

**RED HERRING PROSPECTUS**

Please read Section 60B of the Companies Act, 1956.

Dated May 21, 2007

100% Book Built Issue

MEGHMANI ORGANICS LIMITED

(Originally formed as a partnership firm in the name and style of M/s Gujarat Industries. Subsequently the partnership firm was incorporated into a company at Ahmedabad in the state of Gujarat with the name "Meghmani Organics Limited" on January 2, 1995 under part IX of the Companies Act, 1956, with the Registration No. 04-24052 and Corporate Identity Number U24110GJ1995PLC024052)

Registered Office: Plot No. 184, Phase II, G.I.D.C. Vatva, Ahmedabad -382 445, Gujarat, India.

Corporate Office: Meghmani House, Shrinivas Society, Off New Vikas Gruh Road, Paldi, Ahmedabad – 380 007, Gujarat, India.

Tel: + 91 79 25831210 **Fax:** +91 79 25833403. **Contact Person:** Mr. Kamlesh Mehta;

E-mail: ipo@meghmani.com; **Website:** www.meghmani.com

PUBLIC ISSUE OF [●] EQUITY SHARES OF RE. 1/- EACH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) FOR CASH AGGREGATING RS. 1020 MILLION BY MEGHMANI ORGANICS LIMITED (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE WILL CONSTITUTE [●]% OF THE POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.

PRICE BAND: Rs. 17/- TO Rs. 19/- PER EQUITY SHARE

THE ISSUE PRICE IS 17 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 19 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

In case of revision in the Price Band, the Bidding / Issue Period shall be extended for three additional working days after such revision, subject to the Bidding / Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding / Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, by issuing a press release and by indicating the change on the websites of the Book Running Lead Managers ("BRLMs") and the terminals of the member of the Syndicate.

In terms of Rule 19 (2) (b) of the SCRR, this being an Issue for less than 25% of the post - Issue paid up share capital of our Company, this Issue is being made through 100% Book Building Process wherein at least 60% of the Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. If at least 60% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded. Further, up to 10% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares of our Company in India, there has been no formal market for the Equity Shares of our Company. The face value of the shares is Re. 1/- and the Issue Price is [●] times of the face value. The Issue Price (as determined by our Company, in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing. **Our Company has not opted for grading of this Issue from credit rating agency.**

GENERAL RISKS

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

COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

Our Singapore Depository Shares are listed on the Singapore Exchange Securities Trading Limited. The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE"). We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated April 16, 2007 and November 27, 2006, respectively. For purposes of this Issue, National Stock Exchange of India Limited is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS**REGISTRAR TO THE ISSUE****Edelweiss Capital Limited**

14th Floor, Express Towers
Nariman Point, Mumbai – 400 021.

Tel. No: +91 22 2286 4400

Fax No: +91 22 2288 2119

E-mail: meghmani.ipo@edelcap.com

Contact Person: Mr. Shailendra Sabhnani

Website: www.edelcap.com

**IL&FS Investsmart Limited**

The IL&FS Financial Centre,
Plot C-22, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051

Tel No: +91 22 2653 3333

Fax No: +91 22 6693 1862

E-mail: meghmani.ipo@investsmartindia.com

Contact Person: Ms. Poorna Pikle

Website: www.investsmartindia.com

**INTIME SPECTRUM
REGISTRY LIMITED****Intime Spectrum Registry Limited**

C-13, Pannalal Silk Mills Compound LBS Road,
Bhandup (West),
Mumbai 400 078

Tel: +91 22 2596 0320 (9 lines)

Fax: +91 22 2596 0329

E-mail: meghmani-ipo@intimespectrum.com

Contact Person: Mr. Sachin Achar

Website: www.intimespectrum.com

ISSUE PROGRAMME

BID / ISSUE OPENS ON : JUNE 04, 2007

BID / ISSUE CLOSURES ON : JUNE 07, 2007

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SECTION I GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

Term	Description
"MOL", "our Company", "the Company" "we" "us" and "Issuer"	Meghmani Organics Limited, a public limited company incorporated under the Companies Act.
"Promoter Group"	Ishwarbhai Patel, Kunverben Patel, Kantibhai Patel, Ganpatbhai Patel, Popatbhai Patel, Haribhai Patel, Taraben Patel, Maulik Patel, Kruti Patel, Nayanaben Soparkar, Deval Soparkar, Ruchi Soparkar, Bhartiben Patel, Disha Patel, Ankit Patel, Kalpanaben Patel, Karna Patel, Vaishakhi Patel, Nayanaben Patel, Chintan Patel and Darshan Patel and also including Promoters Group Entities.
"Promoters Group Entities"	Our Company and Group Companies and Ventures promoted by our Promoters being (i) Meghmani Dyes and Industries Limited; (ii) Meghmani Industries Limited; (iii) Meghmani Chemicals Limited; (iv) Fidelity Exports Private Limited; (v) Vanguard Overseas Limited; (vi) Meghmani Europe BVBA; (vii) Meghmani Exports Limited SDeCV (viii) Labland Biotech Pvt. Ltd. (ix) M/s. Ashish Chemicals; (x) M/s. Alpanil Industries; (xi) M/s. Matangi Industries; (xii) M/s. Tapsheel Enterprises; (xiii) M/s. Meghmani Chemicals; (xiv) M/s. Patel Trading and Investment Company (erstwhile M/s Patel Dyestuff Industries),.

CONVENTIONAL / GENERAL TERMS

Term	Description
Articles/ Articles of Association	The Articles of Association of our Company.
Auditors	The statutory auditors of our Company, being M/s Patel & Khandwala, Chartered Accountants.
Board of Directors / Board	The Board of Directors of our Company or a Committee thereof.
Boilers Act	Indian Boilers Act, 1923, as amended from time to time.
Companies Act	The Companies Act, 1956, as amended from time to time.
Corporate Office	Meghmani House, Shrinivas Society, Off New Vikas Gruh Road, Paldi, Ahmedabad - 380 007, Gujarat, India.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of our Company unless otherwise specified.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company.

Non Resident	A person who is not resident in India except NRIs and FIIs.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEM (Transfer or Issue of Security of a Person Resident Outside India) Regulations, 2000, as amended.
Registered Office	Plot No. 184, Phase II, G.I.D.C. Vatva, Ahmedabad -382 445, Gujarat, India
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid.

ISSUE RELATED TERMS

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Banker(s) to this Issue	HDFC Bank Limited, ICICI Bank Limited, UTI Bank Limited, Kotak Mahindra Bank Limited and Standard Chartered Bank
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus and Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.
Bidding / Issue Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Book Building Process	Book building mechanism as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.
BRLMs / Book Running Lead Managers	The Book Running Lead Managers for Issue being, Edelweiss Capital Limited and IL&FS Investsmart Limited

CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in accordance with the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Cut-Off / Cut-Off Price	The Issue Price finalised by our Company in consultation with the BRLMs and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	National Stock Exchange of India Limited
Draft Red Herring Prospectus	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue.
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue.
Equity Shares	Equity Shares of our Company of face value of Re. 1/- each unless otherwise specified in the context thereof.
Escrow Account(s)	Account(s) opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among our Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLMs in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The bank(s), which are clearing members and are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being HDFC Bank Limited, ICICI Bank Limited, UTI Bank Limited, Kotak Mahindra Bank Limited and Standard Chartered Bank.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Indian GAAP	Generally accepted accounting principles in India.
Issue	The issue of ["] Equity Shares of Re. 1/- each fully paid up at the Issue Price aggregating Rs. 1020 million.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount. Depending on the category of the Bidder or such additional margin, not exceeding 100% of the Bid amount, that may be called for by our Company, in consultation with the BRLMs

Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time. Upto 5 % of the QIB portion that shall be available for allocation on proportionate basis to Mutual Funds only and the remainder of the QIB portion shall be available for allocation on a proportionate basis to all QIB bidders, including Mutual Funds.
Mutual Fund Portion	5% of the QIB portion or [●] Equity Shares available for allocation to mutual Fund only, out of the QIB Portion
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000
Non Institutional Portion	The portion of this Issue being up to 10% of the Issue consisting of [●] Equity Shares aggregating Rs. 102 million, available for allocation to Non Institutional Bidders.
Pay-in Date	Date of submission of Bid or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	Means: (i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/ Issue Closing Date; and (ii) With respect to QIBs, whose Margin Amount is at least 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price ("Floor Price") of Rs. 17 and the maximum price ("Cap Price") of Rs. 19 and includes revisions thereof.
Pricing Date	The date on which our Company in consultation with the BRLMs finalises the Issue Price.
Prospectus	The Prospectus, to be filed with the RoC in accordance with the provisions of the Companies Act containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker(s) to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
Refund Banker	UTI Bank Limited
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	Consists of [●] Equity Shares aggregating Rs. 612 million being at least 60% of the Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million (subject to applicable law).

Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Offer. The Red Herring Prospectus will be filed with the RoC at least three days before the opening of the Issue and will become a Prospectus after filing with the RoC after the pricing and allocation
Registrar/ Registrar to this Issue	Intime Spectrum Registry Limited
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means funds through ECS, Direct Credit, NEFT and RTGS as applicable
Retail Individual Bidders	Individual Bidders (including HUFs in the name of Karta and Eligible NRIs) who have Bid for an amount less than or equal to Rs. 100,000 in any of the bidding options in this Issue.
Retail Portion	Consists of [•] Equity Shares aggregating Rs. 306 million, being up to 30% of the Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited
Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	Edelweiss Securities Private Limited and IL&FS Investsmart Limited
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members to the Bidders as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date.

COMPANY / INDUSTRY RELATED TERMS

Term/abbreviation	Description/Full form
Acephate	An organophosphate insecticide for use on fruit, cotton, rice, vegetable and pulses, which can kill insects by direct contact or ingestion
Agrochemical(s)	Chemicals normally used in agriculture, including pesticides, herbicides, fungicides and growth regulants
Agronule Facility	Production facility located at Plot No. 22/2 GIDC, Panoli . Ankleshwar Bharuch
Alpha Blue	Alpha grade of Copper Phthalocyanine Blue pigment which provides redder shade of blue
Alpha Cypermethrin	A pyrethroid insecticide used for crop protection and public health
Ankleshwar Plant/Facility	Our Agrochemicals division, Unit II located at 5001/B, GIDC, Ankleshwar 393 002, District Bharuch, Gujarat India
AZO Pigments	Water insoluble colourants produced by diazotization and coupling
Beta Blue	Beta grade of Copper Phthalocyanine Blue pigment which provides bright greenish shades of blue

Biological Oxygen Demand or BOD	The amount of oxygen required by aerobic micro-organisms to decompose the organic matter in a sample of water, such as that polluted by sewage, and is also used as a measure of the degree of water pollution
Carbon Bed Treatment	The use of activated carbon in filter beds, as a filter medium in water and wastewater treatment systems
Chharodi Plant/facility	Our Agrochemical Division located at plot No. 402,403,404,452, Village Chharodi, District Ahmedabad, Gujarat India.
Chemical Oxygen Demand or COD	A measure of water quality, and is used to measure the quantity of oxygen used in biological and non-biological oxidation of materials in water
Copper Phthalocyanine Blue or Pigment Blue or CPC Blue or Copper Phthalocynine Crude Blue	A blue pigment which is a cyclic product of copper and reaction between Phthalic Anhydride and Urea
Cypermethric Acid Chloride, CMAC or DV Acid Chloride	A pesticide intermediate mainly used for the manufacture of synthetic pyrethroid based insecticides, such as Cypermethrin, Permethrin and Alpha Cypermethrin
Cypermethrin	A synthetic pyrethroid used for crop protection, public health and household insecticide
DMPAT	Di-Methyl Phosphoro Amido Thioate, a raw material used in the manufacture of the Pesticide Intermediates
Formulators	Manufacturers who purchase Technical Grade Pesticides to formulate into Pesticide Formulations
Insecticide(s)	The chemical used to kill insects
Hysol-P	A solvent used in the manufacture of CPC Blue
Meta Phenoxy Benzaldehyde or MPB	A pesticide intermediate used for the manufacture of most synthetic pyrethroid based insecticides, such as Cypermethrin, Fenvalerate and Alpha Cypermethrin
MPBA or Meta Phenoxy Benzyl Alcohol	A pesticide intermediate used for the manufacture of most synthetic pyrethroid based insecticides.
ONT or Ortho Nitro Toluene	A solvent used in manufacture of CPC Blue
Off-patent Pesticide Molecules	Pesticide molecules for which there is no subsisting patent protection
Panoli Plant / Facility	It refers to both Panoli Unit I and Unit II. Panoli Unit I was converted as a 100% EOU on September 25, 2002 and Panoli Unit II was converted as a 100% EOU on April 26, 2002 located at GIDC, Panoli, Ankleshwar
Permethrin	A synthetic pyrethroid insecticide which is used for pest control and public health purposes
Pesticide(s)	A substance used for destroying various pest on crops or found in household such as insects, fungus, herbs
Pesticide Formulations	Pesticides in diluted form after mixing with diluents and other additives, for sale to end users like farmers
Pesticide Intermediates	Raw materials for the manufacture of pesticides

Phthalocyanine Green 36 or PG-36 or Pigment Green 36	A green pigment which is the bromo-chlorinated derivative of Pigment Blue and which provides very yellowish shades of green, and its colour becomes more yellow as more chlorine atoms in Pigment Green 7 are replaced by Bromine
Phthalocyanine Green 7, PG-7 or Pigment Green 7	A green pigment which is a chlorinated derivative of Pigment Blue
Pigment Violet	A bright strong violet pigment with excellent fastness properties and high tinting strength, that finds applications in all markets including coating, liquid inks, offset inks and plastics
Pigment(s)	Insoluble colouring compound
Phthalocyanine Pigments	Phthalocyanine pigments constitute a broad class of pigments including Copper Phthalocyanine Blue and Phthalocyanine Green
Synthetic Pyrethroid	Synthetic chemical compounds having similar insecticidal properties to pyrethrin;
Technical Grade Pesticides	Pesticides in concentrated form used by manufacturers of Pesticide Formulations
Triazophos	Pesticides used mainly for cotton
Vatva Plant/facility	Our Pigments Division located at Plot no. 184 Phase II GIDC Vatva, District Ahmedabad, Gujarat India

ABBREVIATIONS

Abbreviation	Full Form
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIB	Central Insecticide Board
DP	Depository Participant
€ / Euro	Euro, the legal currency of Europe
ECS	Electronic Clearing System
EBDITA	Earnings before Depreciation, Interest, Tax and Amortisation
EGM	Extraordinary General Meeting of the shareholders
EPS	Earnings Per Equity Share
EU	European Union
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations issued thereunder
FII / Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India

FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
GIR Number	General Index Registry Number
Gol/ Government	Government of India
HUF	Hindu Undivided Family
IPO	Initial Public Offer
I. T. Act	The Income Tax Act, 1961, as amended from time to time
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise
LC	Letter of Credit
MNC(s)	Multi National Corporation (s)
MoA	Memorandum of Association
Mt	Metric Tonne
NAV	Net Asset Value
NBFC	Non-Banking Finance Company
NRE Account	Non-Resident (External) Account
NRO Account	Non-Resident (Ordinary) Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTA	Net Tangible Assets
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of atleast 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this issue
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
R & D	Research and Development
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended from time to time
RoC/Registrar of Companies, Gujarat at Ahmedabad	The Registrar of Companies, Gujarat located at, R O C Bhavan, Opp. Rupal Park, Nr. Ankur Bus Stop, NaranPura, Ahmedabad - 380 013, Gujarat, India
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
Rs./ Rupees / INR / Re.	Indian Rupees, the legal currency of the Republic of India

S \$	The Singapore Dollar, the legal currency of Singapore
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SDS	Singapore Depository Shares
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time
SGX - ST Main Board	Singapore Exchange Securities Trading Limited
SIA	Secretariate for Industrial Assistance
SSI	Small Scale Industries
Tpa	Tonne per Annum
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time
UoI	Union of India
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.

Notwithstanding the foregoing, in the chapter titled "Financial Statements", "Statement of Tax Benefits" and "Main Provisions of the Articles of Association of our Company" beginning on page nos. 116, 40 and 209 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the respective sections.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information used in this Red Herring Prospectus is derived from our Company's restated unconsolidated financial statements as of and for the period/ years ended December 31, 2006, March 31, 2006; 2005; 2004; 2003 and 2002, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Guidelines, as stated in the report of our statutory Auditors, M/s. Patel & Khandwala, Chartered Accountants, included in this Red Herring Prospectus.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2005) are to the fiscal year ended March 31 of a particular year.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

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

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

FORWARD-LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus which contain words or phrases such as "will", "aim", "is likely to result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions, that are "forward-looking statements".

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- Increased competition in the sectors/areas in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, see the chapters titled "Risk Factors" "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page no. xii, 48 and 138 of this Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II - RISK FACTORS

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain, a complete understanding of our Company, you should read this section in conjunction with the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on page no. 48 and 138 of this Red Herring Prospectus as well as the other financial and statistical information contained in the Red Herring Prospectus. If any of the following risks occur, our results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline and you may lose all or part of your investments.

These risks are not the only ones that we face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless otherwise mentioned in the relevant risk factors discussed below, we are not in a position to quantify the extent of the risks specified herein.

Materiality:

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

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

Project Related Risk

- 1. Our objects of the Issue for which funds are being raised have not been appraised by any bank, financial institution or an independent organization.**

The requirement of funds as stated in the section titled 'Objects of the Issue' beginning on page no. 27 of this Red Herring Prospectus is based on internal management estimates and has not been appraised independently by any bank, financial institution or any independent organization. The deployment of funds is entirely at the discretion of the Board of Directors and is not subject to any monitoring by any independent agency. All the figures included under the section titled 'Objects of the Issue' beginning on page no. 27 of this Red Herring Prospectus are based on our own estimates.

- 2. We have not identified alternate source of financing the 'Object of the Issue'. If we fail to mobilize resources as per our plans, our growth plans may be affected.**

We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the issue proceeds may delay the implementation schedule of our expansion project and could adversely affect our growth plans.

