB dated 21.10.05. The main appeal is presently pending for further hearing.</p>	Rs. 12.96 lakhs

02	Central Excise	<p>SCN R-VI / SCN/ Jatin/ DTA / 2000 dated 03.04.2000</p> <p>Appeal before the Custom, Excise & Gold (Control) Appellate Tribunal, Mumbai against the order of Commissioner (Appeals) Central Excise & Custom, Surat. O-I-A No. YPP/50/SRT-II/2003 dtd.13.03.2003</p>	<p>Jatin Synthetics Pvt. Ltd. is engaged in manufacturing of Polyester Twisted Yarn and is registered as 100% EOU with Central Excise Department. Jatin Synthetics Pvt. Ltd. had cleared Polyester Twisted Yarn in Domestic Tariff Area (DTA) on payment of duty under notification No. 2/95-CE dated 04/01/95. Since the benefit of notification was not available to them a show cause notice-bearing No. SCN R-VI / SCN/ Jatin/ DTA / 2000 dated 03.04.2000 was issued by Superintendent of Central Excise, Range-VI, Div – V, Surat-I raising therein a duty of Rs. 7.34 lakhs (As per Addendum dated 04.04.2000 Rs.7.36 lakhs).</p> <p>Dy. Commissioner of Central Excise adjudicated the matter and passed an order confirming the duty of Rs 7.34 lakhs (As per Addendum dated 04.04.2000 Rs.7.36 lakhs).</p> <p>An appeal was filed with the Commissioner (Appeals), who set aside the said order. Against the order of Commissioner (Appeal), Department filed an appeal with the Custom, Excise & Gold (Control) Appellate Tribunal, Mumbai, which is pending for further hearing.</p>	Rs.7.36 lakhs
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F. Ellora Syntex Pvt. Ltd.

There is no litigation pending either filed by or against Ellora Synthetics Pvt. Ltd. involving civil, criminal, labour, securities and economic, and statutory law offences.

G. Shikha Investments Pvt. Ltd.

There is no litigation pending either filed by or against Shikha Investments Pvt. Ltd. involving civil, criminal, labour, securities and economic, and statutory law offences.

H. Gupta Dyeing and Printing Mills (A Partnership Concern).

Labour Related Cases

There are 77 Labour related cases pending in Labour Court in Surat. The amount claimed by the workmen in these cases is approximately Rs 54.30 lakhs (Rupees Fifty Four lacs Thirty Thousand Only).

The aforesaid cases are classified as follows:

- a) There are 45 cases pending wherein employees have claimed reinstatement with back wages on account of alleged wrongful termination of their services. The total claim amount arising out of these cases is approximately Rs 32.50 lakhs (Rupees Thirty Two Lakhs Fifty Thousands Only).
- b) There are 18 criminal applications filed by the workmen whose services allegedly had been terminated wrongfully. These applications have been filed under the provisions of Section 101, 106 and 107 of Bombay Industrial Relations Act, 1946. The offence is punishable with fine, which may extend to Rs 0.05 lakhs per application. The total financial implication would be Rs 0.90 lakhs (Rupees Ninety Thousands Only).
- c) There are 14 cases filed against Gupta Dyeing & Printing Mills wherein workmen have claimed payment of arrears, which includes payment of various allowances and reimbursement, gratuity, wages etc and other dues allegedly denied by Gupta Dyeing & Printing Mills. The total Claim arising out of these cases is approximately Rs 20.90 lakhs (Rupees Twenty Lakhs Ninety Thousands Only).

Matters involving statutory dues

Sl No.	Nature of the matter	No. of the case & Authority with whom it is pending	Gist of the Case	Financial implication, if any
1	Central Excise	S.C.N.V [Ch-54] 3-51/DEM/2000 dated 26.03.01	An audit query was raised to levy of C. Ex. Duty on debit Note raised to recover additional expenses after the dispatch of the goods. Appeal filed against the levy in the Appellate Tribunal, which is pending for further hearing.	Duty: Rs.0.71 lakhs - interest @24%p.a. Penalty U/R173Q (1)
2	Central Excise	S.C.N. No. V [Ch-54] 3-146/2003 DT-08-09-03 issued by Deputy Commissioner C. Ex. Div.III, Surat-I.	A show cause notice was issued on the ground that Gupta Dyeing & Printing Mills allegedly incorrectly availed the deemed credit during the period October 2002 to March 2003 on processed fabric as it includes grey man made fabrics falling under Ch 5406.00 which is not admissible. The reply to the notice has been filed. The matter is under process.	Rs. 54.12 lakhs Rs. 170.38 lakhs -
3	Central Excise	S.C.N. No. V[Ch-54] 3-79/2003 DT.04-06-2003 issued by Deputy Commissioner C. Ex. Div.III, Surat-I.	A show cause notice was issued on the ground that Gupta Dyeing & Printing Mills allegedly incorrectly availed the deemed credit during the Period August'02 to September'02 on processed fabric as it includes grey man made fabrics falling under Ch 5406.00 which is not admissible. The reply to the notice has been filed. The matter is under process.	Rs.19.67 lakhs Rs.60.42 lakhs
4.	Central Excise	S.C.N. No. V[Ch-54]3-78/2002 DTD. 19-05-03	A show cause notice was issued on the ground that Gupta Dyeing & Printing Mills allegedly	Rs. 22.33 lakhs Rs.79.73 lakhs

		issued by Deputy Commissioner C. Ex. Div.III, Surat-I.	incorrectly availed the deemed credit during the period May'02 to July'02 on processed fabric as it includes grey man made fabrics falling under Ch 5406.00 which is not admissible. The reply to the notice has been filed. The matter is under process	
5	Central Excise	S.C.N. No. V[Ch-54]3-305/2002 DTD. 28-01-02 issued by Deputy Commissioner C. Ex. Div.III, Surat-I.	A show cause notice was issued on the ground that Gupta Dyeing & Printing Mills allegedly incorrectly availed the deemed credit during the period January'02 to April'02 on processed fabric as it includes grey man made fabrics falling under Ch 5406.00 which is not admissible. The reply to the notice has been filed. The matter is under process	Rs.79.61 lakhs Rs. 36.10 lakhs
6.	Central Excise	S.C.N. No. V[Ch-54]3-70/2002 DTD. 27-03-02 issued by Deputy Commissioner C. Ex. Div.III, Surat-I.	A show cause notice was issued to recovery the deemed credit amount of the Period from September '01 to December'01 under the Rule 57AH of erstwhile Central Excise Rule 1944 read with section 11-A of the Central Excise Act, 1944 on the ground that Gupta Dyeing & Printing Mills has wrongly availed and utilized the said deemed credit.	Rs.92.52 lakhs
7.	Central Excise	S.C.N. No. V[Ch-54]3-69/2002 DTD. 26-03-02 issued by Deputy Commissioner C. Ex. Div.III, Surat-I.	A show cause notice was issued for recovery of the deemed credit amount of the Period from April '01 to August'01 under the Rule 57AH of erstwhile Central Excise Rule 1944 read with section 11-A of the Central Excise Act, 1944 on the ground that Gupta Dyeing & Printing Mills has wrongly availed and utilized the said deemed credit	Rs.99.95 lakhs
8.	Cess	Demand No.55/Cess/ Process/ SR/AC/52 dtd 09.01.2002(period '97 to April'2001) and Demand No. 55/Cess/ 2005-06/AC DTD.25.10.05 (period '97 to March'2003).	The Textile Committee raised a demand of Cess as duty of excise on textile manufactured. Gupta Dyeing & Printing Mills has in its reply stated that they are not liable to pay the Cess as they are not covered under the provisions of Textile Committee Act, 1963 in as much as Gupta Dyeing & Printing Mills does not manufacture textile. Gupta Dyeing & Printing Mills is only engaged in processing activities. The appeal against the levy was filed in Textile Committee Cess Appellate Tribunal. The said appeal was dismissed. South Gujarat Textile Processors Association, Surat has filed an appeal against the decision, which is pending for further hearing.	Rs.6.46 lakhs (Period '97 to April 2001) Rs.11.73 lakhs (Period '97 to April 2003)
9.	Central Excise	S.C.N. No. V[CH-54]3-04/ DEM/04-	In the course of audit by the Central Excise Audit, it was noticed that	Rs. 1.37 lakhs Rs. 0.33 lakhs

		05/MP-11 DT. 25-05-04 issued by Deputy Commissioner C. Ex. Div.III, Surat-I.	Gupta Dyeing & Printing Mills had allegedly taken CENVAT credit on the strength of lying stock of color chemicals as on 31st March, 2003 without maintaining proper records. Hence it was alleged that Gupta Dyeing & Printing Mills had not been able to prove that such raw material was lying at that time in stock. Further, it was also alleged that Gupta Dyeing & Printing Mills had also availed deemed credit wrongly. The reply denying the allegation was filed, which is under process.	
10	Custom	Ref.No.380/33,34,36to 40 &43/DBK/2000	Gupta Dyeing & Printing Mills was sanctioned and paid drawback based on the sub serial No. 5404(1) upon export of fabric made with 100% polyester filament yarn without restricting the ceiling of Rs 62/- per Kg. Later on the demand for repayment of excess paid drawback. The original authority confirmed the demand. The Commissioner (Appeal) held that drawback cannot be restricted to Rs 62/- per Kg and also held that show cause notice is barred by time as these were issued after two to three years. The Commissioner of Custom, Ahmedabad, filed a revision application before the Joint Secretary, Government of India, who set aside the order of Commissioner (Appeal). An appeal against this order has been filed in Gujarat High Court, which is pending for further hearing.	Rs.1.94 lakhs Rs.5.44 lakhs Rs.2.73 lakhs
11	Central Excise	S.C.N. No. V[Ch-54]15-04/OA/99/dtd. 01-04-99 Commissioner of C. Ex. Surat I	A show cause notice was issued on the ground that Gupta Dyeing & Printing Mills failed to file the authorization in favor of M/s. Special Print Ltd. As required under the notification no. 27/92 CE (NT) dt. 09/10/92. Penal Action under Rule 209A of the Act was proposed. The reply has been filed and the matter is stated to be under the process.	Not Specified.
12	Central Excise	S.C.N. No. MP.V [CH-54] 18-363/2001 Issued by Deputy Commissioner.C.E x Div III, Surat.	For determining annual capacity, the gallery was treated as equipment, which aids the process of heat setting in terms of Hot Air Stenter Independent Textile Processor Annual Capacity Determination Rules, 1998. Accordingly, the duty was charged and paid by Gupta Dyeing & Printing Mills on the gallery portion also. New Rules were brought in effect from 01.03.2000	Rs.3.02 lakhs

			and under these Rules the gallery were specifically excluded from the preview of equipment. Hence Gupta Dyeing & Printing Mills filed a refund claim. A show cause notice was issued against this claim. The Deputy Commissioner ejected the claim. An appeal was filed, which was also dismissed. Further appeal filed with Appellate Tribunal.	
13	Central Excise	Appeal no. E/2767/03 against the order of Joint Commissioner (Tech) dated 22.02.2002.	Gupta Dyeing & Printing Mills filed abatement claim of Rs 1.13 lakhs for the period 16.12.98 to 18.12.98 on Spintex made stenter machine consisting of 4 chambers and Harish make stenter machine consisting of 4 chambers. The claim was rejected by the Joint Commissioner (Tech). Against which an appeal was filed, which was also dismissed and claim for refund was not allowed. Gupta Dyeing & Printing Mills is now trying to get the appeal reopen.	Nil
14.	Central Excise/Custom Matters	S/10-34/SDP/94 dated 31.05.94 and Appeal No. C/334/94-BOM	Collector of Customs, Mumbai, imposed duty for showing shortage in the weight of fabrics exported. Appeal has been filed against the order. A reference has been made to Chief Metropolitan Magistrate, Mumbai, which is pending for further hearing.	Duty: Rs4.22 lakhs Fine: Rs 2.50 lakhs Penalty: 5.00 lakhs

4. MATERIAL DEVELOPMENTS

To the knowledge of Board of Directors of the Company, since the date of the last financial statements disclosed in the Draft prospectus, being March 31, 2006, there have not arisen any circumstances that materially or adversely affect or are likely to affect the profitability of the Company or the value of its assets or its ability to pay its liability within the next twelve months.

5. ADVERSE EVENTS

There has been no adverse event affecting the operations of the Company occurring within one year prior to the date of filing of the Draft Prospectus with the Registrar of Companies.

6. DEFAULTS

The Company has not defaulted in meeting any statutory dues, institutional dues or bank dues. The Company has not defaulted in making any payment/refunds for debentures, fixed deposits and interest on debentures and fixed deposits, except as mentioned elsewhere in the Draft Prospectus.