- 3. We have not placed orders for certain plant and machinery, equipments, etc. as stated in the section titled 'Objects of the Issue' beginning on page no. 27 of this Red Herring Prospectus. Any delay in procurement of plant and machinery, equipments, etc. may delay the implementation schedule which may also lead to increase in prices of these equipments, further affecting our cost, revenue and profitability.**

The net proceeds of the Issue are proposed to fund the planned expansions as explained in the section titled 'Objects of the Issue' beginning on page no. 27 of this Red Herring Prospectus. In respect of plant & machinery, we have placed orders amounting to Rs. 36.77 million, which translates into 35% of the total cost of plant & machinery. We are yet to place orders to the tune of Rs. 68.23 million, which constitutes 65% of the total cost of

plant and machinery. Any delay in placing the orders or procurement of plant and machinery, equipments, etc. may delay the implementation schedule. Such delays may also lead to increase in prices of these equipments, further affecting our cost, revenue and profitability.

4. Delay or non-receipt of certain regulatory approvals may delay our proposed expansion plans and would adversely affect our growth plans.

Except for the existing licenses for the properties on which the project is to be carried out, Company has not received nor applied for any approvals for the proposed expansion. Any delay/non-receipt of the above licenses and/ or approvals that may be required for the proposed additional facilities could result in a cost and time over run, and accordingly adversely affect our operations and profitability. For further details, please refer to section titled 'Government /Statutory Approvals' on page no 165 of this Red Herring Prospectus.

5. Investment in our subsidiary company to finance setting up 3 MW Captive Power Plant ("CPP") may not yield returns.

We and Meghmani Industries Limited have promoted. Meghmani Energy Limited (MEL), a company which will set up 3 MW Captive Power Plant. The CPP will cater primarily for the power requirements of our Chharodi Unit and for unit of Meghmani Industries Limited. Any delay or inability of MEL to set up the CPP due to non-receipt of any approvals, consents may not yield the returns on our investment and may affect our operations and profitability.

6. There has been a delay in the schedule of implementation for setting up multi-purpose Agro chemicals plant

One of the objects of the Issue is to set up a multi-purpose agro-chemicals plant at GIDC Industrial Estate, Panoli, Dist. - Bharuch. There has been a delay in the implementation in relation to the same, from the schedule of implementation as mentioned in the DRHP. The details of the original and revised schedule of implementation in relation to the same is as follows:

Activity	Schedule of implementation as per DRHP		Revised Schedule of implementation	
	Commencement	Completion	Commencement	Completion
Civil Work/Building	January 2007	December 2007	June 2007	March 2008
Plant & Machinery	April 2007	March 2008	August 2007	March 2008
Trial Production	-	-	June 2008	-
Commercial Production	April 2008	-	August 2008	-

We cannot assure that we would be able to execute this project within the revised timeframe, or within the costs as originally estimated by us. Any further time overrun or cost overrun may adversely affect our growth plans and profitability

7. We have not yet definitively identified any target(s) for availing of inorganic growth opportunities / diversification opportunities. Any delay in identification of such opportunities may delay our business growth.

One of the objects of the Issue is to avail of inorganic growth opportunities /diversification opportunities. However, we have not definitively identified or entered into any agreements in relation to the same. We cannot assure you that we would be able to consummate acquisition(s) or conclude such definitive agreements on terms acceptable to us, or if at all. We cannot assure you that our acquisition(s), if any, pursuant to availing inorganic growth opportunities/diversification opportunities, would be at an optimum price, or that the same will not turn out to be overpriced or overvalued, which may adversely affect our projected returns in relation to such acquisition. Further, the inability to identify the right acquisition targets could lead to consequential difficulties like integration of business of both partners, including its operations, personnel, technology and software.

The funds raised for this objects are proposed to be deployed in fixed deposits in scheduled commercial banks for the necessary duration.until the targets of inorganic growth opportunities /diversification opportunities are identified.

Internal Risk Factors

Legal Proceedings

8. GPCB Notices.

In the past we had received (14) fourteen show cause notices from the Gujarat Pollution Control Board ("GPCB") requiring specific compliances of the environment protection law, and our Company has replied to the same. Failure to comply with these may lead to cessation of the production at the said plants or penal action against the Company, in turn affecting the business and finance of our Company.

In relation to our Chharodi Unit, we have applied for extension of stay on the direction to stay the production as contained in GPCB notice no. GPCB/ABD/CCA-12/33036 dated December 31, 2006 which had been extended till June 30, 2007. This application is pending.

9. Directors of our Company are involved in the following Legal Proceedings

Our Directors, Mr. Ashish Soparkar, Mr. Anand Patel, Mr. Natwarlal Patel and Mr. Ramesh Patel are involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may affect our Directors and may be liable for penalty. A classification of these legal proceedings against our Directors are given in the following table:

Type of legal proceedings	Total number of pending cases / show cause notices / summons	Financial Implications (to the extent quantifiable, being express amounts claimed) (Rs. in million)
Excise and Customs Cases	4	0.5 Amount of penalty not quantifiable in 3 cases
Director General of Foreign Trade (DGFT) (against Mr. Natwarlal Patel and Mr. Ramesh Patel in their capacity as Directors of Meghmani Industries Limited)	1	Not quantifiable

10. Our Company is involved in the following Legal Proceedings

Our Company is involved in certain legal proceedings and claims in relation to certain civil, criminal, labour, property disputes, arbitration and taxation matters incidental to our business and operations. We are also subject to claims arising from excise (including show cause notices) and sales tax disputes. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may affect our business and results of operations. A classification of these legal and other proceedings instituted by and against our Company are given in the following table:

Cases Filed against our Company

Type of legal proceedings	Total number of pending cases / show cause notices / summons	Financial Implications (to the extent quantifiable, being express amounts claimed) (Rs. in million)
Income Tax Cases	2	8.38 Penalty / interest not quantifiable
Excise and Customs Cases	5	14.99
Labour Cases	32*	97.46
Trade Mark Cases	1	Not quantifiable

* - Including twenty cases filed against both, our Company and Meghmani Dyes and Intermediates Limited

Cases filed by our Company

Type of legal proceedings	Total number of pending cases / show cause notices / summons	Financial Implications (to the extent quantifiable, being express amounts claimed) (Rs. in million)
Criminal Cases		
(Under Negotiable Instruments Act)	53	28.01
Income Tax Cases	5	66.78
Excise Cases	1	48.66
Trade Mark Cases	17	Not quantifiable.
Civil Cases	7	Not quantifiable.

11. Some of our Promote Group Companies are involved in the following Legal Proceedings**i. M/s. Meghmani Chemicals**

Type of legal proceedings	Total number of pending cases / show cause notices / summons	Financial Implications (to the extent quantifiable, being express amounts claimed) (Rs. in million)
Criminal Cases filed by Meghmani Chemicals (under Negotiable Instruments Act)	6	1.00

ii. Meghmani Industries Limited ("MIL")

Type of legal proceedings	Total number of pending cases / show cause notices / summons	Financial Implications (to the extent quantifiable, being express amounts claimed) (Rs. in million)
Criminal Cases filed by MIL (Under Negotiable Instruments Act)	6	1.46
Income Tax Cases filed against MIL	1	3.14
Excise and Customs Cases (one filed against MIL and one by MIL)	2	0.40
Sales Tax Cases filed by MIL	2	Not quantifiable.
Labour Cases filed against MIL	2	Not quantifiable
Case filed by Directorate of Revenue Intelligence against MIL	1	Not quantifiable
Case filed by Director General of Foreign Trade against MIL	1	Not quantifiable

iii. Meghmani Dyes and Intermediaries Limited. ("MDIL")

Type of legal proceedings	Total number of pending cases / show cause notices / summons	Financial Implications (to the extent quantifiable, being express amounts claimed) (Rs. in million)
Income Tax Cases (filed against MDIL)	2	3.70
Excise Cases filed against MDIL	1	0.699
Sales Tax Cases (filed by MDIL)	2	2.65
Labour Cases (filed against MDIL)	28*	97.61

* - Including twenty one cases filed against both, Meghmani Dyes and Intermediates Limited and our Company.

iv. M/s. Tapsheel Enterprises

Type of legal proceedings	Total number of pending cases / show cause notices / summons	Financial Implications (to the extent quantifiable, being express amounts claimed) (Rs. in million)
Criminal Cases Filed By Tapsheel Enterprises	1	1.27
Excise Cases (filed against Tapsheel Enterprises)	1	0.18
Civil Cases (filed by Tapsheel Enterprises)	1	1.40

For further details regarding these litigations, please refer to the section titled "Outstanding Litigations, Material Developments and other Disclosures" beginning on page no. 146 of this Red Herring Prospectus.

- 12. Mr. K.N. Venkatasubramanian, is an independent Director of our Company and his name appeared in the list of defaulters/wilful defaulters of RBI with respect to Essar Oil Limited which had defaulted in payment of loans taken from various financial institutions. For details of the same please refer to section titled "Outstanding Litigations, Material Developments and other Disclosures" beginning on page no. 146 of this Red Herring Prospectus.**

For further details regarding these litigations, please refer to the section titled "Outstanding Litigations, Material Developments and other Disclosures" beginning on page no. 146 of this Red Herring Prospectus.

Risk related to the Business

- 13. We had negative cash flows for certain periods. Any negative cash flow in the future could affect our operations and financial conditions.**

We had negative cash flow from operating activities for the nine month period ended December 31, 2006 and for the financial year 2006 amounting to Rs. 313.25 million and Rs. 65.20 million respectively arising from increase in working capital requirement. Any negative cash flow in the future could affect our operations and financial conditions.

- 14. There are no supply agreements for the major raw materials required for manufacturing our products. Volatility in prices and non availability of the raw material may have an adverse impact on our operations.**

We do not have any agreement with suppliers with respect to supply of raw materials we purchase from them. Any significant increase in the prices of these raw materials, and our inability to pass on increased costs or raw material to our customers, may adversely affect our sales and profitability. In the event of any disruption in raw material supply in terms of requisite quantities and qualities our production schedule may also be adversely affected.

- 15. Our Agrochemical business is vulnerable to seasonal and weather fluctuations. This could result in fluctuations in demand for our agrochemical products which will adversely affect our sales and profitability.**

The agrochemical business industry is subject to seasonal and weather factors, which make its operations relatively unpredictable. Fluctuations in the weather conditions across various regions can negatively affect the demand for crop protection products and the mix of products used. In the event of natural calamities such as drought, insufficient rainfall or floods, demand for our Agrochemical products may reduce and this will adversely affect our sales and profitability.

- 16. Our top five customers accounted for more than 27.68% of our total sales for the FY 2006. In case any of these customers reduce their requirement or discontinue purchase of our products it will adversely affect our operations.**

The top five customers accounted for 27.68%, 24.99%, and 28.40 % of sales during the FY 2006, 2005 and 2004 respectively. Save for market dynamics of prices, the demand from these customers has been consistent. However, such consistency in demand cannot be guaranteed in the future and hence may impact the profitability of our company.

- 17. We are susceptible to foreign exchange fluctuations, as a result of which we may incur foreign exchange losses.**

Our revenue and costs are denominated in several currencies. In FY2006, FY2005 and FY2004 approximately 74.14%, 72.77% and 70.77% of our Company's sales were denominated in foreign currency; whereas approximately 38.16%, 38.58% and 42.16% of our raw materials consumed were denominated in foreign currency respectively. Our foreign currency exchange risk arises mainly from the mismatch within the currency of our sales, purchases and operating expenses. To the extent that our sales, purchases and operating expenses are not matched in the same currency, we are susceptible to foreign exchange losses. Any significant adverse fluctuation in foreign currency against INR may result in foreign exchange losses and may adversely impact our performance.

In addition, given that the reporting currency of our Company is INR, we convert our non-INR denominated revenue such as US\$ and Euros revenue into INR using the exchange rates prevailing on the dates of the sale transactions. Therefore, revenue derived from our customers outside India (who pay us in currencies such as US\$ and Euros) as converted to INR in our financial statements may be lower when the US\$ and Euros depreciate against INR. This variation in the exchange rate may adversely affect our operating results.

18. We are currently enjoying certain tax incentives, which are expiring in the near future. The loss of such tax incentives will adversely impact our revenue and profitability.

Under Section 10B of the Income Tax Act, export profits of an approved 100% export-oriented undertaking ("EOU") are exempt from income tax for a period of 10 consecutive years from the assessment year in which the EOU commenced its manufacturing of qualifying products for exports, or up to financial year ending on March 31, 2009, whichever is earlier. Our Company has two divisions, Panoli I and Panoli II (comprising our Panoli Plant) and Agro - II Division (comprising of Agrochemical Plant) that qualify as approved 100% EOUs under Section 10B of the Income Tax Act with effect from June 10, 2002, March 7, 2003 and June 30, 2004, respectively. In the case of Panoli II, which commenced commercial production in FY2003, the tax incentive will be valid up to FY2009. In the case of AGRO - II, which commenced commercial production in FY2004, the tax incentive will be valid up to FY2009. The loss of such tax incentives will adversely impact our revenue and profitability.

19. Our profitability may be adversely affected if we are unable to utilise certain export incentives, for which we are currently eligible.

Our Company currently enjoys a government export incentive under Duty Entitlement Passbook Scheme ("DEPB"), which is a credit entitlement that can be used to offset custom duties payable. The duty drawback scheme is an alternative export incentive scheme to the DEPB, which, our export products are eligible for. Under the duty drawback scheme on our exports, we get rebate on the customs and excise duties paid on raw materials and components used at various stages of production. However, where claims have been made for the DEPB, duty drawback will be disallowed. The DEPB shall be valid for a period of 12 months from the date of issue of DEPB letter. In the event we are unable to utilise the DEPB before it expires or if we are unable to apply for the DEPB on expiry and as a result we are unable to apply for duty drawback, our profitability may be adversely affected.

20. We are required to fulfill certain export obligations. Failure to do so may have an adverse material impact on our revenues and profitability.

We have imported certain raw materials under Advance License Scheme ("Scheme") and have availed duty concession thereon. Under this Scheme, we are required to meet certain export obligations within a period of three years from the date of issue of the respective licenses. The total export obligation is estimated at US \$ 1,440,000 which will have to be fulfilled by February 2007. Our Company has fulfilled the same on December 02, 2006.

Further, our Company have imported certain raw materials under Advance License Scheme ("Scheme") and has availed duty concession thereon. Under this Scheme, we are required to meet total export obligation estimated at US \$ 1,440,000 which will have to be fulfilled by July 2008, or such extended period as may be allowed from time to time. In the event that we are unable to meet the said export obligation, a retrospective levy may be imposed on us on the concession availed by us on imports. Additionally, the respective authorities have rights to levy penalties and / or interest for any defaults on a case-by-case basis.

21. We are exposed to interruptions in the supply of electricity, gas and water. Such interruptions may affect our operations and financial conditions.

Currently, our production process at all our Agrochemical and Pigment manufacturing facilities require a continuous and adequate supply of electricity, gas and water to ensure that the production process are uninterrupted and smooth-running. We rely on the Ahmedabad Electricity Company Limited (a private sector company) for the supply of electricity to our Vatva Plant, and the State Electricity Board for the supply of electricity to our Chharodi, Panoli and Ankleshwar Plants. We also rely on GIDC for the supply of water for the

Vatva, Panoli and Ankleshwar Plants, and Gujarat Gas Limited for the supply of gas to our Panoli and Ankleshwar Plant and Adani Energy Limited for the supply of gas to our Vatva Plant.

Our company has installed Captive Power Plants at its' units situated at Vatva, Panoli and Ankleshwar to meet its power supply requirements and is in the process to install lignite based power project of 3 MW at Chharodi Plant through Meghmani Engery Limited, which is incorporated for this purpose. However, any shortage or interruption in the future to the supply of electricity, gas and water by external parties to our Pigment and Agrochemical manufacturing facilities for extended periods of time will disrupt our operations or increase our production cost. It will also affect our ability to continue production operations smoothly at the affected plant and may damage our reputation, thereby eroding customer confidence in us, which may cause us to lose our existing customers or adversely affect our ability to attract new customers. Our operations and financial conditions will be adversely affected as a result.

22. We face competition in our Pigment and Agrochemical business from both domestic and international competitors. Such competition would have an adverse impact on our business and financial performance.

We operate in a highly competitive environment. Our principal products, Pigments and Agrochemicals, are produced by a large number of other producers. Players in this market generally compete with each other on key attributes such as technical competence, quality of products and services, pricing and track record.

Besides international Pigment and Agrochemical producers, there are competitors in India having similar products as our Company. We compete against our competitors on our quality, technical competence, distribution channels, logistics facilities, after sales service and customer relationships. There is no assurance that we will continue to compete successfully in future.

Some of our competitors may be able to price their products more attractively or may be able to distribute their products more effectively through establishing better distribution networks, or may have greater access to capital, superior manufacturing techniques, research and development, marketing and other resources. Our inability to remain sufficiently competitive will adversely and materially affect our business and operating results.

In addition, we expect global competition in the Pigment and Agrochemical markets to increase. Should there be any significant increase in global competition or if we are unable to cope with the changing market conditions, our business and operating results could be adversely affected. Further, we cannot assure you that our competitors will not develop or gain access to similar trade secrets or proprietary information relating to our manufacturing processes and/or technical knowhow. The occurrence of any of those events could have a material adverse effect on our ability to compete against our competitors, which would have an adverse impact on our business and financial performance.

23. We are subject to product liability exposure. Any potential claims in relation to the quality, use, or otherwise of our products may harm our reputation and/or have an adverse impact on our operations, revenue and profitability.

We are exposed to potential claims in relation to the quality and use of some of our Agrochemical products. In particular, the improper use of our Agrochemical products may result in personal injury or death. Owing to the nature of our business, there is no assurance that product liability claims will not arise. For defending any product liability claim, we may have to incur substantial legal costs and may also have to divert our management's attention away from business operations. Further, any judgment/award or findings, against us in such claim, may harm our reputation, and may have an adverse impact on our revenue and profitability.

24. We are subject to public liability exposure in India as well as in the countries where we sell our products. Though we have procured insurance the same may not be adequate for the claims arising from such liabilities and hence it may affect our financials.