7. CONTINGENT LIABILITIES NOT PROVIDED FOR AS ON MARCH 31, 2006

There is no contingent liability as per the last Auditors Report dated April 28, 2006, for the period ended March 31, 2006.

GOVERNMENT AND OTHER APPROVALS

The Company does not require any letter of intent or industrial license from the GoI for carrying out its current operations or those proposed in this Prospectus. The Company does not require any permission or approval from the GoI and various GoI agencies for proceeding with the proposed capital expenditure from the proceeds of the Issue except those mentioned in this Prospectus. The Company does not require any further approval from any GoI authority or RBI to undertake the proposed activities save and except those consents and approvals, which it may require to take in the normal course of business from time to time.

In view of the approvals listed below, we can undertake this Issue. As we have not been in operation for over two years, and are currently not carrying on any manufacturing activities we have not obtained any approvals, consents, or clearances from governmental or other authorities, other than those mentioned. However, prior to and on commencement of company's operations, they would be required to obtain various approvals from governmental and regulatory authorities so as to undertake the Object of the Issue or continue our business activities. It must, however, be distinctly understood that in granting the above consents / licenses / permissions / approvals, the GoI does not taken any responsibility for the financial soundness of the Company or for the correctness of any of statements or any commitments made or opinions expressed.

1. Approvals for the Issue

The Board of Directors has, pursuant to resolution passed at its meeting held on January 30, 2006, authorised the Issue, subject to the approval by the shareholders of the Company under section 81(1A) of the Companies Act.

The shareholders have, pursuant to a resolution dated February 28, 2006 under Section 81(1A) of the Companies Act, authorised the Issue.

2. Approvals for business

- Certificate of Incorporation bearing No. 11-34190 dated October 05, 1984 from the Registrar of Companies, Maharashtra for incorporation of the Company with the corporate name "Ankush Electronics & Electricals Private Limited".
- Certificate of Change of Name to "Ankush Electronics & Electricals Limited" dated February 26, 1985 issued by the Registrar of Companies, Maharashtra.
- Fresh Certificate of Incorporation consequent to change of name certifying the change of corporate name to "Ankush Synthetics Limited", dated March 20, 1992 issued by the Registrar of Companies, Maharashtra.
- Fresh Certificate of Incorporation consequent to change of name certifying the change of corporate name to "Aviva Industries Limited", dated November 18, 2005 issued by the Registrar of Companies, Maharashtra.
- We have obtained Importer Exporter Code (IEC) number 0399034757 dated February 23, 2006 issued by the Office of Jt. Director General of Foreign Trade, Ministry of Commerce.
- We have obtained approval from the Government of India, Ministry of Commerce and Industry, Secretariat for Industrial Assistance, vide certificate no. 400/SIA/IMO/2006 dated January 24, 2006 for the preparation, spinning, weaving and processing of cotton fibre including blended cotton and cotton mixture fabrics.
- We have obtained registration under the Income Tax Act, 1961 and have been allotted PAN No. AABCA3881D.
- We have obtained registration under the Central Sales Tax Act, 1956 and the Gujarat Sales Tax Act and have been allotted numbers GUJ-16-O-1097 and 2217004012 respectively.

The Company does not have any other approvals pertaining to its business as yet. However, once the Company commence construction of the unit and production of the denim products, they would require the approvals mentioned under item 4 below.

3. Pending Approvals

The Company does not have any pending approvals.

4. Approvals to be obtained for business

1. Registration under the Factories Act, 1948, and Factory License thereunder.
2. Petroleum License for the importation and storage of petroleum by Ministry of Commerce and Industry, Department of Explosives.
3. License under section 16(3) of Standard Weights and Measures Act, 1967.
4. License to store MT Propane in pressure vessels under the Explosives Act, 1884.
5. Approval under section 44 of the Electricity Supply Act, 1948 for captive generation, from the Gujarat State Electricity Board.
6. Registration under the Air Prevention and Control of Pollution Act, 1981, and N.O.C.s from the Gujarat State Pollution Control Board for manufacture and discharge of effluents.
7. Registration under the Water (Prevention and Control of Pollution) Act, 1974 and consents from Gujarat State Pollution Control Board.
8. Licence under the Boilers Act, 1923.
9. Registration under Central Excise Act, 1944.
10. Registration under the Employees Provident Fund and Miscellaneous Provision Act, 1952.
11. Service tax registration under Section 69 of the Finance Act, 1994.
12. Registration under the Employees State Insurance Act, 1948.
13. Registration under the Customs Act, 1962.
14. Approval of the Building plans from the Gujarat town planner, Ahmedabad.
15. As per resolution passed by Ministry of Textiles No.28/1/1999-CTI dated March 31, 1999, the project appraisal report by SBI Capital Market Ltd. and the loan sanction letter by SBI, the project is eligible for 5 % interest subsidy under the technology upgradation fund scheme (TUFS).
16. Approval from the Revenue Department of Gujarat for conversion of agricultural land to non-agricultural land.

The above list is not exhaustive as the Company is yet to identify the locations for its future expansion plan/setting up the factory and shops. The requisite approvals are dependent on location of the project and laws applicable from time to time.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The shareholders of the Company approved the issue of equity shares at the Extra Ordinary General Meeting of the Company held on February 28th, 2006 under Section 81(1A) of the Companies Act, 1956.

Prohibition by SEBI

Neither the Company, nor its Promoters, its directors, any of its Group Companies, and the companies or entities with which directors of the Company are associated, as directors or promoters, have been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI.

None of the Promoters, their relatives, the Company or the Promoter Group Companies / entities are detained as willful defaulters by RBI/ government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past.

The Listing of any securities of the Issuer has never been refused at anytime by any of the Stock Exchanges in India.

Eligibility for the Issue

The Company is a listed Company but the proposed issue size of Rs. 2800 lakhs exceeds 5 times the pre-issue networth which works out Rs. 2284.85 lakhs.

The Company is eligible for this Issue as per Clause 2.3.2 under which the company has to satisfy the conditions specified under clause 2.2.2 of SEBI (Disclosure & Investor Protection) Guidelines, 2000 as explained under:

Clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000, wherein:

a). The “project” has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded.

b). The minimum post-issue face value capital of the Company shall be Rs. 10 Crores.

The project has initially been appraised by SBI Capital Markets Limited on September 24, 2005 and later on in March, 2006 State Bank of India has re-appraised the project cost, means of finance and implementation schedule. State Bank of India, the re-appraising agency, is participating more than 46% of total project cost. Further, State Bank of Mysore has also sanctioned balance term loan requirement of the Company to the extent of Rs. 1053 lakhs.

Further, the post-issue face value capital shall be Rs. 1549.90 lakhs.

The Company undertakes that the number of allottees in the proposed Issue shall be atleast 1,000; otherwise, the Company shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY

EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MANAGER VIZ. ALLIANZ SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS VIZ. ALLIANZ SECURITIES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED APRIL 28, 2006 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS :

i) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE;

ii) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

(a) THE DRAFT PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;

(b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

(d) WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.

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 PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.

THE FILING OF DRAFT PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE.

SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT PROSPECTUS.

DISCLAIMER FROM THE ISSUER AND THE LEAD MANAGER

The Company, its Directors and the Lead Manager accepts no responsibility for statements made otherwise than in the Draft Prospectus or in the advertisement or any other material issued by or at instance of the Company and that anyone placing reliance on any other source of information, including website, www.aslfinancial.com , www.avivaindustries.com would be doing so at his or her own risk.

CAUTION

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager and the Company.

All information shall be made available by the Lead Manager and the Company to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at collection centres or elsewhere.

We shall not be liable to the bidders for any failure in downloading the bids due to the faults in any software/ hardware system or otherwise.

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, Hindu Undivided Families, 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) or Trusts registered under the applicable Trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted non residents including NRIs , FIIs and other eligible Foreign Investors (viz .Foreign Venture Capital Funds registered with SEBI, multilateral and bilateral Development Financial Institutions). The Draft Prospectus does not, however, constitute an invitation to subscribe to equity shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an invitation in such jurisdiction. Any person into whose possession the Draft 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 Mumbai (India) only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and the Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE, the Designated Stock Exchange)

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DISCLAIMER CLAUSE OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED

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Disclaimer of SBI Capital Markets Limited

This revised Financial Appraisal report (FAR) contains proprietary and confidential information regarding Ankush Synthetics Limited. ('ASL' or 'the company'), now known as Aviva Industries Ltd. (AIL). The FAR has been prepared by SBI Capital Markets Ltd. ('SBICAP'), on the basis of the Project Report/information provided by the company and its consultant, for the purpose of raising funds from Banks/ Financial Institutions.

There are financial projections presented in the FAR based on information made available by AIL. A financial projection presents, to the best of management's knowledge and belief, a company's expected financial position, results of operations and cash flow for the projection period. Financial projections require the exercise of judgment and are subject to uncertainties concerning the effects that change in legislation or economic or other circumstances may have on future events, and different people may have a different view in future. There will usually be differences between projected and actual results because events and circumstances do not occur as expected, and those differences may be material.

Under the circumstances, no assurance can be provided that the assumptions or data upon which these projections have been based are accurate or whether these business plan projections will actually materialize.

Neither SBICAP, nor State Bank of India or any of its associates, nor any of their respective directors, employees or advisors make any expressed or implied representation or warranty and no responsibility or liability is accepted by any of them with respect to the accuracy, completeness or reasonableness of the facts, opinions, estimates, forecasts, projections, or other information set forth in this FAR or the underlying assumptions on which they are based or the accuracy of any computer model used and nothing contained herein is, or shall be relied upon as a promise or representation regarding the historic or current position or performance of the company, or any future events or performance of the company.

The FAR is furnished on strictly confidential basis. Neither the FAR nor the information contained herein, may be reproduced or passed to any person or used for any purpose other than stated above. By accepting a copy of the FAR, the recipient accepts the terms of the Notice, which forms an integral part of the FAR.

The Company has received a no objection letter no. PASF/ASDM/1530 dated March 29, 2006 from SBI Capital Markets Limited for using the extracts of the Appraisal report in Prospectus.

FILING

A copy of the Draft Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai - 400021.

A copy of the Draft Prospectus, along with the material contracts and documents required to be filed under section 60 and section 60 B of the Companies Act, 1956 having being attached thereto, will be delivered for registration to the Registrar of Companies, Mumbai, Maharashtra

IMPERSONATION

As a matter abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 1956 which is reproduced below:

"Any person who:

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

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

LISTING

The existing Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and Vadodara Stock Exchange Limited (VSE). The Company has applied for delisting of the existing Equity Shares from VSE and await an approval for the same. The Company is also now proposing to list the Equity Shares on National Stock Exchange of India Limited (NSE). Applications have been made to BSE and NSE for permission to list the Equity Shares. BSE will be the Designated Stock Exchange for the Issue with which the Basis of Allotment will be finalised.

In case, the permission for listing and or dealing & official quotation of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Prospectus. If such money is not repaid within 8 days after the day from which we become liable to repay it, i.e from the date of refusal or within 70 days from the bid /issue closing date, which ever is earlier, then we and every director ours, be jointly and severally shall, on and from such expiry of 8 days be liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

The Company together with the Lead Manager shall ensure that all the steps for the completion of the necessary requirements for Listing and Commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalisation and adoption of the Basis of Allotment for the Issue.

CONSENTS

Consents in writing of: (a) Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company; and (b) Lead Manager to the Issue and Bankers to the Issue, Monitoring Agency, Registrar to the Issue and Legal advisors to the Issue, to act in their respective capacities, have been obtained and such consents have not been withdrawn upto the delivery of the Draft Prospectus.

M/s J.P.Saboo & Co., Statutory Auditors, have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in the Draft Prospectus and also tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of the Draft Prospectus

EXPERT OPINION

Except as stated in the section titled “Statement of Tax Benefits” And “Financial Statements” we have not obtained any expert opinion.

PUBLIC ISSUE EXPENSES

The expenses for this Issue includes issue management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at approximately Rs. 195 lakhs, details of which are as under:

Activity	Amount (Rs. in lakhs)	(Rs. In Lakhs)
		% of Total Issue Size
Issue Management, Brokerage & Selling commission	60.00	3.53
Registrar fees	15.00	0.88
Printing & Distribution of Issue Stationery	55.00	3.23
Advertising and Marketing expenses	55.00	3.23
Other expenses	10.00	0.59
Total	195.00	11.48%

Fees Payable to Lead Manager to the Issue

The total fees payable to the Lead Manager for the issue will be as per the Memorandum of Understanding

executed between the Company and the LM dated March 1, 2006, copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding dated March 10, 2006, copy of which is available for inspection at the Registered Office of the Company.

Adequate funds will be provided to the Registrar to the Issue for making refunds to unsuccessful applicants as per the mode disclosed which is appearing on page no. 115.

Previous Public or Rights Issues

Aviva Industries Limited has not made any public or rights Issue during last five years. The Company had come out with an Initial Public Offering in the year 1985 when it was not a part of present promoters.

a) The Company then known as Ankush Electronics & Electricals Limited and came out with a Public issue of 4,97,000 Equity Shares of Rs. 10/- each for cash at par aggregating to Rs 49.70 Lakhs in April 1985. This issue was within the exemption limit of Rs 50 Lakhs under the Capital Issue (Exemption) Order, 1969.

Object of the Issue:

The Main Objects of the issue were to provide working capital arrangements. Actual working capital performance was as below:

	(Rs. in Lakhs)		
	Pre Issue	Post Issue	
	1984-85	1985-86	1986-87
Net Working Capital	15.72	38.82	41.31

There was no object of the Initial Public Offer of the company except given above and further there was no promise made in this IPO as to performance of the Company.

b) During 1988, Ankush Electroics & Electricals Limited with a rights issue of 10,00,000 equity shares of Rs. 10/- each for cash at par aggregating Rs. 100 lakhs in the ratio of 2:1. This issue was also made when it was not a part of present promoters.

Particulars in regard to the Company and other listed companies under the same management within the meaning of Section 370(1)(B) of the Companies Act, 1956, which made any capital issue during the last three years.

There are no listed companies under the same management within the meaning of Section 370(1)(B) of the Companies Act, 1956 that made any capital issue during the last three years.

Outstanding Debentures, Bonds, Redeemable Preference Shares or other Instruments

The Company, since its incorporation has not issued any Redeemable Preference shares and debentures, bonds or other instruments.

Stock Market Data for Equity Shares

No Stock Market Data is available as there was no trading in the stock.

Mechanism evolved for Redressal of Investor Grievances

The Company has appointed *MCS Ltd.* as the Registrar o the Issue, to handle the investor grievances in co-ordination with Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and Bank branch where the application was submitted. The Company will monitor the work of the Registrar to ensure that the grievances are settled expeditiously and satisfactorily.

Disposal of Investor Grievances

MCS Ltd. the Registrar to the Issue will handle investor grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be coordinating with Registrar to the Issue in attending to the grievances of the investors. The Company assures that the Board of Directors, in respect of the complaints, if any, to be received shall adhere to the following schedules:

#	Nature of Complaint	Time Taken
1.	Non-receipt of refunds	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	Within 7 days of receipt of complaint with all relevant details

The Company has appointed Mr. Kalpesh Desai, as Compliance Officer who would directly deal with SEBI with respect to implementation /compliance of various laws, regulations and other directives issued by SEBI and matters related to investor Complaints. The investor may contact the Compliance Officer in case of any pre issue/post issue related problems. The Compliance Officer can be contacted at the following address:

Aviva Industries limited,
205 Sarthik – II, Opposite Rajpath Club S.G. Road, Ahmedabad- 380015
Tel: 079- 40029111 **Fax:** 079- 40029444 **Email:** cs@avivaindustries.com

Changes in Auditors during the Last Three Years and Reasons thereof

There is no change in the auditors in the last three years.

Capitalization of Reserves or Profits (during last five years)

The Company has not capitalized its profits or reserves at any time.

Revaluation of Assets, if any (during last five years)

None of the assets of the Company has been re-valued during last five years.

TERMS OF THE ISSUE

Ranking of Equity Shares

The Equity Shares to be issued shall be subject to the provisions of the Companies Act, Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of the Company including rights in respect of dividends. The persons in receipt of Allotment will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment.

Mode of payment of Dividend

The declaration and payment of dividend will be recommended by the Board of Directors of the Company and its shareholders, in their discretion, and will depend on a number of factors, including but not limited to the Company's earnings, capital requirements and overall financial condition.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being issued at the Price of Rs. 20/- per share. The Issue price is 2 times of the face value.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for right shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability;
- Such other rights, as may be available to a shareholder of a listed Public Company under the Companies Act and the Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association of the Company dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on "Main Provisions of Articles of Association of the Company" on page 118 of the Draft Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. As per existing SEBI Guidelines, the trading of Equity Shares shall only be in dematerialised form for all investors.

Since trading of Equity Shares of the Company is compulsorily in dematerialized mode, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one (1) Equity Shares subject to a minimum allotment of 300 Equity Shares.

Nomination Facility to the Investor

In accordance with Section 109A of the Act, the sole or first applicant, along with other joint applicants may nominate any one person with whom, in the event of the death of the sole applicant or in case of joint applicants, death of all applicants as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, becoming entitled to the Equity Shares by reason of death of the original holder(s), shall in accordance with Section 109A of the Act, be entitled to the same advantage to which he/she would be entitled if he/she were the registered holder of the Equity Shares. 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 Shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made on a prescribed form available on request at the Registered Office of the Company or the Registrar. In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of the Section 109A of the Act, shall upon production of such evidence as may be required by the Board, elect either:

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

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

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight (8) days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

Arrangement for Disposal of Odd Lots

The Company's share will be traded in dematerialized form only and therefore marketable lot is one (1) share. Therefore, there is no possibility of odd lots.

Restrictions, if any, on Transfer and Transmission of Shares and on their Consolidation/Splitting

For the description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer sub-heading "Main Provisions of the Articles of Association of Aviva Industries Limited" of the Draft Prospectus.

ISSUE PROCEDURE

Principal Terms and Conditions of the Issue

The Equity Shares, now being issued, are subject to the terms and conditions of the Draft Prospectus, the Application Form, the Memorandum & Articles of Association of the Company, the guidelines for listing of securities issued by Government of India and guidelines issued by SEBI from time to time, the Depositories Act and the provisions of the Act.

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

HOW TO APPLY

Availability of Prospectus and Application Forms

The Memorandum, Form 2A containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Manager to the Issue, Registrar to the Issue and the Bankers to the Issue named herein or from their branches as mentioned on the reverse of the Application Form.

Terms of Payment for All Categories

The application must be for a minimum of 300 Equity Shares and thereafter in multiples of 300 Equity Shares. The Equity Shares of Rs. 10/- each are issued at a price of Rs. 20/- per equity share.

In case of allotment of lesser number of Equity Shares than the number applied, the excess amount paid on application shall be refunded by the Company to the applicant.

Reservation

There is no reservation in the issue except as mentioned under the title 'The Issue'.

Option to Subscribe

Except as otherwise stated in the Draft Prospectus, the Company has not entered into, nor does it at present propose to enter into any contract or arrangements whereby any option or preferential right of any kind has been or is proposed to be, given to any person to subscribe for any Equity Shares of the Company.

The Investor shall have an option either to hold the security certificates or to hold the securities in dematerialized form with the depository.

WHO CAN APPLY

Applications to be made by

- a. Indian Nationals resident of India who are majors in single or joint names (not more than three);
- b. Hindu Undivided Families through the Karta of the Hindu Undivided Family;
- c. Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in Equity Shares;
- d. Indian Mutual Funds registered with SEBI;
- e. Indian Financial Institutions & Banks;
- f. Regional Rural Banks and Commercial Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India;
- g. Venture Capital Funds registered with SEBI;
- h. Foreign Venture Capital investors registered with SEBI;
- i. State Industrial Development Corporations;
- j. Insurance Companies registered with Insurance Regulatory and Development Authority;
- k. Provident Funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;

- l. Pension Funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to invest in Equity Shares;
- m. Trusts/Societies who are registered under the Societies Registration Act, 1860, as amended, or any other Trust law and are authorized under its constitution to hold and invest in shares;
- n. Permanent and Regular employees of the Company;
- o. Non-Resident Indians (NRIs) on a non-repatriable basis;
- p. Foreign Institutional Investors (FIIs) registered with SEBI;

Applications not to be made by

- a. Minors
- b. Overseas Corporate Bodies (OCBs)
- c. Foreign Nationals (except NRIs on non-repatriation basis)
- d. Partnership firms or their nominees

Minimum and Maximum Application Size

- 1) For Retail Individual Investors: Application should be for a minimum of 300 Equity Shares and in multiples of 300 Equity Shares thereafter, so as to ensure that the amount payable by the applicant does not exceed Rs. 1,00,000.
- 2) For Other Investors: Application should be for a minimum of such number of Equity Shares so that the amount payable by the applicant exceeds Rs. 100,000 and the number of shares is in multiples of 300. An applicant in the net offer to public category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public.

Subscription by NRIs/ FIIs

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs / FIIs are governed by the regulations contained in FEMA 20/2000-RB dated May 3, 2000 read with AP (DIR Series) Circular No. 38 dated December 2, 2003 shall be applicable. It is to be distinctly understood that there is no reservation and separate Application Form for NRIs on non-repatriation basis and FIIs registered with SEBI and all NRI (on non-repatriation basis) and FII applicants will be treated on the same basis with other categories for the purpose of allotment.

PROCEDURE FOR APPLICATION

A. GENERAL INSTRUCTIONS

1. Applications must be made in the prescribed Application Form and completed in Full in BLOCK LETTERS in English as per the instructions contained herein and in the Application Forms and are liable to be rejected if not so made.
2. The application for Equity Shares should be for a minimum of 300 Equity Shares and in multiples of 300 Equity Shares thereafter.
3. Thumb impressions and signatures other than in English/ Hindi or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.
4. Bank Account Details of Applicant:
The applicant shall have to mention particulars relating to his/her saving bank/current account number and the name of the bank with whom such account is held in the respective space provided in application form, to enable the Registrars to print the said details in the refund orders after the names of the payee to prevent fraudulent encashment of refund order.

The name of the Applicant, Depository Participant's Identification (DPID) number and Beneficiary number provided by the Depository participant must be correctly mentioned in the Application Form at the appropriate place. The Registrar will obtain the Demographic details such as address, applicant's

Bank Account Details and occupation from the depository participants. The refund orders, if any, will be printed with the Bank details as given by the Depository Participant.

5. Applications under Power of Attorney:

In case of applications under Powers of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds, a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the Application Form, indicating the serial number of the Application Form and the name of the Bank and the branch office where the application is submitted.

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form subject to such terms and conditions as it may deem fit.

6. PAN/ GIR Number

Where an application is for a total value of Rs. 50,000/- or more, the applicant or in case of applications in joint names, each of the applicants should mention his/ her/ their Permanent Account number (PAN) allotted under Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle/ Ward/ District should be mentioned. The copy of the PAN Card or PAN Allotment Letter is required to be submitted with application form. In case, where neither the PAN nor the GIR Number has been allotted, or the applicant is not assessed to Income Tax, the appropriate box provided for the purpose in the application form must be ticked. Applications without this will be considered incomplete and are liable to be rejected.

7. Joint Applications in the case of individuals

Applications can be in single or joint names (not more than three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application form at the address mentioned therein.

8. Applications by Hindu Undivided Families

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the HUF and will be treated at par with individual applications.

9. Multiple Applications

An applicant should submit only one Application Form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same.

The Company reserves the right to accept or reject, in its absolute discretion, any or all multiple applications.

A separate single cheque/draft must accompany each Application Form.

10. Application By Mutual Funds

In case of application by Mutual Funds, a separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

11. Stockinvest

Investors will not have facility of applying through stockinvest instrument in the issue as RBI has withdrawn the stockinvest scheme vide notification No. DBOD. NO. FSC. BC. 42/24. 47. 001 / 2033-04 dated November 5, 2003.

Note:

- Applicants are requested to write their names and serial number of the Application Form, on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.
- Applications by NRIs on non-repatriation basis can be made using the Form meant for Public out of the funds held in Non Resident (Ordinary) Account (NRO). The relevant Bank Certificate must accompany such forms. Such applications will be treated on par with the applications made by the public.

B. PAYMENT INSTRUCTIONS

1. Payment shall be made only by way of cash or cheque/ demand draft (money/ postal orders will not be accepted) drawn on any Bank, including a co-operative Bank which is situated at and is a member or sub-member of the Banker's clearing-house located at the place where the application form is submitted, i.e. at designated collection centres.
2. Outstation cheques/demand drafts drawn on Banks not participating in the clearing process will not be accepted.
 - i. All cheques/ demand drafts accompanying the Application Form should be payable in the "Name of the Bank - **A/c Aviva– Public Issue**" and crossed "Account payee only". For e.g. " Bank - A/c Aviva– Public Issue".
4. If the amount payable on application is Rs. 20,000 or more, such payment must be effected only by way of an account payee cheque or Bank draft in terms of section 269SS of the Income-Tax Act, 1961. Otherwise the applications may be rejected and application money refunded without any interest.