We may be exposed to public liability claims as we deal with products, which are made from raw materials, which are hazardous and poisonous and/or chemicals, which are combustible and flammable. In the event of any accident, we may have to incur clean-up costs or pay damages for, inter alia, personal injuries or loss or damage to property etc. suffered by the public or any third party.

Pursuant to the statutory requirements set out in the Factories Act and the Public Liability Insurance Act 1991, we have procured consolidated public liability insurance cover up to Rs 150 million for all of our facilities.

However, in the event that our insurance does not adequately cover the liability arising from such accidents, our financial performance may be adversely affected. Such accidents will also result in an increase in our Company's insurance premiums and will accordingly affect our financial results.

25. We are exposed to the risk associated with the use of hazardous, poisonous and/or highly flammable chemicals in the production and/or transportation of our products and raw materials

Many of our raw materials such as chlorine and bromine are hazardous and poisonous to the environment. Some of our raw materials such as ONT, hexane and isobutylene are highly flammable. Any spillage of such raw materials or products during transportation or otherwise would result in polluting the environment. In addition, we are susceptible to the risk of fire and/ or other accidents while dealing with/storing the aforesaid. However, we have not experienced any such incident to date.

Each of our plants is insured against fire. We have also taken up inventory insurance policies aggregating up to Rs 987.50 million. However, the occurrence of a major fire could damage our inventories and operating premises and may disrupt our operations. In the event our insurance coverage is insufficient, our financial performance would be adversely affected.

We have not taken up any further 'consequential loss' policies to insure loss that may be suffered by our Company as a result of fire or other industrial accidents.

In case of such incidents, we may have to incur costs to remedy any damage arising from such incidents. In addition, we may have to compensate for any loss or damage suffered by third parties as a result of such incidents. Should these costs be significant, our financial performance and reputation may be adversely affected.

26. Our production operations are subject to laws and regulations, in particular, environmental and health-related laws and regulations in India. Any breach or non-compliance of such laws and regulations may result in disruption of our production operations and penalties or fines being imposed on us.

We are required to control the use of as well as restrict the discharge or disposal of hazardous or environmentally objectionable by-products of our production process under these laws and regulations. Our production operations may be disrupted if we fail to comply with or breach any environmental and health related laws and regulations. If we breach or fail to comply with these laws and regulations, penalties or fines may be imposed on us. Our Directors and officers responsible for such breach or non-compliance may also be subject to imprisonment. Further, our manufacturing licence(s) may be suspended, withdrawn or terminated in the event of such breach or non-compliance thereby disrupting our production operations. Should these penalties or fines be significant or should any of our manufacturing licences be suspended, withdrawn or terminated, our financial performance may be adversely affected. If there are new regulations or laws imposed, we may have to incur additional expenditure or costs or we may be required to acquire additional equipment in order to comply with such new laws or regulations. In the event that such expenditure or costs are significant, our profitability may be adversely affected.

27. Some of our trademarks have not been registered. If we are not able to obtain registrations in respect of trade mark applications filed by us, we may not be able to obtain statutory protections available under the Trade Marks Act, 1999, as otherwise available for registered marks.

We have filed applications for our trademarks and these applications are pending with the relevant authorities. For the list of applications made by us please see section titled "Our Business" beginning on page no. 48 of this Red Herring Prospectus. Further there is no assurance that our trademark applications will be approved by the relevant authorities. In addition, our applications for the registration for these trademarks may be opposed by third parties. In the event we are not able to obtain registrations in respect of trade mark applications filed by us we may not be able to obtain statutory protections available under the Trade Marks Act, 1999, as otherwise available for registered marks.

28. Arrangement with our certain group and associate companies for using "Meghmani" Trademark. If these companies misuse the said trademark it may affect the goodwill we have established towards the years and affect on our business.

We have entered into name license agreements with our certain group/ associates companies who use the trademark "Meghmani", except with Meghmani Exports Limited, SDeCV and Meghmani Euorpe BVBA which are incorporated outside India. However, there are no assurances that the licencees will comply with their obligations set out in the name licence agreement. Any misuse of our name and trademark may adversely affect the goodwill we have established towards the years and may have a material adverse affect on our business. For detail on these license agreements please refer section titled "History and Other Corporate Matters" beginning on page no. 76 of this Red Herring Prospectus

29. Potential conflict of interest within our Promoter Group Entities

Some of our Promoter Directors have either through equity interest held in our company or partnership interest, controlling stakes in certain entities, being some of our Promoter Group Entities, which are engaged in manufacturing certain products, which may present potential conflict of interest situations. However, we have entered into agreements with the Promoter Directors to address these conflict of interest situations, and these agreements include a right of first refusal for our Company. For details regarding these agreements, please refer to section titled "Our Promoter Group Entities" beginning on page no. 100 of this Red Herring Prospectus.

30. Our success largely depends on our senior management and our ability to attract and retain our key personnel. Any loss of senior management personnel or key employees could adversely affect our business, operations and financial condition.

Our success depends on the continued service and performance of the members of our management team and other key employees. If one or more members of our senior management team are unable or unwilling to continue in his/her present position, it could be difficult to find a replacement; our business could thereby be adversely affected. Opportunities for senior management personnel in our industry are intense and it is possible that we may not be able to retain our existing senior management or may fail to attract/ retain new employees at equivalent position in the future. As such, any loss of senior management personnel or key employees could adversely affect our business, operations and financial condition.

31. Our Panoli and Ankeleshwar Plants are export oriented units, is subject to certain conditions. In case we do not meet the EOU conditions we may be required to pay additional custom duty and fines which would adversely affect our financials.

We have converted Domestic Tariff Area (DTA) of our manufacturing facilities at the Panoli and Ankleshwar Plant into an Export Oriented Unit ("EOU"), the licensing provisions pursuant to the IDRA to manufacture CPC Blue at Panoli do not apply to our Company. Under EOU, our Company is required to ensure that the Panoli and Ankleshwar Plant achieves "net positive foreign exchange earnings" and other conditions as an EOU in accordance with the Import Export Policy and Procedures. We have obtained the necessary approval for the conversion of the Panoli and Ankleshwar Plants into an EOU pursuant to the Import Export Policy and Procedures., These approvals shall be valid for a period of five years from the date of the said conversion.

In the event we do not achieve "net positive foreign exchange earnings" (being the difference between the foreign currency earning and the foreign currency expenditure) on the blue Pigments exported from our Panoli Plant and Agrochemicals exported from Ankleshwar plant, and/or if we do not meet EOU conditions which will be determined at the end of the five year period, we may be required to pay additional customs duty and may also be subject to a fine. We will not however lose our status as an EOU before the expiry of the five years by reason of us not achieving "net positive foreign exchange earnings".

In addition, should we cease to be an EOU after the expiry of the five year period we will have to seek a fresh approval from the Government of India for the purposes of manufacturing CPC Blue as we are a non-small scale sector undertaking. We may have to stop manufacturing CPC Blue for domestic sales if we are unable to obtain the necessary approval. If any of these events should occur, our operations and finances will be adversely affected.

32. Our Company's revenue and profits are difficult to predict and can vary significantly from quarter to quarter. This could cause our share price to fluctuate.

Our Company's quarterly operating results may fluctuate from quarter to quarter due to the seasonality of the Agrochemical business in India and across the globe and also the sales pattern of the Pigment products across the world. We, therefore, believe that period-to-period comparison of results of our operations are not necessarily meaningful and may not be a reliable indication of our Company's future performance.

33. We are subject to restrictive covenants in certain fund based and non fund based debt facilities provided to us by our lenders. These restrictive covenants require us to seek the prior approval/consent of lenders, and any delay or non receipt of such approvals/consents could adversely affect the Company's ability to implement management decisions with regard to our business and/or shareholders rights

There are restrictive covenants in agreements we have entered into with certain banks and financial institution for fund based and non-fund based borrowings. These restrictive covenants require us to seek the prior permission of the said banks / financial institutions for various activities, including amongst others, alteration of the capital structure, raising of fresh capital, incurring expenditure on new projects, entering into any merger/amalgamation/restructuring, change in management etc. Though we have received approvals from all our lenders for this Issue, the same may not be available for the aforesaid activities in future. Such non-receipt of approvals may affect some or all of the rights of our shareholders. For details of these restrictive covenants, see the chapter titled "History and Other Corporate Matters" on page no. 76 of this Red Herring Prospectus.

34. Any delay or inability to renew our existing permits and licenses may have an adverse effect on our business.

We require statutory and regulatory permits and licenses to operate our business. Some of these are granted for fixed period of time and need to be renewed from time to time. In the event any such permits or licenses are denied or withheld, we will not be in a position to conduct our operations, which will impair our business. Please refer to the section titled 'Government / Statutory Approvals' beginning on page no. 165 of this Red Herring Prospectus.

35. We may not be able to sustain effective implementation of our business and growth strategy which may adversely affect our business, financial condition and results of operations

The success of our business will depend largely on our ability to effectively implement our business and growth strategy. Whilst we have generally been successful in execution of our business strategy in the past, there can be no assurance that we will be able to execute our strategy on time and within the estimated budget in future. If we are unable to implement our business and growth strategy, this may have an adverse effect on our business, financial condition and results of operations.

36. All our facilities are geographically located in the state of Gujarat. Any localized social unrest, natural disaster or breakdown of services and utilities in Gujarat may affect our business adversely.