APPLICATIONS WHICH ARE NOT COMPLETE IN EVERY RESPECT OR ARE IN CONTRAVENTION OF ANY PROVISIONS/INSTRUCTIONS CONTAINED IN THIS PROSPECTUS OR IN THE MEMORANDUM CONTAINING SALIENT FEATURES OF PROSPECTUS ARE LIABLE TO BE REJECTED.

Grounds for Technical Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- a. Age is not mentioned.
- b. Applications by minors.
- c. PAN or GIR no. is not given, if the value of the application is for Rs. 50,000/- or more.
- d. A copy of PAN Card or PAN Allotment letter is not submitted alongwith application form having value for Rs. 50,000/- or more.
- e. Applicant's bank account information is not given
- f. Multiple Applications.
- g. In case of applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted.
- h. An application accompanied by Stock invests.
- i. Applications by OCBs.
- j. Applications by NRIs on repatriation basis
- k. Applications not duly signed by the sole/joint applicants.
- l. Application forms do not have the applicant's depository account details.
- m. Application not for a minimum of 300 shares or multiples of 300 thereafter.
- n. Application size exceeding the maximum size for the respective category.

- o. Applications by any entity other than the retail individual investor mentioned under the para “Applications to be made by” on page no. 109 of the Draft Prospectus applying for the Equity Shares of the value of Rs. 1,00,000 or less.

FOR FURTHER INSTRUCTIONS REGARDING THE APPLICATIONS FOR THE EQUITY SHARES, INVESTORS ARE REQUESTED TO READ THE APPLICATION FORM CAREFULLY.

SUBMISSION OF COMPLETED APPLICATION FORMS

All applications duly completed and accompanied by cash/ cheques/ demand drafts shall be submitted at any of the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Applications should NOT be sent to the Office of the Company or to the Lead Manager to the Issue.

The investors from the places other than from the places where the collection centers are located can also send their Application Forms alongwith bank Drafts payable at Ahmedabad by registered post with acknowledgement due to the Registrar to the Issue, *MCS Limited* so that the same can be received before the closure of the subscription list. The envelope should be superscribed with the word “Aviva Public Issue”.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each Application form.

Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

For further instructions, please read the application form carefully.

ACCEPTANCE OF APPLICATIONS

The Company reserves the rights to accept or reject, any application, in whole or in part, without assigning any reasons thereof. If the application is rejected in full, the whole of the application money received will be refunded by Electronic transfer of funds or through Registered Post, Speed Post or UPC, as the case may be, to the applicant. If the Application Form is accepted in part, the excess application money will be refunded to the Applicant. Such refund if any will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

BASIS OF ALLOTMENT

In the event of public issue of equity shares being over-subscribed, the allotment will be on a proportionate basis subject minimum allotment being equal to the minimum application size, i.e. 300 shares as explained below:

1. A minimum 50% of the Net Issue to the public will be made available for allotment in favour of those individual applicants who have applied for equity shares of or for a value not more than Rs. 100,000/-. This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines. The Executive Director/Managing Director of the Designated Stock Exchange (BSE) along with the Lead Manager and the Registrar to the issue shall be responsible to ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the guidelines.

2. The balance of the Net Issue to the Public shall be made available to investors including corporate bodies/ institutions and individual applicants who have applied for allotment of equity shares of or for a value of more than Rs. 1,00,000/-.
3. The unsubscribed portion of the net issue to any of the categories specified in (1) or (2) shall/may be made available for allotment to applicants in the other category, if so required.
4. Applicants will be categorized according to the number of Equity Shares applied for.
5. The total number of shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applicants in the category multiplied by the number of shares applied for) multiplied by the inverse of the over subscription ratio.
6. All the Application Forms where the proportionate allotment works out to less than 300 shares per applicant, the allotment shall be made as follows:
 - i. Each successful applicant shall be allotted a minimum of 300 shares; and
 - ii. The successful applicants out of the total applicants for that category shall be determined by draw of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (5) above.
7. If the proportionate allotment to an applicant works out to a number that is more than 300 but is a fraction, then the fraction equal to or higher than 0.50 shall be rounded off to the next integer and if that fraction is lower than 0.50, the fraction shall be ignored. All applicants in such categories shall be allotted shares arrived at after such rounding off.
8. If the shares allotted on a proportionate basis to any category is more than the shares allotted to the applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance shares if any, remaining after such adjustment shall be added to the category comprising applicants applying for minimum number of shares.
9. An Over-subscription to the extent of 10% of the net offer to the Public can be retained for the purpose of rounding off to the nearest integer to a minimum allotment being equal to 300, while finalizing the allotment.

LETTERS OF ALLOTMENT OR REFUND ORDERS

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Guidelines, the Company undertakes that:

- Allotment of Equity Shares will be made within 30 days from the Issue closing date.
- Dispatch of refund orders or refund instructions to the clearing system will be done within 30 days from the Issue closing date
- The Company shall pay interest at 15% per annum (for delay beyond 30 day time as mentioned above), if refund orders are not dispatched and/or demat credit are not made to investors or refund instructions have not been given to the clearing system in the disclosed manner within the 30 day time prescribed above.

The Company will provide adequate funds required for making refunds to unsuccessful applicants as per the mode disclosed under “Dispatch of Refund Order” appearing on page no. 115 to the Registrar to the Issue.

Refunds will be made through electronic transfer of funds or by cheques or pay-orders drawn on the bank(s) appointed by the Company, as refund banker(s). Such instruments will be payable at par at the places where applications are accepted. Bank charges, if any, for encashing such cheques or pay orders will be payable by the applicant.

DESPATCH OF REFUND ORDERS

The Company shall ensure dispatch of refund orders by following mode:

- a) In case of applicants residing at Ahmedabad, Bangalore, Bhubnehwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram – refunds shall be credited through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer);
- c) In case of applicants residing at places other than those specified in (a) above and where the value of refund order is Rs 1500/- or more, refund orders will be dispatched to the applicants by registered post;
- d) In case of applicants residing at places other than those specified in (a) above and where the value of refund order is less than Rs. 1500/-, refund orders will be dispatched under certificate of posting.

INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS / REFUND ORDERS

The Company agrees that as far as possible allotment of Equity Shares offered to the public shall be made within 30 days of the closure of Public Issue. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner appearing on page no. 115 within 30 days from the date of the closure of the Issue. However, applications received after the closure of Issue in fulfilment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

EQUITY SHARE IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares of the Company can be held in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

In this context, two tripartite agreements have been signed between the company, the Registrar to the Issue and the Depositories:

1. an agreement dated [●], 2006 between the Company, NSDL and MCS Limited and
2. an agreement dated [●], 2006 between the Company, CDSL and MCS Limited

All investors can seek allotment only in dematerialised mode. However, an investor will have an option to hold the shares in physical from or demat form. After the allotment in the proposed issue, allottees may request their respective DPs for re-materialisation of shares, if they wish to hold shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.

1. An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
2. The applicant must necessarily fill in the details (including the beneficiary account no. and Depository Participant's ID no.) in the application form.

3. Equity Shares allotted to an applicant in the electronic account will be credited directly to the respective beneficiary accounts (with the DP).
4. Names in the share application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
5. Non-transferable allocation letters/ refund orders will be directly sent to the applicant by the Registrar to this issue.
6. If incomplete/incorrect details are given under the heading 'Applicants Depository Account Details' in the application form, it is liable to be rejected.
7. The applicant is responsible for the correctness of the applicant's demographic details given in the application form vis-à-vis those with his/ her DP.
8. It may be noted that Equity Shares in electronic shares can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. Both the Stock Exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.
9. Trading in the Equity Shares of the Company would be only in dematerialised form for all investors.

UNDERTAKING BY THE COMPANY

The Company undertakes:

- a. that the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- b. that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities issued are to be listed, are taken within 7 working days of finalisation of basis of allotment.
- c. that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Company.
- d. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days of closure of the issue, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund.
- e. that the Certificates of the Equity Shares/Refund Orders to the NRI applicants shall be dispatched within specified time.
- f. that no further issue of securities shall be made till the Equity Shares offered through the Draft Prospectus are listed or till the application moneys are refunded on account of non-listing , undersubscription etc.

UTILISATION OF ISSUE PROCEEDS

The Board certifies that:

- a. All monies received out of the issue of Equity Shares to the public shall be transferred to a separate Bank Account other than the Bank Account referred to in Sub-section (3) of section 73 of the Act, 1956;

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

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting as detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

	CAPITAL AND INCREASE AND REDUCTION OF CAPITAL
Authorised Share Capital Amount of Capital	3. The Share Capital of the Company is Rs.18,00,00,000/- (Rupees Eighteen Crores) divided into 1,80,00,000 (One Crore Eighty Lac) equity shares of Rs.10/- (Rupees Ten only) each.
Increase in Capital	4. The Company in General Meeting may, from time to time, by an ordinary, Resolution increase the capital by the creation of new shares, the increase to be of such aggregate amount and to be dividend into share of such respective amounts as the resolution shall prescribe. Subject to the provision of the Act any shares of the original or increased capital shall be Issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given as the Director shall determine and in particular, such shares may be issued with a preferential or qualified rights to dividends, and in the distribution of assets of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the company has been increased under the provision of this Article, the Directors shall comply with the provisions of section 97 of the Act.
New Capital same as existing capital	5. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions herein contained, with references to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission voting and otherwise.
Redeemable Preference Shares	6. Subject to the provisions of section 80 of the Act, the Company shall have the power to issue preferences Shares which are, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
Provision to apply on issue of Redeemable preference	7. On the issue of Redeemable Preference shares under the Provision of Article 6 hereof the following provision shall take effect” (a) No such shares shall be redeemed except out of the profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption. (b) No such shares shall be redeemed unless they are fully paid. (c) The premium if any, payable on redemption must have been provided for out of the profits of the company-or company’s Share Premium Account before the shares are redeemed. (d) Where any such shares are redeemed otherwise than out the proceeds of a fresh issue there shall out of profits which would otherwise have been available for dividends 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 under section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
Reduction of Capital	8. The Company may (subject to the provisions of sections 78,80 and 100 to 105 inclusive of the Act) from time to time by Special Resolution reduce its capital and any capital Redemption Reserve Account or Premium of premium Account in any

	manner for the time being authorised by law, and in particular capital be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted
Sub-division, consolidation and cancellation of shares	9. Subject to the provisions of section 94 of the Act, the Company in general meeting may, from time to time, consolidate all or any of its share capital into shares of larger amount than its existing shares or sub-divide its shares, or any of them into shares of smaller amount than its fixed by the memorandum and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject to aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
Modification of rights	10. If at any time share capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares all or any other type rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound-up be varied; modified, commuted affected or abrogated with the consent in writing between holders of three-fourths of the issued shares of that class or with the sanction of a special Resolution passed at a separate; general meeting of the holders of the shares of that class This Article not derogate from any power which the Company would have if these Articles were omitted. The provision of these Articles relating to general meetings shall, mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders quorum as defined above is not present, those persons who are present shall be the quorum.
Interest may be paid out of capital	29. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period; at the rate and subject the conditions and restrictions provided by section to the conditions and restrictions provided by section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provision of plant.
SHARES AND CERTIFICATES	
Further issue of Capital	<p>14.(a) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one years from the allotment of shares in the Company made for the first time after its formation whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the persons who at date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at the date, Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.</p> <p>(b) Notwithstanding anything contained in the preceding sub-clause the company may -</p> <p>(i) by a Special Resolution or</p> <p>(ii) where no such Special Resolution is passed, if the Votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal</p>

	<p>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, exceeds 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.</p> <p>Offer further shares to any person or persons and such person or persons may or may not include the persons who are date of the offer are the holders of the equity shares of the Company.</p> <p>(c) Notwithstanding anything contained in sub-clause (a) above, but subject, however, to section 81(3) of the Act, the Company, may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.</p>
Shares under Control of Directors	<p>15. Subject to the Provisions of these Articles and of the Act, the Shares (including and shares forming part of any increased capital of the Company) shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons in such times as the Directors think fit and subject to the sanction of the Company in General Meeting with fully power to give any persons the option to call for or be allotted shares of any class of the Company either (subject to the provisions of sections 78 and 79 of the Act) at a premium or at par or at a discount and such consideration as the Directors think fit. The Board shall cause to be filled the returns as to allotment provided for in section 75 of the Act.</p>
Power also to Company in General Meeting to issue shares	<p>16. In addition to and derogating from the powers for that purpose conferred on the Board under Articles 14 and 15 the Company in general meeting provisions of section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such option being exercisable at such time and for such consideration as may be directed by such general Meeting or the Company in general meeting may make any other provision whatsoever for the issue or allotment or disposal of any shares.</p>
Deposit and call etc. to be a debt payable immediately	<p>19. The money, if any, which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them shall, immediately on the insertion of the name or the name of the allottee in the Register of Members as the name of holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.</p>
Liability of Members	<p>20. Every members, or his heirs, execute or administrators, shall pay to the Company the portion of the capital represented by his share of share which may, for the time being, remain unpaid thereon, in such manner as the Company's regulation require or fixed for the payment thereof.</p>