We are an Ahmedabad based company with two of our facilities and offices based in Ahmedabad, while two facilities are located in Ankleshwar, District Bharuch. As a result, if there is any localized social unrest, natural disaster or breakdown of services and utilities in Gujarat it may affect our business adversely.

37. Uncertainties associated with our Company's research and development may not necessarily result in the launch of commercially viable products.

Research and development in the agrochemical industry is expensive, prolonged and entails considerable uncertainty. To increase our market share, we undertake research and development of new manufacturing processes for off patent pesticides. There can be no assurance that our expenditure on research and development activities will yield positive results of commercial value and it is possible that no commercially viable products may be launched. In addition, research undertaken by competitors may lead to the launch of improved products, which may affect the sales of our Company's new products.

38. Changes in the agricultural or other policies of government and international organizations may prove unfavourable to our business.

Any changes in the policy of the Government of India and foreign tax legislation or other policies pertaining to agrochemical industry or other related industry can have an adverse effect on our Company's performance.

39. Our Company may not be able to obtain or maintain the necessary regulatory approvals for some of its products, and this would restrict Company's ability to sell those products in some markets which may in turn affect our business and operations.

Our Company's agrochemical products needs regulatory approval before it can be marketed and our Company may not be able to obtain such approvals. In most markets, including the United States and EU, the Company's crop protection products must be registered after being tested for safety, efficacy and environmental impact. In most of its principal markets, after a period of time, our Company also is required to re-register its crop protection products and show that the products comply with all current standards, which may have become more stringent since the prior registration. There is no assurance that we will be able to obtain the necessary approvals for all our products, or that we will be able to register or re-register our products. If we are unable to obtain the requisite registrations, it could impact our ability to sell some of our products in certain markets. This may have an adverse effect on our business, financial condition and operations.

40. Third parties may challenge some of our Company's intellectual property rights or allege infringement. Such claims may result in litigation which could affect our business and financials..

Scientific and technological innovation is critical to the long-term success of our Company's business. However, third parties may challenge our Company's intellectual property rights, and as a result, our Company's products may not always have the full benefit of intellectual property rights. Third parties may also assert that our Company's products violate their intellectual property rights. Even claims without merit are time consuming and expensive to defend. As a result of these claims, we may be required to enter into royalty arrangements, develop non-infringing products or engage in litigation that could be costly.

41. Our Company may pursue strategic acquisitions and our business could be materially harmed if it fails to successfully identify, complete and integrate such transactions.

Our Company intends to evaluate acquisition opportunities to make investments in complementary business or technologies, which can provide additional services or industry expertise. Mergers and/or strategic alliances may involve a number of risks, including diversion of management's attention, failure to retain key acquired personnel and clients, unanticipated events or circumstances, cultural differences, legal liabilities and amortisation of acquired intangible assets, some or all of which could adversely affect our operations and financial condition. Our Company may not be able to successfully integrate the operations, personnel or services that it may acquire in the future, which may adversely affect our operations and financial condition.

We may enter into strategic partnerships or alliances with third parties in order to enhance our business. It is possible that we may not identify suitable partnership candidates, or if we are able to identify suitable candidates, we may be unable to agree on commercially acceptable terms. The inability to identify suitable investment opportunities or the inability to complete or continue such transactions may adversely affect our Company's competitiveness and growth prospects.

42. We expect significant capital expenditure in the future in connection with our growth plans and therefore may require additional financing in the future. In the event such financing is not obtained on favourable terms, our operations and financials may be materially and adversely affected.

There can be no assurance that our Company will generate sufficient revenues to fund our future operations and growth strategies. Our Company may need to obtain additional financing in the future. We do not have any commitments to obtain additional financing in the future and there can be no assurance that any such additional financing will be available, if needed or, if available will be on terms favourable to us. In the event such needed financing is not obtained or not obtained on favourable terms, our operations may be materially and adversely affected. Any such additional financing may also be subject to interest rate fluctuations, which could affect us adversely. Any additional equity financing may dilute your shareholding and debt financings, if available, may involve restrictive covenants.

43. As per the last audited accounts, our Company has not provided for certain contingent liabilities as detailed in the table below. In the event any of these contingent liabilities materialise, our financial condition may be adversely affected.

(Rs. in millions)

CONTINGENT LIABILITIES	December 31, 2006	March 31, 2006
Bank Guarantee not provided for	156.76	45.05
Letter of Credit opened and outstanding not provided for	51.73	140.60
Income Tax Department has issued Notice u/s. 148 for retrospective amendments of Sec. 80 HHC. The Company has challenged the constitutional validity. Further the company has preferred appeals against the said orders, which is pending against ITAT and/or CIT (Appeals).	66.78	29.65
A show cause notice has been issued by the Commissioner of Central Excise Surat II for demand of differential duty of Rs. 2.08 million and Rs. 3.59 million for Custom duty along with proposal of penalty with interest on duty has been raised. The company has replied the notice and the matter transferred to call book in view of similar matters are pending before judicial authority for their decision.	5.67	5.67
Two show cause notices served by The Commissioner Central Excise Ahmedabad 1 & 2 for demand of duty of Rs. 6.32 million against which company has given interim reply and already paid Rs. 5.66 million.	6.32	6.32
A show cause notice was served by The Director General of Central Excise Intelligence, Baroda and was decided by the Commissioner (ADG), Surat against which the company is in the process of filing appeal against the order the the competent authority.	24.33	24.33
A show cause notice served by Audit Team of Excise Department with proposal for imposition interest and penalty for which the company has filed reply to The Addl. Commissioner, Surat II	2.75	2.75
Various employee/ex-employee of the company has filed different legal suits in labour court against company. The total claim amount is Rs. 110.43 million plus interest wherever applicable. The said claims are not accepted by the Company and proceedings are pending.	110.43	0.07

The details of the Bank guarantees as mentioned above are as follows :

Sr. No	Beneficiary *	Purpose	Amount (Rs. In million)	
			31.12.2006	31.03.2006
1	Excise & Taxation Officer, Derabassi, Punjab	For VAT at Punjab	0.17	0.08
2	Commissioner Of Customs- Mumbai	Against case of Differential Duty	0.74	0.97
3	Dy .Comm of Central Excise & Customs - Ankleshwar	Security for Excise	30.80	34.55
4	The Gujarat Gas Co Ltd	Security against bills payment under the Contract-Panoli	8.08	8.62
5	The Director, Central Medical Stores- GandhiNagar	Security Deposit- Tender, contract	1.17	0.84
6	GPCB	Against Notice Water Act	0.50	-
7	ABN Amro	For Meghmani Europe BVBA	115.30	-
	Total		156.76	45.05

*Except for Meghmani Europe BVBA which is Promoter Group entity, none of the other Beneficiaries are related to our Company or the Promoters/Directors of our Company

As of December 31, 2006, contingent liability aggregating to Rs. 424.77 million was not provided for in our financial statements. In addition, there are various claims pending before various tribunals and courts, which were not provided for because the amount was indeterminate. In the event any of these contingent liabilities materialise, our financial condition may be adversely affected. For details of outstanding litigation, see the section the titled "Outstanding Litigation, Material Developments and Other Disclosures" beginning on page no. 146 of this Red Herring Prospectus.

44. Some of our Promoter Group Companies have incurred losses.

Certain Promoter Group Companies have incurred loss in recent years, as set forth in the table below:

(Rs. in Million)

Name of the entity	FY 2006	FY 2005	FY 2004
Fidelity Exports Private Limited	(0.24)	(0.031)	(0.15)
Meghmani Chemicals Limited	(0.01)	(0.01)	(0.02)
Meghmani Europe BVBA	(0.14€)*	(0.18 €)*	-

* Amount in Euros for the year ending December 31.

45. Our Company has issued equity shares in the past at a price, which may be less than the price discovered through book building in the instant issue.

We have in the past issued Equity shares to various investors at a price which may be less than the price discovered through book building process. For details of the same, please see the section the titled "Capital Structure" beginning on page no. 21 of this Red Herring Prospectus.

46. Our Company's SDSs are listed on SGX-ST Main Board, we are subject to the listing regulations thereof. Any non compliance /breach of such obligations may result into legal and / or financial implications on our Company.

Our Company's SDSs are listed on the SGX-ST Main Board and hence our Company is subject to listing regulations and other legal and contractual obligations thereto. Any non compliance / violation of such obligations may result into legal and / or financial implications on our Company.

47. Our Company's SDSs are listed on SGX-ST Main Board, fluctuation in prices thereof may affect the price of our Equity Shares in India.

In 2004, we had made a public issue of 100,400,000 SDSs. These SDSs, each of which represents one half of an equity share, are listed and traded on the SGX-ST Main Board. The price of our SDSs would be affected by various factors such as the general prevalent market sentiments, volatility, demand supply scenario, perception of our industry and business, trading volumes, and business conditions in Singapore etc. Fluctuation in the market price of our SDSs and / or conversion of any of SDSs into Equity Shares may lead to corresponding adjustments in the market price of our Indian equity shares and vice versa. Also, future issue of Equity Shares /convertible instruments by us or the disposal of Equity Shares by any of the major shareholders or the perception that such issues or sales may occur, may significantly affect trading price of the Equity Shares.