Share Certificates	<p>21. (a) Every member or allottee of shares shall be entitled without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in case of issues against letters of a acceptance or of renunciation or in case of issue of bonus shares. Every such certificate shall subject to the provisions of section 113 of the Act be issued within a period of three months from the date of allotment under the seal of the Company which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and two Directors and their Attorneys and the Secretary or other person shall sign the share certificate, provided that if composing of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or a whole-time Director. Particulars of every share certificate issues shall be, entered in the Register of Members against the name of the person to whom it has been issue, indicating the date of issue.</p> <p>21.(b) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single member, and the certificate of any share, which may be the subject of Joint ownership, may be a delivered to anyone of such joint owners on behalf of all of them. For any further certificates the Board shall be entitled, but shall not bound to prescribe charge not exceeding Rupee One. The Company shall comply with the provisions of section 1 13 of the Act.</p> <p>(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving metal or lithography, but nor by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other, materials used for the purpose.</p>
Company not bound to recognise any interest in share other than of registered holder	24. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share, (except only as is by these Articles otherwise expressly provided) any rights in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person form time to time registered as the holder thereof, but the Board shall be at liberty at their sole discretion to register any share in the survivor or survivors of them.
	UNDERWRITING AND BROKERAGE
Commission may be paid	27. Subject to the provisions of section 76 of the Act, the Company may at time to time pay a commission to any person inconsideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares o debentures in the Company or procuring, or agreeing to procure subscription (whether absolute or conditional) for any share or debentures in the Company but so that the Commission shall not exceeds in the in case of shares five per cent of the price at which the shares are issued and in the case of debentures two and a half per cent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.
Brokerage	28. The Company may pay a reasonable sum for brokerage
	CALLS
Directors may make calls	30. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as it things fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by instalments.

Notice of Calls	31. Fifteen day's notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such calls shall be paid.
Calls to date from Resolution	32. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board.
Liability of Joint-holders	34. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
Directors may extend times	35. The Board may, from time to time, at its discretion extend the time fixed for the payment of any call, and may extend such time as to all or any of the members whom owing to their residence at a distance or other cause, the Board may deem fairly entitled to such extension but no member shall be entitled to such extension save as a matter of grace and favour.
Calls to carry interest	36. If any members fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.
Sums deemed to be calls	37. Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed rate, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue of same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly and notified.
Proof on trial of suit for money due on shares	38. On the trial or hearing or any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered that the resolution making the call is duly recorded in the Minute Book and that notice of such call was duly given to the member or his representatives used in pursuance of these Articles, and that it shall not be necessary to prove the appointments of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call, was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment in anticipation of calls may carry interest	39. (a) The Board may, if it thinks fit, receive from any member willing to advance the same all or any part of the money due upon the same all or any part of the money due upon the share, held by him beyond the sums actually called for and upon the money so paid in advance, or upon so much thereof as from time to time exceeds the amount of the call made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as the member paying such sum in advance and the Board agree upon. Money so paid in excess of the amount of call shall not rank for dividends or confer a right to participate in profits. The Board may at any time re-pay the amount so advanced upon giving to such member not less than three months notice in writing. (b) No member paying any such sum in advance shall be entitled to voting rights in respect of the money so paid by him until the same would but for such payment become presently payable.
FORFEITURE, SURRENDER AND LIEN	
Company to have lien on shares	40. The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or

	jointly with others) and upon the proceeds of sale thereon, for all moneys (whether presently payable or not) called or payable at fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the condition that Article 21 hereof is to have effect. Any such lien shall extend to an dividends from time to time declared In respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.
As to Enforcing lien by sale	41. For the purpose of enforcing such lien the Board may sell the shares 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 may authorize one of their members to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made unless a sum in respect of which the lien exists is presently payable nor until notice in writing of the intention to sell shall have been served on such member or his representatives and defaults 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.
Forfeiture of Shares If Money Payable on Share Not Paid Notice To Be Given To Member	43. If any member fails to pay any calls or instalment of a call on or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or instalment remains unpaid give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Partial Payment not to preclude forfeiture	45. Neither a judgement in favour of the Company for call or other moneys due in respect of any shares nor any past payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time to be due from any member to the company in respect of its shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of payment of any such money, shall preclude the Company from proceeding to enforce a forfeiture of such shares as hereinafter provided.
In default of payment share to be forfeited	46. If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.
Forfeited share to be the property of the company and may be sold etc.	48. Any share so forfeited shall be deemed to be property of the Company and may be sold, reallocated, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.
Liability on forfeiture	49. Any member whose share has been forfeited shall cease to be a member in respect of the share, but shall notwithstanding such forfeiture, remain liable to pay, and shall forthwith pay to the Company all calls, or instalments, interest and expenses, owing upon or in respect of such Share, at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine, and the Board may enforce payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.
Effect of forfeiture	50. The forfeiture of a small involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
Cancellation of Share Certificate in respect of forfeited shares	53. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificates or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become

	null and void and of no effect and the directors shall be entitled to issue a duplicate certificate in respect of the said shares to the person or persons entitled thereto.
Power to annual forfeiture	54. The Board may at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.
	TRANSFER AND TRANSMISSION OF SHARES
Instrument of Transfer	56. A transfer of shares in the Company shall be by an instrument of transfer in writing in the prescribed form and shall be duly stamped and delivered to the Company in accordance with the provisions of the Act.

	<p>56A. (1) The provision of this Article shall apply notwithstanding any thing to the contrary contained in any other Article of these Articles.</p> <p>(2) (i) The company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depository Act, 1996.</p> <p>(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 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.</p> <p>(iii) Securities in Depository to be in fungible form :- All securities of the Company held by the Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 1 53A, 1 53B, 1 87B, 1 87C & 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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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 dematerialized 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 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.</p>
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Transfer form to be completed and presented to the Company	57. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board, The transferor shall be deemed to be the holder of such shares until the name of the transfer shall have been entered in the Register of Members in respect thereof. Before the registration of transfer the certificate of the shares must be delivered to the Company.
Directors may refuse to register transfer	58. 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 situated to close the Transfer Books, Register of Members or Register of Debenture holders at such 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.
Directors may refuse to register transfer	59. Subject to the Provisions of Section 111 of the Act, and section 22A of the Securities Contracts (Regulation) Act, 1956 the Board may, at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares, whether fully paid or not (notwithstanding that the proposed transferee by already a member) but in such cases it shall within two months from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of the refusal of to the Register such transfer. The Board may decline to register any transfer of a share if the transferor is either alone or jointly with any other person of persons indebted to the Company on any account whatsoever.
Directors may refuse to register transfer	60(1) Without prejudice to the generality of provisions of Article 59, the Board may refuse to register transfer of shares, listed on any of the recognized Stock Exchanges, in the name of the transferee on any one or more of the following grounds, namely: (a) that the instrument of transfer is not proper, or has not been duly stamped and executed, or that the certificate relating to the share has not been delivered to the Company, or that any other requirement under the law relating to registration of such transfer has not been complied with; (b) that the transfer of shares is in contravention of any law; (c) that the transfer of the shares is likely to result in such a change in the composition of the Board of Directors as would be prejudicial to the interest of the Company or to the public interest; (d) that the transfer of the shares is prohibited by any order of any Court, tribunal or other authority under any law for the time being in force.

	<p>61. (1) The Board shall, before the expiry of two months from the date on which the instrument of transfer is lodged with the Company for the purposes of such transfer form its opinion as to whether such registration ought or ought not to be refused on any of the grounds mentioned in Article 60.</p> <p>(2) If the Board has formed the opinion that such registration ought not to be refused the Company shall effect the registration of transfer.</p> <p>(3) If the Board forms on opinion that such registration ought to be refused on the grounds mentioned in clause(a) of Article 60, it shall intimate the transferor and transferee by notice in the following form about the requirements under the law which has or which have to be complied with for securing such registration.</p> <p>(4) If the Board forms an opinion that the registration ought to be refused on any of the grounds mentioned in clauses (b) to (d) of Article 60, it shall make a reference to the Company Law Board and forward copies thereof to the transferor and the transferee.</p> <p>(5) Whether on a reference to the Company Law Board, the said Board directs that the transfer of shares.</p> <p>(a) Shall be registered by the Company, the Company shall register the transfer of shares within 10 days of the order of the Board.</p> <p>(b) need not be registered by the Company, the Company shall, within 10 days from the date of the orders intimate the transferor and the transferee accordingly.</p>
Notice of application when to be given	62. Where, in the case of partly paid shares, an application is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of section 110 of the Act.
Death of one or more joint-holders of shares	63. In case of the death of anyone or more of the persons named in the Register of members as the Joint-holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.
Title of Shares of Deceased Member	64. The executors or administrators or holders of a succession Certificate or the legal representatives of a deceased member (not being one or two or more joint-holders) shall be the only persons recognized by the company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives unless they have first obtained probate or Letter of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India, provided that in any case where the Board in its absolute discretion, thinks fit, it may dispense with production of Probate of Letters of Administration of Succession Certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 65, 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.
No transfer to minor etc.	65. No share shall in any circumstances be subscribed for transfer to any in infant, minor insolvent or person of unsound mind.
Registration of persons entitled to shares otherwise than by transfer	66. Subject to the provisions of the Act and Articles 61 and 62 any person becoming entitled to shares in consequences of the death, lunacy bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that the sustains the character in respect of which he plans to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing ill favour of his nominee an instrument of transfer in accordance with the provision herein contained, and until he does so, he shall not be freed from any liability in respect of the shares.

Persons entitled may receive dividend without being registered as member	67. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends of money as hereinafter provided, be entitled to receive any and may give discharge for any dividends or other moneys payable in respect of the shares.
Fee on registration of transfer probate, etc.	68. No fee shall be charge for: (i) registration of transfer of the Company's shares and debentures; (ii) sub-division and consolidation of shares and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading. (iii) Sub-division of renounceable letters of right; (iv) issue of new certificates in replacement of those which are old, decrepit of worn out or where the cages on the reserve for recording transfer have been fully utilized; (v) registration of any power of attorney, probate letters of administration or similar other documents. (b) Fees agreed upon with the Stock Exchange will be charged for - (i) issue of new certificates in replacement of those that are torn, defaced, lost or destroyed; (ii) sub-division and consolidation of shares and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations other than those fixed for the market unit of trading.
Company not liable for disregard of a notice prohibiting registration of a transfer	69. 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 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 may 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 or 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 to be under any liability whatsoever for refusing of neglecting so to do through it may I have been entered or referred to in some books of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.
Nomination	69A. 1. Every holder of share(s) in and/or debenture(s) of the company so entitled under the Act and Rules framed thereunder, may at any time, nominate, in the manner prescribed under the Act, a person to whom his share(s) in and/or debenture(s) of the Company shall vest in the event of his death. 2. Where the share(s) in and/or debenture(s) of the Company are held by more than one person jointly, the joint holders, so entitled under the Act and Rules framed thereunder, may, together nominate, in the manner prescribed under the Act, a person to whom all the rights in the share(s) and/or debenture(s) of the Company, as the case may be, shall vest in the event of death of all the joint holders. 3. Notwithstanding anything contained in any other law for the time being in force or in any discretion, whether testamentary or otherwise, in respect of the share(s) in and/or debenture(s) of the Company, where a nomination is made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in and/or debenture(s) of the Company the nominee shall, on the death of the share holder and/or debenture holder concerned or on the death of the joint holders, as the case may be, become entitled to all the rights in relation to such share(s) and/or debenture(s) to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act. 4. Where the nominee is a minor, the holder of the share(s) in and debenture(s) of the Company can make nomination in the manner prescribed under the Act, to

	appoint any person to become entitled to the share(s) in and/or debenture(s) of the Company, in the event of his death, during the minority.
Transmission in case of Nomination:	<p>69.B 1. A nominee upon the production of such evidence as may required by the Board and subject as hereinafter provided, elect either</p> <p>a. to be registered himself as holder of the share(s) and/or debenture(s), as the case may be, or</p> <p>b. to make such transfer of the share(s) and/or debenture(s) as the case may be, as the deceased share holders and/or debenture holder concerned or deceased joint holders, as the case may be, could have made.</p> <p>2. If the person being a nominee, so becoming entitled, elects himself to be registered as holder of the share(s) and/or debenture(s), as the case may be, he shall deliver or send to the Company a notice in writing duly signed by him stating that the nominee concerned so elects and such notice shall be accompanied with the death certificate(s) of the deceased share holder/debenture holder/joint holders, as the case may be.</p> <p>3. All the limitations, restrictions and provisions of the Articles of Association of the Company relating to the right to transfer and the registration of transfers of the share(s) and/or debenture(s) shall be applicable to any such notice to transfer as aforesaid as if the death of the share holder/debenture holder had not occurred and the notice or transfer were signed by that share holder and/or debenture holder or joint holders as the case may be.</p> <p>4. A person being a Nominee, becoming entitled to the share(s) and/or debenture(s) by reason of the death of the holder shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the share(s) and/or debenture(s) except that he shall not, before being registered a member in respect of his share(s) or debenture(s), be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.</p> <p>Provided that the Board may at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share(s) and/or debenture(s), and if the notice is not complied with, within 90 days the Board may thereafter with whole payments all dividends, bonuses or other monies payable or right accruing in respect of share(s) and / or debenture(s) until the requirement of the notice have been complied with.</p>
	BORROWING POWERS
Power to borrow	71. Subject to the provisions of Section 292 and 293 of the Act, the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposit from members either in advance of calls or otherwise and generally from any source or rise, for the purpose of the Company borrow or secure the payment of such sums as it thinks fit. Provided however, where the money to be borrowed by the Company's (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, the Board shall not borrow or raise such moneys without the consent of the Company in General Meeting.
Payment or repayment of money borrowed	72. Subject to the provisions of Article 70 hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects, as the Company in General Meeting shall prescribe including the issue of bonds, debentures, debentures-stock of the Company charger upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being and the bonds, debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Terms of issue of Bonds, Debentures	73. Any Bonds, debentures, debentures-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible in to shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at general meetings, appointment of Directors and otherwise. Bonds or debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a Special Resolution.
Notice of refusal to register transfer	76. Subject to the provisions of section 111 of the Act, if the Board refuses to register the transfer of any debenture, the Company shall within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.
	CONVERSION OF SHARES INTO STOCK AND RECONVERSION
Shares may be converted into stock	77. The Company in general meeting may convert any paid-up shares into stock, and when any share shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as and subject to which shares from which the stock arose might have been transferred as 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 share of any denomination.
Right of stock-holders	78. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they hold the shares from which the stock arose but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
Share Warrants	78 A) 1. Power to issue share warrants: The company may issue warrants with such conditions of convertibility into equity shares in accordance with applicable provisions of the Companies Act, 1956, if any and subject to the guidelines, approvals, permissions, sanctions and consent of all other concerned authorities and Departments as may be applicable and necessary and subject to such conditions and modifications as may be prescribed by granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company. 2. The company may issue warrants subjects to and in accordance with the provisions of Section 114 & 115 and accordingly the Board may in its discretion with respect to any shares which is fully paid upon application in writing signed by the person registered as holder of the shares and authenticated by such evidence (if any) as the Board may from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the share and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require to issue a share warrant. 3. Deposit of share warrant (a) The bearer of a share warrant at any time deposit the warrant at the office of the company, and so long as warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the company, and of attending and voting and exercising the other privileges of the member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of shares included in the deposited warrants. (b) Not more than one person shall be recognized as depositor of the share warrant. (c) The company shall on two days written notice, return the deposited share

	<p>warrant to the depositor.</p> <p>4. Privileges & Disabilities of the holder of share warrant:</p> <p>(a) Subject as here in otherwise expressly provided no person shall as bearer of the share warrant, sign a requisition for a calling a meeting of the company, or attend or vote or exercise any of the privileges of a member at a meeting of the company, or be entitled to receive any notice from the company.</p> <p>(b) The bearer of a share warrant shall be entitled in all other respect to the same privileges and advantages of a member at a meeting of the company or be entitled to receive any notice from the company.</p> <p>5. Issue of new share warrant or coupon</p> <p>The Board may from time to time make rules as to the terms on which a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.</p>
	VOTES OF MEMBERS
Members in arrears not to vote	99. No member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls of other sums presently payable by him have not been paid or in regard to which the Company has, and has not exercised, any right of lien.
Number of votes to which member entitled	100. Subject to the provisions of these Articles and without prejudice to any special privileges, or restriction as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such meeting and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company provided, sent at any meeting of the Company, save as provided in clause (b) of, sub-section 87, he shall have a right to vote only on resolution placed before the meeting which directly affect the right attached to his preference shares.
Casting of vote by a member entitled to more than one vote	101. On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.
How member non-competent may vote	102. A member of unsound mind or in respect of whom an order has been made by and court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian, may, on poll vote by proxy.
Votes of joint-members	103. If there be joint registered holders of any shares, anyone of such persons may vote any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at meeting. Several executors or administrators of a deceased member in whose name shares shall be for the purpose of these Articles deemed joint holders thereof.
Voting in person or by proxy	104. Subject to the provisions of these Articles votes may be given either personally or by proxy, body corporate being a member may vote either by proxy or by representative duly authorized in accordance with section 187 of, the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member.
Vote in respect of shares of deceased and insolvent member	105. Any person entitled under Articles 64 to transfer any share may vote at any General Meeting in respect thereof in the same shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting as the case may be, at which he plans to vote, he shall satisfy the Directors of his right to

	transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
Appointment of proxy	106. Every proxy (Whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a body corporate under the common seal of such corporation, or be signed by an officer of any attorney duly authorized by it, and any committee or guardian may appoint such proxy so appointed shall not have any right to speak at the meeting.
Proxy to vote only on a poll	108. A member present by proxy shall be entitled to vote only on a poll.
Deposit of instrument appointment	109. The instrument appointing a proxy and the power of attorney or either authority (if any) under which it is signed or notarially certified copy of that power or authority, shall be deposited at the office not later than forty-eight hours before the time for holding the meeting at which, the person named in the instrument purpose to vote, and in default the instrument appointing a proxy shall be valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
Form of Proxy	110. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.
Validity of votes given by proxy notwithstanding death of member	111. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principle, or revocation of the proxy or of any power of Attorney under which such proxy was signed, or the transfer of the share respect of which the vote is given, provided no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before meeting.
Time for objections of vote	112. No objection shall be made to the validity of any vote except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.
Chairman of the meeting to be the judge validity of any vote	113. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
	DIRECTORS
Number of Directors	115. Subject to the provisions of Section 252 and 259 of the Act, the number of Directors (excluding debenture, ex-officio and alternate Directors) shall not be less than three and not be more than twelve.
Directors Of The Company	116. Not less than two-thirds of total number of Directors of the Company shall: (a) be persons whose period of office is liable to determination by retirement of Directors by rotation. (b) save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.
Nominated Directors	117. Notwithstanding anything to the contrary contained in these Articles so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance; Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Ltd. (ICICI), The Industrial Reconstruction Corporation of India limited (IRCJ), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), General Insurance Company Limited (GIC), The Oriental Fire and General Insurance Company (OFGI), The New India Assurance Company Limited (NIA), United India Insurance Company (UI), Himachal Pradesh Mineral and Industrial Development Corporation Limited (HPMIDC) or a State Finance Corporation or any financial institution owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the

	<p>above is hereinafter this Article referred to as “the Corporation” out of any loan/debenture assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/ Shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors whole-time or non whole-time (which Director or Directors, is/are hereinafter referred to as Nominee Directors) on the Board of the Company and to remove from such office any person or persons so appointee and to appoint any person In his or their place/s.</p> <ul style="list-style-type: none"> • The Board of Directors of the Company shall have no power to, remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director’s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and subject to the same obligations as any other Director of the Company. • The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds or continues to hold Debentures/shares in the Company a result of underwriting or by direct subscription or private placement of the liability of the Company arising out of the guarantee is outstanding and the Nominee Directors so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to corporation are paid off or on the Corporation ceasing the debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation. • The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any form is payable to the Director/s of the Company, the fees, commission moneys and remuneration in the relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be, to such Nominee Director/s. • Provided that if any such Nominee Director/s is an officer of the Corporation, the sitting fees in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. • Provided also that in the event of the Nominee Director/s being appointed as whole-time director/s, such Nominee Director/s shall exercise such power and duties as may be approved by the Corporation and have such rights as are exercised or available to whole time Director in the management of the affairs of the Company. • Such whole-time Director(s) shall be entitled to received such remuneration, fee commission, and monies as may be approved by the corporation.
Power to appoint ex-officio directors	<p>118. Whenever the Directors enter into a contract with any Government central, state or local authority, institution or any person or persons for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever the Directors shall have subject to the provisions of Section 255 of the Act, the power to agree that such government authority, institution person or persons shall have the right to appoint or nominate by the notice in writing addressed to the Company one</p>

	<p>or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire nor be required to hold any qualification shares. The Directors may also agree that any such director or directors may be removed from time to time by the government, institution, person or persons entitled to appoint or nominate them and such person or persons may fill in any vacancy, which occurs as a result of any such director or Directors ceasing to hold that office for any reason whatsoever The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including the payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with such person or persons aforesaid.</p>
Debenture Directors	<p>119. If it is provided by the Trust Deed securing or otherwise in connection with any issue of debentures of the Company that any person or persons shall have power to nominate a Director of, the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A debenture Director may be removed from office at any time be the person or persons in whom for the time being is vested the power under which he was appointed and other Director play be appointed in his place, A debenture Directors shall not be liable to retire by rotation.</p>
Appointment of alternate Director	<p>120. The Board may, in accordance with and subject to the provision of section 313 of the Act, appoint any Alternate Director to act for a Director during latter's absence for a period of not less than three months from the state in which the meetings of the Board are ordinarily held. An alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to that state. If the term of office of the original Director is determined before he so returns to state any provisions in the Act or in these Articles for the automatic reappointment of a retiring Director in default of another appointment shall apply to the original director and not the alternate Director.</p>
Director's power to add to the Board	<p>121. Subject to the provisions of Section 260 and 264 of the Act, the Board shall have power at anytime to appoint any other person to be an additional director' but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 115. Any such additional Director shall hold office only up to the date of the next Annual General Meeting.</p>
Director's power to fill casual vacancies	<p>122. Subject to the provisions of Sections 262 and 264 of the Act, the board shall have power at any time to appoint any other person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to which the Director in whose place he is appointed would have held office if it had not been vacated by him.</p>
Share qualification of Directors	<p>123. A Director need not hold any qualification shares.</p>
Remuneration of Directors	<p>124.(a) Until otherwise determined by the Company in General Meeting, each Director other than the Managing Director and whole time Director shall be entitled to receive out of the funds of the Company for his services in attending meetings of the Board or committees thereof, for such sums as may be prescribed by the Act, or the Central Government from time to time.</p> <p>(b) Subject to the provisions of the Act, a Managing Director or Director in the whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.</p>

	<p>(c) Subject to the provisions of the Act, a Director who is neither in the whole-time employment of the Company nor a Managing Director, may be paid remuneration either,</p> <p>(i) by way of monthly, quarterly or annually payment with the approval of the Central Government: or</p> <p>(ii) by way of commission if the Company by a special resolution authorises such payment.</p>
Special remuneration of Directors performing extra service	125. If any Director be called upon to perform extra services or make special exertions or efforts (which expression shall include work done by a Director as a member of any committee of the Board) the, Board may arrange with such Director of special remuneration for such service or exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above period.
Travelling Expenses incurred by Directors not a bonafide resident	126. The Board may allow and pay to any Director, who is not a bonafide resident of the place where the meetings of the Board are ordinarily held and who shall come to such sum as the Board may consider fair compensation or for traveling, boarding, lodging and other expenses in addition to his fee for attending such meeting as above specified, and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company' reimbursed and traveling or to expenses incurred in connection with business of the Company.
Directors may act notwithstanding any vacancy	127. The continuing Director may act notwithstanding any vacancy in their body if and so long as their member is reduced below the minimum, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting, but for no other purpose.
When office of Director to become vacant	<p>128. Subject to section 283(2) and 314 of the Act the office of a Director shall become vacant if:</p> <p>(a) he is found to be unsound mind by a court of competent jurisdiction or</p> <p>(b) he applies to be adjudicated or insolvent or</p> <p>(c) he is adjudged and insolvent or</p> <p>(d) he fails to pay and call made on him in respect of shares of the Company held by him, whether alone or jointly with others within six months from the date fixed for the payment of such call unless the Central Government has by notification in the official gazette removed the disqualification incurred by such failure or</p> <p>(e) he absents himself from the three consecutive meetings of the Director for continuous period of three months which ever is longer, without leave of absence from the Board or</p> <p>(f) he become disqualified by an order of the Court under section 203 or</p> <p>(g) he is removed pursuant of section 284 or</p> <p>(h) he (whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private Company of which he is a Director accepts a loan, from the Company in contravention of section 295 of the Act or</p> <p>(i) he acts in contravention of section 299 of the Act or</p> <p>(ii) he is convicted by a Court of an offence in involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months or</p> <p>(k) having been appointed a Director by virtue of his holding any office or other employment in the Company or</p> <p>(i) he resigned his office by a notice in writing addressed to the Company.</p>
Director may contract with Company	129(1) Director or his relative firm in which such director or relatives is partner, or may other partner such firm or private company of which the director is member or director may enter into any contract with the Company for sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company, provided that in the case of the Company having a paid up capital of not less than one crores, no such contract shall be entitled into except with the sanction of the Board shall be obtained before or within three months of the date on which the contract is entered into in accordance