48. Genetically Modified (GM) crops can reduce the consumption of the pesticides. Such reduction in consumption of pesticides may affect our sales and profitability.

With advent of the GM crop in cotton the usage of certain pesticides and agrochemicals has come down. Similarly there are trends that suggest that GM varieties of crops are being developed in other crop categories including vegetables. Increased use of GM seeds by the farmers will reduce the consumption of pesticides/ agrochemicals by the farmers as these crops are expected to have modified genes that are resistant to certain pests. Our company sells agrochemicals/pesticides in various countries where such GM varieties of crops are being experimented. Successful implementation of GM crops and mass transition from conventional crops to GM crops may result in overall reduction in consumption of pesticides across the world and consequently our sales.

49. The following licences of our Company have expired and we have applied for renewals. However as on date the same has not been obtained.

1. Application made vide letter dated March 08, 2007 for renewal of Exemption Certificate certifying our Company as an industrial undertaking entitled to exemption from payment of electricity duty under clause (vii) (a) of subsection 2 of Section 3 of the Bombay Electricity Act issued by the Commissioner of Electricity, Gandhinagar for Alternator Sr. No. 96-E-3400-463 (1x40KVA) and 9856 (1x125 KVA) bearing number 9631001- 03. has expired on February 19, 2007. Our Company has applied for renewal vide letter dated March 08, 2007.
2. Application dated February 7, 2007 for renewal of License to store 20 MT of Isobutylene in pressure vessel/s, subject to the provisions of the Indian Explosives Act, 1884 (4 of 1884), issued by the Chief Controller of Explosives bearing license No. PV(WC)S-616/GJ/GO/AMD/PVS-39. upto March 31, 2010.
3. Application dated March 8, 2007 for renewal of Exemption certificate issued by the Commissioner of Electricity dated October 30, 1998 bearing number BHARUCH/EX.GS/63.3.98/23789

50. Our Auditor has qualified that we have not accounted for foreign exchange rate fluctuation on unsettled portion of outstanding forward contracts as on March 31, 2006. Such foreign exchange rate fluctuations may affect the profitability of our Company.

As on March 31, 2006, the profit of Rs. 1.58 million was not accounted for towards the unsettled forward exchange contracts. To this extent the profit of our Company is understated for the year FY 2006. Our Company has not framed any internal policy for any exchange rate fluctuations on any unsettled forward contracts. This may lead to loss in case of any adverse exchange rate.

51. Investments made by our Promoters in Labland Biotech Limited - non availability of the information relating thereto.

In the year 2004, our Promoters alongwith their relatives have invested in Labland Biotech Limited ("Labland"), a company incorporated in the State of Karnataka in which the management control is vested with Dr. Sudhir Shetty and Mrs. Sapna Shetty. After the aforesaid investment, our Promoters and their relatives are holding around 70% of the paid up Equity Share capital of Labland. Our Promoters are intending to divest from the aforesaid company. Since the final agreeemnt has not been reached with Dr. Shetty, he has not furnished any information regarding Labland, including those pertaining to litigations, financial statements, etc. which have been sought by our Company. Hence we have not been able to make the required disclosures with regard to the said company including details about pending litigations, if any.

52. We have not appointed a monitoring agency and hence any deployment of Funds will be at the discretion of our Management and our Board of Directors.

We have not appointed a monitoring agency for monitoring the use of proceeds of this Issue and the Deployment of Funds is at the discretion of our Management and our Board of Directors.

53. Natural disasters or shutdown of operations at any of our manufacturing facilities could disrupt our operations and result in loss of revenues and increase costs.

Our plants are susceptible to natural disasters such as explosions, earthquakes, storms, floods as well as acts of violence from terrorists and war. The occurrence of any of the above events could disturb the operations of our plants and we may have to shut down our plant for carrying out repairs that will result in loss of revenues and increased costs. Further, our facilities are subject to operational risks, such as the breakdown or failure of equipment, power supply or processes. Performance below expected level of output or efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. We are required to carry out planned shutdowns of our plants for maintenance, statutory inspections and testing. We also shut down plants for capacity expansion and equipment upgrades. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

54. Compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our results of operations and our financial condition.

We are subject to a broad range of safety, health and environmental laws and regulations in the areas in which we operate. Our manufacturing facilities located in India are subject to Indian laws and government regulations on safety, health and environmental protection. We have incurred, and expect to continue to incur, operating costs to comply with such laws and regulations. In addition, we have made and expect to continue to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations. While we believe we are in compliance in all material respects with all applicable safety, health and environmental laws and regulations, the discharge of our raw materials that are chemical in nature or of other hazardous substances or other pollutants into the air, soil or water may nevertheless cause us to be liable to the Government of India or the State Governments or Union Territories where our manufacturing facilities are located, or to third parties. In addition, we may be required to incur costs to remedy the damage caused by such discharges or pay fines or other penalties for non-compliance. Further, the adoption of new safety, health and environmental laws and regulations, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments in the future may require that we make additional capital expenditures or incur additional operating expenses in order to maintain our current operations, curtail our production activities or take other actions that could have a material adverse effect on our financial condition, results of operations and cash flow. The costs of complying with these requirements could be significant. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by governmental authorities and our compliance costs may significantly exceed current estimates. If we fail to meet environmental requirements, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in

substantial fines and penalties against us as well as orders that could limit or halt our operations. There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remediation costs of our sites and related litigation could adversely affect our cash flow, results of operations and financial condition.

55. Anti dumping duty may be applicable to us, which may adversely impact our financial condition.

The countries to which we export our goods, may impose anti dumping duties on such goods exported by us. We may be required to pay additional duty on the goods exported by us, or we may not be able to export such products in future to the concerned countries. In the past, order was passed on one of the products exported by our Promoter Group entity, i.e M/s Alpanil Industries for export to the United States of America, subject to payment of anti dumping duty. For further details on the same please refer chapter titled "Outstanding Litigation and Other Material Developments" beginning on page no. 146 of this Red Herring Prospectus.

56. We have not tied up for the additional bank borrowings for working capital. Our inability to arrange such additional borrowings from banks will affect our operations and the profitability.

Our projected level of bank borrowings for the fiscal year 2008 are of Rs.2117.72 million. We envisage to borrow upto Rs. 523.47 Million, in addition to our existing borrowings to meet the said working capital requirement. As on date we have not tied up this additional borrowing from the banks. Our inability to arrange this additional working capital requirement from banks will affect our operations and the profitability.

External Risk Factors

1. We are dependent on the political, economic, regulatory and social conditions in the countries in which we operate and in which we intend to expand our business

We sell our products to customers from various countries in North America, Europe, Central and Latin America, and Asia-Pacific. As a result, our business and future growth is dependent on the political, economic, regulatory and social conditions of these countries. Any change in the policies implemented by the governments of any of these countries which result in currency and interest rate fluctuations, capital restrictions, and changes in duties and tax that are detrimental to our business could adversely affect our operations, financial performance and future growth.

In addition, our Agrochemical products are regulated products and require prior registration with the relevant governing authorities in each country before they are allowed to be sold. We need to comply with specific qualitative standards (such as the amount of purities and impurities present in our Agrochemicals products) and permitted toxicity levels set by the local and overseas authorities in order to obtain the necessary product registration before we manufacture and distribute our Agrochemical products. There is no assurance that we will be able to obtain the necessary product registration for our new Agrochemical products or for our existing Agrochemical products in new markets. Further, any changes in such qualitative standards and permitted toxicity levels could result in the prohibition of the sale of our products, a loss in our product registration status, or higher costs being incurred for compliance with the new registration requirements or failure to obtain registration for our new Agrochemical products or in new markets. The occurrence of any of these events will have an adverse impact on our business.

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

External factors such as potential terrorist attacks, terror threats, pandemics, acts of war or geo-political and social turmoil in many parts of the world could prevent or hinder our ability to do business, increase our costs and negatively affect our share price. These uncertainties make it difficult for us and our customers to accurately plan future business activities. More generally, these geo-political social and economic conditions could result in increased volatility in India and worldwide financial markets and economy.

3. Any slowdown of economic growth in India could cause our business to suffer.

Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could adversely affect the business of our Company, including future financial performance, shareholders' funds and ability to implement strategy and the price of our Company's equity shares.

4. Emergence of competition from other manufacturing countries may impact our business.

Global competition from countries like China etc., whose cost of production is lower than our cost of production, may result in stiff competition in the domestic market and, a favourable import policy may have an adverse impact on our business.

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

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

6. Political instability or changes in the Government in India could delay the further liberalization of the Indian economy and adversely affect economic conditions in India generally and our business in particular.

Since 1991, successive Indian Governments have pursued policies of economic liberalization, including significantly relaxing restrictions in the private sector. However, any political instability, changes in the rate of economic liberalization, laws and policies affecting our industry, foreign investment, currency exchange, matters affecting investment in our securities, India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally, and could also adversely affect our business, future financial performance and the price of our Company's Equity Shares in particular.

7. Regional conflicts in Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer.

South Asia has, from time to time, experienced instances of civil unrest and hostilities amongst Asian countries. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel and transportation more difficult. Such political tensions could create a perception that investment in Indian companies involves a high degree of risk. This, in turn, could have a material adverse effect, on the market for securities of Indian companies, including our shares and on the market for our products.