	<p>with section 297 of the Act.</p> <p>(2) No section shall, however be necessary for:</p> <p>(a) any purchase of goods and material from the Company, by any director relative firm partner or private Company, aforesaid for cash at prevailing market prices or</p> <p>(b) any contract or contracts between the company on one side and any such director, relative, firm partner or private Company on the other for sale purchase or supply of any goods, materials and service in which either the Company or the director, relative, firm, partner, or private company, as the case may be regularly trades or does business, where the value of the goods and materials or the cost of such service does not exceed As. 5000 (Rupees Five Thousand) in the aggregate in any year comprised in the period of the contracts. Provided in the circumstance of urgent necessity, a director, relative, firm, partner of private company as aforesaid may without obtaining the consent of the Board, enter into any such contracts with Company for the sale, purchases or supply of any goods, materials or services exceeds Rs.5000/- in the aggregated contract, if the consent of the Board shall be obtaining to such contract or contracts at a meeting within the three months of the date on which the contracts was entered into.</p>
Disclosure of interest	<p>130. A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract arrangement, or proposed contract entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in manner provided in section 299 (2) of the Act. Provided that it shall not be necessary for director to disclose his concern or interest in any contracts or arrangement entered into or to be entered into with any of the directors of the Company or two or more of them together holds or hold not more than two per cent of the paid up share capital in any such other Company.</p>
General Notice of Interest	<p>131. A general notice given to the Board by the director to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any notice shall expire at the end of the financial year in which it would have otherwise expired. No such general notice, and no, renewal thereof shall be of effect unless, either it is given at a meeting of the Board or director concerned take a reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.</p>
Interested Directors not to participate or vote in Board's proceedings	<p>132. No director shall as a director take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is, in any way, whether directly or indirectly concerned or interested in such contract arrangement, nor shall his presence count for the purpose of forming quorum at the time of any such discussion or vote, and if he does vote, his vote shall be void. Provided, however, that nothing herein contained shall apply to:</p> <p>(a) any contract of indemnity against any loss which the Directors, or anyone or more of them, may suffer by reason of becoming or being sureties or a surety for the Company:</p> <p>(b) any contract arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely:</p> <p>(i) in this being:</p> <p>(a) a director of such company: and</p> <p>(b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a director thereof, he having been nominated as such director by the Company, or</p> <p>(ii) in his being a member holding not more than 2 percent of its paid-up capital.</p>
Register of Contract in which Directors are interested	<p>133. The Company shall keep a Register in accordance with section 301 (1) and shall within the time specified in section 301 (2) enter therein such particulars as may be relevant having regard to the application thereto of section 297 or section 297 or section 299 of the Act as the case may be. The register aforesaid shall also</p>

	specify, in relation to each director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 131. The Register shall be kept at the office of, the Company and shall be open to inspection at such office and member of the company to the same extent, in the same manner and on payment of the same fees as in the case of the Register of Members of the Company and the provision of section 163 of the Act shall apply accordingly.
Directors may be promoted by the Company	134. A director may be or become a director of any company, or in which it may be interested as vendor, shareholder or otherwise and no such director shall be accountable for any benefits received as a director or shareholder of such company except in so far as section 309(6) or section 314 of the Act may be applicable.
Retirement and rotation of Director	135. Subject to the provision of section 256 of the Act of the these Articles, at every Annual General Meeting of the Company, one third of such of the Directors, for the time being as are liable to retire by rotation or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. In the following Articles a Retiring Directors means a Director retiring by rotation.
Ascertainment of Director's retirement by rotation and filling of vacancies	136. Subject to section 256(2) of the Act, the Director to retire by rotation under Article 135, at every Annual General Meeting, shall be those who have been longest in office since their last appointment, but as between person who are to retire shall, in default and subject to any agreement among themselves, be determined by lot.
Eligibility for re-election	137. A retiring Director shall be eligible for re-election and shall act as Director throughout the meeting at which he retire.
Company to appoint successors	138. Subject to section 258 of the Act, the Company at the General Meeting at which a director retires in the manner aforesaid, may till in the vacated officer by electing a person thereto.
Provision in default of appointment	139 (a) if the place of the retiring Directors is not so filled up and the meeting had not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a holiday, at the same time and place. (b) if at the adjourned meeting also it has been not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless. i. at that meeting or at the previous meeting resolution for the reappointment of such Director has been put to the meeting and lost, ii. the retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be also reappointed, iii. he is not qualified or is disqualified for appointment iv. a resolution, whether special or ordinary, is required for the appointment or reappointment by virtue of any provisions of the Act, or v. the provision to sub0section (2) of section 263 of the Act is applicable to the case .
Company may increase or reduce the number of Directors	140. Subject to section 259 of the Act, the Company may, by ordinary resolution from time to time increase or reduce the number of Directors, and may alter their qualification and the Company may (subject to the provision of section 284 of the Act) remove any Director before the expiration of his period of office and appoint another person instead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.
Notice of Candidate for office of Director except in certain cases	141. (1) No person not being a retiring Director shall be eligible for appointment to the office of Director at any General Meeting unless he or some member intending to purpose him has not less than fourteen days before the meeting left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate

	<p>for the office.</p> <p>(2) Every person other than a Director or a person who has left at the office of the Company a notice under section 257 of the Act signifying his candidate for the office of a Director posted as a candidate for the office of a Director shall sign and file with the Company the consent in writing to act as a Director along with a deposit of Rs.500/- (Rupees Five Hundred only) which shall be refunded to such person if he succeeds in getting elected as a Director.</p> <p>(3) A person other than a Director reappointed after retirement by rotation or immediately on the expiry of his term of office, or an additional or alternate Director, or a person filling a casual vacancy in the office of Director or re-appointed as an additional or alternate Director immediately on the expiry of his term of office, shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filed with the Register his consent in writing to act as such Director.</p>
Register of Director etc and notification of change to Registrar	<p>142 (a) The Company shall keep, at its office a Register containing the particulars of its Directors, Manager, Secretary and other persons mentioned in section 303 if the Act and shall otherwise comply with the provisions of the said section in all respect.</p> <p>(b) The Company shall in respect of each of its Directors also kept at its office a Register, as required by section 307 of the Act and shall otherwise duly comply with the provisions of the said section in all respects.</p>
<p>Disclosure by Director of appointment to any other body corporate.</p> <p>Disclosure by Director of his holdings of shares and debentures of the Company etc.</p>	<p>143. (a) Every Director including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of section 303 of the Act, Manager, or Secretary of the Company shall within twenty days of his appointment to any of the above office in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of section 303 of the Act.</p> <p>(b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (1) of section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that section.</p>
Disqualification of Directors	<p>144. The Company shall not appoint any person as its Director if:</p> <p>(a) he has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;</p> <p>(b) he is an undischarged insolvent;</p> <p>(c) he has applied to be adjudicated as an insolvent and his application is pending;</p> <p>(d) he has been convicted by a Court of any offence involving moral turpitude for not less than six months, and a period of five years has not elapsed from the date of expiry of the sentence;</p> <p>(e) he has not paid any call in respect of shares of the Company held by him, whether alone or jointly with others, and six months have elapsed, from the last day of fixed for the payment of the call ; or</p> <p>(f) an order disqualifying him for appointment as Director has been passed by a Court An pursuance of section 203 and is in force, unless the leave of the Court has been obtained for his appointment in pursuance of that action.</p>
	MANAGING DIRECTOR
The Board may appoint Managing Director	<p>145. Subject to the provisions of the Act and of these Articles, the Board shall have the power to appoint from time to time any of its member as Managing Director of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Boards thinks fit, and subject to the provisions of Articles 144 the Board may by resolution vest in such Managing Director or managing Directors such of the powers hereby vested in the Board generally as it thinks fit and such power may be made exercisable for such period or periods and upon such conditions and subject to such restriction as it may determine. The</p>

	remuneration, of a Managing Director may be by way of monthly payment, fee for such meeting or participation in profits or by any or all these modes or any other mode not expressly prohibited by the Act.
Restriction of Management	146. The Managing Director or Managing Directors shall not exercise the power to: <ul style="list-style-type: none"> (a) make calls on shareholders in respect of money unpaid on the shares in the Company; (b) issue debentures and except to the extent mentioned in the resolution passed in the Board Meeting under section 292 of the Act, shall also not exercise the powers to: (c) borrow moneys otherwise than on Debentures. (d) invest the fund of the Company and (e) make loans.
Special position of Managing Director	147. A Managing Director shall not while he continues to hold that office be subject to retirement by rotation in accordance with Article 135 if he ceases to hold the office of Director he shall 'ipso facto' and immediately cease to be a Managing Director.
	POWERS OF DIRECTORS
Power of Directors	160. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercisable by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations and provisions as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not except with the consent of the Company in General Meetings: <ul style="list-style-type: none"> (a) sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, or where the Company, or where the Company owns more than one undertaking, the whole or substantially the whole of any such undertaking; (b) remit or give time for the repayment of any debt due by Director; (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertakings and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time; (d) borrow money 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; Provided further that the powers specified in section 292 of the Act, shall subject to these Articles be exercised only at meeting of the Board; unless the same be delegated to the extent therein stated; or (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provision of section 349 and 350 of the Act during the three financial years immediately preceding which ever is greater.
Certain powers of the Board	161. Without prejudice to the general powers conferred by the last preceding Articles and so as not in any way to limit or restrict those powers conferred by these Articles, but subject to restriction contained in the last preceding Articles, it is hereby declared that the Director shall have the following powers, that is to say, power: <ul style="list-style-type: none"> (1) To pay and costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company.

	<p>(2) To pay and charge to the capital account of the Company and commission or interest lawfully payable there out under the provisions of sections 76 and 208 of the Act.</p> <p>(3) Subject to section 292 and 297 of the Act to purchase otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.</p> <p>(4) At their discretion and subject to the provisions of the Act to pay for any property, rights, or privileges acquired or Services rendered to the Company either wholly or partially in cash or in shares, bonds debentures, mortgages, or other securities of the credited as paid-up thereon as may be agreed upon, and any such bonds, debentures, mortgages of other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged.</p> <p>(5) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.</p> <p>(6) To accept from any member as far as may be permissible by law, a surrender of his shares or any part of thereof, on such terms and conditions as shall be agreed.</p> <p>(7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company or in which it is interested, or for any other purpose, and to execute and do nil such deeds and things as may be required in relation to any trust and to provide for the remuneration of such trustee of trustees</p> <p>(8) To institute conduct, defend compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon</p> <p>(9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.</p> <p>(10) To make and give receipts, release and other discharge for moneys payable to the Company and for the claims and demands of the Company</p> <p>(11) Subject to the provisions of section 292 295,360 and 372A of the Act, to invest and deal with any moneys of the Company not- immediately required for the purpose thereof upon such security (not being shares of this company) or without security and in such manner as they think fit and from time to time to vary or realize such investments, save as provided in section 49 of the Act, all investments shall be made and held the Company's own name.</p> <p>(12) To execute in the name and on behalf of the Company in favour of any Director other person who may incur or be about to incur any personal liability, whether as principal or surety, for the benefit of the Company, such mortgage of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions covenants and agreements as shall be agreed upon.</p> <p>(13) To determine by way of bonus amongst the staff of the Company a share in the profit of the Company, and to give any officer or other persons employees by the Company a commission on the profits of any particulars business or transactions and to charge such bonus or commissions as part of the working expenses of the Company.</p> <p>(14) To distribute by way of bonus amongst the staff of the company a share or shares in the profit of the Company, and to give to any officer or other persons employed by the Company a commission on the profits of any particulars business or transaction and to charge such bonus or commission as part of the working expenses of the Company.</p>
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	<p>(15) To provide for the welfare of Directors or Ex-Directors or employees or ex-employees of the Company and their wives, widows and families or dependent or connections of such persons, by building or contributing to the building of houses, dwellings or chawls, or by grants or money, pension, gratuities, allowances, bonus or other payments, or by creating, and from time to time subscribing or contributing towards places of instruction and recreations, hospitals and dispensaries, medical and other attendance and other assistance, as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of Public and general utility of otherwise.</p> <p>(16) Before recommending any dividend, to set aside out of the profits of the Company, such sum as they may think proper for depreciation fund or to an insurance fund or, as a reserve fund or sinking fund of any special fund to meet contingencies or to reply debentures or debenture-stock or for repairing, improving extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause) as the Board may, in their absolute discretion think conducive to the interest of the Company and subject to section 292 of the Act to invest the several sums so set aside or so much thereof as require to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefits of the Company, note with standing that the matters to which the Board apply or upon which they expand the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the reserve fund or division of a reserve fund to another reserve fund of and with full power to employ the assets constituting all or any of the funds including the depreciation of debentures or debenture stock and without being bound to pay interest on the same with at their allow to, the credit of such funds interest at such rate as the Board may think, not exceeding nine per cent per annum.</p> <p>(17) To appoint and at their discretion remove or suspended such general manager, managers, secretaries, assistants, supervisors, clerks, agents and servants permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments or remuneration and to require security in such instances and to such amounts as they may think fit. And also from time to time to provide for the management and' transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit, and the provisions contained in the four next following sub-clause shall be without prejudice to the general powers conferred by this sub-clause.</p> <p>(18) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.</p> <p>(19) From time to time and at any time to establish any local board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local boards, and to fix their remuneration.</p> <p>(20) Subject to section 292 of the Act, from time to time and at any time to delegates to any person so appointed for the time being vested in the Board, other than their power to make call or to make loans or borrow moneys, and to authorise the members for the time being of any such local board, or any of them, to fill up any vacancies and such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed and may annul or vary any such delegation.</p> <p>(21) At any time and from time to time by power of attorney under the seal of the Company, to appoint, any person or persons to be the attorney of the Company, for</p>
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	<p>such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make loans and borrow money and for such period and such object and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any Company or the shareholders, Directors, nominee or manager of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power for the protection or convenience of persons dealing with such attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid sub- delegate all or any of the powers, authorities and discretions for the time being vested in them.</p> <p>(22) Subject to section 294, 294AA, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.</p> <p>(23) From time to time to make, vary and repeal by laws for the regulation of the business of the Company its office and servants.</p>
Prohibition of simultaneous appointment of different categories of managerial personnel	<p>162. The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely-</p> <p>(a) Managing Director and</p> <p>(b) Manager</p>
	SECRETARY
Secretary	<p>163. The Board may from time to time appoint and at any time and at its discretion, remove any individual (herein after called “The Secretary”) to perform any functions of which by the Act are to be performed by the secretary and to execute any other ministerial or administrative duties which may from time to time assigned to the secretary by the Board. The Board may also at any time appoint some person (who need not be a secretary) to keep the registers required to be kept by the Company. The appointment of a secretary shall conform to the provisions of Section 383 A of the Act.</p>
	THE SEAL
The Seal its custody and use	<p>164 (a) The Board shall provide a common seal for the purpose of the Company and shall have powers from time to time to destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody of the seal for the time being and the seal shall never be used except by the authority of the Board or a Committee of the Board previously given.</p> <p>(b) The Company shall also be at liberty to have an official seal in accordance with section 50 of the Act, for use in any territory, district or place outside India.</p>
Deeds how executed	<p>165. Every deed or other instrument to which the seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose provided that in respect of the share certificate the seal shall be affixed in accordance with Article 21(a).</p>
	DIVIDEND
Division of profits	<p>166. The profits of the Company subject to any Special rights relating thereto created or authorised to be created by these Articles subject to the provisions of these articles shall be divisible among the members in proportion to the amount of capital paid or credited paid-up on the shares held by them respectively</p>
The Company in general Meeting may declare dividend	<p>167. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.</p>

Dividend only to be paid out of profits	168. No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions 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, provided that: (a) if the Company has not provided for depreciation for any previous financial year or years it shall, before declaring or paying, dividend for any financial year provide for such depreciation out of the profits of the 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.
Interim dividend	169. The Board may, from time to time, pay to the members such interim dividend as in their judgement the position of the Company justifies.
Capital paid-up in advance at interest not to earn dividend	170. Where Capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participation in profits.
Dividend in proportion to amount paid-up	171. All dividends shall be apportion and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividends is paid but if any share is issued on terms providing that it shall rank pari passu for dividend as from a particular date, such share shall rank pari passu for dividend accordingly.
Transfer of share must be registered	172. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
Dividend how remitted	173. Unless otherwise directed any dividend may be paid by cheques or warrant or by a pay slip or receipt having the force of a cheques or warrant sent through the post to the registered address of the member or person entitled or in case of joint-holders to that one of them first named in the register in respect of the joint holdings. Every such cheque or warrant or payslip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant receipt or the fraudulent recovery of the dividend by any other means.
Interest on unpaid dividend	174. Subject to the provisions of section 205 to 208 of the Act, no unpaid dividend shall, bear interest as against the, Company.
Unclaimed dividend	175. Dividend unclaimed will be dealt with in accordance with the provision of section 205 and 205B or other provisions, if any of the Act as may be applicable from time to time. 175A. Any money transferred to the unpaid dividend account of the company which remain unpaid or unclaimed for a period of seven years from the date of declaration of respective dividend shall be the company to investor Education and Protection Fund or any other fund formed by the Central Government pursuant to new section 205C of the Companies Act, 1956. Once the amount so transferred to Investor Education & Protection Fund by the company pursuant to Companies Act or any rules made thereunder, no claim to any money of unpaid /unclaimed amount shall be preferred against the company.
Dividends and call together	176. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend may, if so arranged

	between the Company and the member, be set off against the calls.
	CAPITALISATION
	<p>177(a). The Company in General Meeting may resolve that any moneys investments or other assets forming part of the undivided profits of the Company standing to hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the share premium account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto. as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment of the uncalled liability on any issued shares and that such distribution or payment shall accepted by such shareholders in full satisfaction of their interest in the said capitalised sum provided that a share premium account and a capital redemption reserve account may, for the purpose of this Article, only be applied in the paying any unissued shares to be issued to members of the Company as fully paid bonus shares.</p> <p>(b) A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to charge for income-tax footing that they receive the same as capital</p> <p>(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Articles the Board may settle any difficulty which may arise in regard to the distribution, as it thinks expedient and in particular may issue fractional certificates</p>
	ACCOUNTS
Directors to keep true accounts	<p>178. The Company shall kept at the office or at such other place in India as the Board thinks fit proper books of accounts in accordance with section 209 of the Act with respect to;</p> <p>(a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditures take place;</p> <p>(b) all sales and purchases of goods by the Company;</p> <p>(c) the assets and liabilities of the Company</p>
As to inspection of accounts or books by members	<p>179. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.</p>
Statement of accounts to be furnished to General Meeting	<p>180. The Directors shall from time to time, in accordance with section 210,211,212,215,216 and 217 of the Act, cause 10 be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profits & Loss Accounts and Reports as are required by these sections</p>
Copies shall be sent to each member	<p>181. (1) A Copy of every such Profit & Loss Account and Balance Sheet (including the Auditors Report and every other document required by law to be annexed or attached to the Balance Sheets, shall at least twenty one days before the meeting at which the same are to be laid before the members be sent to the members of the Company, to holders of debentures issued by the Company (not being debentures which ex facia are payable to the bearer thereof) to trustees for the holders of such debentures and to all persons entitled to receive notice of General Meeting of the Company.</p> <p>(2) Without prejudice to the generality of the above provisions the Company may, if its shares are listed at any recognised Stock Exchange make available for</p>

	inspection at its registered office for a period not exceeding 21 days before the date of the meeting and send a statement containing the salient features of such documents in the prescribed forms or copies thereof and the Company may deem fit to every member of the Company and to every trustee for the holder of any debenture issued by the Company not less than 21 days before the date of the meeting.
	AUDIT
Audited and approved balance sheet and Profit and Loss A/c. to be conclusive evidence	182. Every Balance Sheet and Profit & Loss Account of the Company when audited and approved by the Company at an Annual General Meeting shall be conclusive except as regards any error discovered therein. Whenever any such error is discovered the Balance Sheet and Profit, & Loss Account shall forthwith be corrected by the Board and then forth shall be conclusive.
Accounts to be audited	183. Auditors shall be appointed of the Company shall be appointed by the Board within one month of the date of registration of the Companies and the Auditor or auditors so appointed shall hold office until the conclusion of this first Annual General Meeting provided that the Company may, at a General Meeting remove any such auditor or all of such Auditors and appoint in his or their place, any other person or persons who have been nominated for appointment by any member of the Company and of whose nomination notices has been given to the members of the Company not less than fourteen days before the date of meeting provided further that if the Board fails to exercise its power under this Article, the Company in General Meeting may appoint the first Auditor or Auditors.
	INDEMNITY AND RESPONSIBILITY
Director's and others' right of indemnity	192. Subject to section 201 of the Act, every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against all liabilities incurred by him in defending any proceedings whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under section 633 of the Act in which relief is granted to him by the Company.
	SECRECY CLAUSE
	193. (a) Every Director (except institutional/ex-officio director) Auditor, Trustee, Member of committee, office servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors before entering upon his duties, sign, a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company and all matter relating thereto, and shall pay such declaration pledge himself not to reveal any of the matters which may come to his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except, so far as may be necessary in order to comply with any of the provisions in these presents contained. (b) no member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature to the conduct of the business of the Company and which, in the opinion of the Director, it would be inexpedient in the interest of the Company to disclose.

SECTION X - MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Draft prospectus, have been delivered to the Registrar of Companies, Maharashtra, for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company, from 10.00 a.m. to 4.00 p.m. on any working day from the date of the Draft prospectus until the date of closing of the Issue.

Material Contracts

1. Memorandum of Understanding, dated 01/3/2006 signed between the Company and Allianz Securities Limited, the Lead Manager to the Issue.
2. Memorandum of Understanding, dated 10/3/2006 signed between the Company and MCS Limited, the Registrar to the Issue.
3. Copy of the Tri-partite Agreement dated [●] between NSDL, the Company and MCS Limited.
4. Copy of the Tri-partite Agreement dated [●] between CDSL, the Company and MCS Limited.

Documents for Inspection

1. Memorandum and Articles of Association of Aviva Industries Ltd., as amended from time to time.
2. Certificate of Incorporation of Aviva Industries Ltd. dated October 5, 1984.
3. Copy of special resolution passed at EGM dated February 28, 2006 u/s 81 (1A) authorizing the Issue of Equity Shares.
4. Copies of letters to BSE & NSE regarding In-principle approval for Listing.
5. Copies of In-principle approvals from BSE & NSE dated [●] and dated [●] respectively.
6. Copy of Appraisal Report of SBI Capital Markets Limited dated September 24, 2005.
7. Copy of Re-appraisal of State Bank of India dated April 12, 2006.
8. Copy of Auditors Reports issued by Statutory Auditors of the Company viz. J.P. Saboo & Co., Chartered Accountants, dated April 28, 2006
9. Certificate from Statutory Auditors dated April 28, 2006 regarding the deployment of funds in relation to the expansion programme till that date.
10. Copy of Tax Benefits Certificate issued by Statutory Auditors of the Company M/s.J.P.Saboo & co., Chartered Accountants, dated April 4, 2006.
11. Copy of letter dated April 28, 2006 from Legal Advisors for the vetting and approval of the Draft prospectus.
12. Consent letters from Directors, Lead Manager to the Issue, Bankers to the Issue, Bankers to the Company, Statutory Auditors, Legal Advisors to the Issue, Registrar to the Issue, Company Secretary & Compliance Officer to act in their respective capacities and for inclusion of their names in the Draft Prospectus.
13. Copies of Annual Reports of the Company for the last 5 accounting periods i.e. FY 2002, FY 2003, FY 2004, FY 2005 and FY 2006.
14. Copies of Annual Reports of the Group Companies viz.
15. Due Diligence Certificate dated April 28, 2006 issued by Lead Manager to the Issue, Allianz Securities Limited.
16. A copy of the SEBI Final observation letter no. [●] dated [●], 2005 received from SEBI, Mumbai.

SECTION XI - DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Draft prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all statements in the Draft prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS OF AVIVA INDUSTRIES LIMITED

Mohan Gupta
Chairman

Sunil Kumar Gupta
Managing Director

Jatin Gupta
Non-Executive Director

Shyam sunder Gupta
Non-Executive Director

Anil Kumar Singhal
Non-Executive Independent Director

Sandeep Goyal, Director
Non-Executive Independent Director

Pawan Kumar Gupta
Non-Executive Independent Director

Ajay Kumar Gupta
Non-Executive Independent Director

Rajesh Gohil
Chief Finance Officer

Date: April 28, 2006

Place: Mumbai