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

Terrorist attacks and other acts of violence or war, including those involving India, the United States or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, operations and financial condition. More generally, any of these events could adversely affect client confidence in India as an outsourcing base and increased volatility in the financial markets can have an adverse impact on the economy of India and other countries, including economic recession.

9. Wage increases in India may prevent us from sustaining our competitive advantage and may reduce our profit margin.

Our significant costs other than raw material are wages, salaries and related benefits of our operations staff and other employees. Wage costs in India have historically been significantly lower than wage costs in other western countries, which has been one of our competitive advantages. However, by and large, wages in India are increasing at a faster rate than in the western countries, which may reduce our competitive advantage in relation to pricing. We may need to increase the level of employee compensation more rapidly than in the past to remain competitive and to attracting necessary employees. Wage increase in the long term may reduce our profit margins.

10. The price of the Equity shares may be volatile and you may be unable to resell your equity shares at or above the issue price or at all.

Prior to the Issue, there has been no public market for our Equity Shares in India, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. Post listing, the price of our Equity Shares may show large swings on account of several factors as follows:

- General economic conditions in India;
- Financial performance of our Company vis-a-vis our competitors;
- Investors perception regarding the agrochemicals / pigments industry;
- Changes in government policies pertaining to ceramic products industries having a positive or negative impact on industry;
- Volatility in the securities markets.

The current prices may not be reflective of the intrinsic value of the respective company. Therefore, in future, the sustainability of such valuation may be difficult.

Notes to risk factors:

- Public Issue of [●] Equity Shares of Re. 1 each for cash at a price of Rs. [●] per Equity Share for cash including a share premium of Rs. [●] per Equity Share aggregating Rs. 1020 million. The Issue would constitute [●] % of the post Issue paid-up capital of our Company.
- The average cost of acquisition of equity shares by our Promoters is Rs. 1.29, Rs. 1.07, Rs. 1.17, Rs. 1.17 and Rs. 1.22 for Mr. Jayanti Patel, Mr. Ashish Soparkar, Mr. Natwar Patel, Mr. Ramesh Patel and Mr. Anand Patel respectively. For details see the section titled "Capital Structure" beginning on page no. 21 of this Red Herring Prospectus.
- Our net worth before the Issue (as of March 31, 2006) was Rs. 2500.31 million and for nine months ended December 31, 2006 was Rs. 2822.47 million and the book value per Equity Share of Re. 1 (as of March 31, 2006) was Rs. 12.46 and (as of nine months ended December 31, 2006) was Rs. 14.07
- Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to investors at large and no selective or additional information would be available for a section of investors in any manner. Investors may contact any of the BRLMs for any complaints pertaining to the Issue.
- Refer to the notes to our financial statements relating to related party transactions in the section titled "Related Party Transactions" beginning on page no. 114 of this Red Herring Prospectus.
- Investors may note that in case of over-subscription in any Issue, allotment to QIBs, Non-Institutional Bidders, and Retail Individual Bidders shall be on a proportionate basis. For more information, please refer to "Issue Procedure" beginning on page no. 187 of this Red Herring Prospectus.
- Investors are advised to refer to "Basis of Issue Price" beginning on page no. 38 of this Red Herring Prospectus.
- For Interest of our directors please refer to sections titled "Our Management" and "Risk Factors" beginning on page no. 83 and xii of this Red Herring Prospectus.
- The Issue is being made through a 100% Book Building Process wherein at least 60% of the Issue will be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. If at least 60% of the Issue cannot be allotted to QIBs, then the entire application money in this Issue shall be refunded herewith. Further, upto 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
- Under subscription, if any, in the Non-Institutional Portion and Retail Individual Portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLMs. If at least 60% of the Issue cannot be allotted to QIB Bidders, then the entire application money will be refunded. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will be added to the QIB Portion and be allocated proportionately to the QIB Bidders.
- Investors are advised to see the section titled "Basis of Issue Price" beginning on page no. 38 of this Red Herring Prospectus.
- Except as disclosed in the section titled "Capital Structure" beginning on page no. 21 of this Red Herring Prospectus, we have not issued any shares for consideration other than cash.

SECTION III - INTRODUCTION

SUMMARY

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information on "Risk Factors" and our "Financial Statements" and related notes beginning on page no.xii and page no.116 of this Red Herring Prospectus, before deciding to invest in our Equity shares.

INDUSTRY

Pigments

The global market of Dyes and Organic Pigment industry is estimated to be at US\$ 8.4 billion. (Source: www.freedonia.com). We believe that out of this, the size of Organic Pigment market would be around US\$ 5.5 billion. The global demand for organic pigments is expected to grow at the rate of 4.9% annually through 2008. (source: www.freedonia.com) The three major drivers of Pigment Industry are printing ink industry, paint industry and plastic industry.

Global Market trends

The industry is moving its production base from high cost countries to low cost countries like India and China. India's ability to provide high quality manufacturing is also attracting a higher level of outsourcing from more companies from the developed countries. In addition, companies in the US, Europe, Central and South America, and Japan are also increasing their direct supplies of pigments from India. The Indian ink industry is also expected to consume more pigments.

The market is polarised in the hands of a few large Multinational groups, which are manufacturing a wide variety of printing inks through their multi-location plants worldwide. Thus such large groups include Sun and DIC, (USA and Japan); the Flint group (merged entity of Flint Inks, USA) and BASF, Germany; HUBER Group, Germany; etc. At the same time, there are a number of medium to small players worldwide.

Indian scenario

In the Indian perspective, since published data relating to the market size of pigment industry is not available through official estimates, we can arrive at the estimated market size of Indian Pigment Industry based on the current market sizes of the two main end use segments namely - the ink industry and the Paint industry. The Indian Printing Ink Industry is seen augmenting its turnover on the back of a strong growth in the user industries such as Newspaper, flexible packaging, and publishing, with the present market size of Rs.12,000 millions. (Source: The Hindu Business Line, Feb. 2006). Further, in the year 2001 the Indian Paint Industry was estimated to be of US\$ 925 million (Source: www.research&markets.com). We believe that the paint industry has grown at an annual growth rate of around 6% over last 4 - 5 years. Taking an average growth rate of 6%, the present market size of the paint industry would be around US\$ 1,160 million. (INR 50,000 millions).

Agrochemicals

The Agrochemical industry is a seasonal industry and being related to agricultural production, is a core industry in India. For agriculture to be commercially viable, it requires certain key inputs like seeds, fertilizers and pesticides. The Indian Agrochemicals industry is quite unique because the domestic industry itself at the end user level in 2004 was about USD 650 million market. Apart from that, global producers of agrochemicals, barring the Multinationals, which are the originators and creators of various agrochemical molecules, there is not much manufacturing of generic agrochemicals at the technical level in countries other than India and China. Presently, India and China are the two large producers of generic agrochemicals.

Registrations

In Agrochemicals all markets are regulated, and hence require registrations. Data files are required to be submitted to obtain registrations. However, in some markets registrations are faster in terms of time. In some markets, data requirements may be more tedious, thus involving cost and time factors.

The two key variables in the registration process are:

- Cost of registration; and
- Time involved to obtain registration.

In India the cost of a first time registration is around Rs. 2.5 million and requires primary data filing which may take around 3 years. However, secondary registrations can be done for around Rs. 0.3 - 0.5 million and takes only about 1 year.

Consumption trends

The country wise consumption of pesticides (kg/hectare) is given below:

Country	Consumption of pesticides
Taiwan	17.00
Japan	12.00
Korea	6.60
Europe	3.00
USA	3.00
India	0.57

(Source: 11th Five-Year Plan, Pesticide Sub Group Recommendations)

Indian pesticides market is the thirteenth largest in the world with a value of approximately US\$ 650 million in 2004, which is 2.12 percent of the global agrochemical market size. (Source: Phillips McDougall Agri Research Report, 2005). However, per hectare consumption of pesticides in India is very low at 0.57 Kilograms when compared to developed countries. Since the population in India is growing at a steady rate and the availability of cultivable land is limited, consumption in pesticides is expected to increase in the future, thus offering a good potential for the players both domestic and overseas in coming years.

Global market size- 2004

The value of the conventional chemical crop protection market in 2004 is estimated to have grown by 15.0% over the 2003 equivalent figure, to reach US\$ 30,725 million. This market value is based on the sales of agrochemical products for crop use (including forestry and plantation crops) and does not include agrochemical sales into non-crop markets. In 2004, the overall value of the market for agrochemical product usage in the non crop sector is believed to have risen by 5.2% to US\$ 4675 million. Hence, the total market for agrochemical products in 2004 is valued at US\$ 35,400 million, reflecting an increase of 13.6%. (Source: Phillips McDougall Agri Research Report, 2005)

BUSINESS OVERVIEW

Overview

We are into the manufacture of pigments and agrochemicals in India and have a focus on delivering quality products backed by research and development efforts.

Within Pigments, we specialize in green and blue pigments, which have varied end use applications including, amongst others, printing inks, plastics, rubber, paints, textiles, leather and paper. We manufacture pigments through our two pigment manufacturing facilities at Vatva and Panoli both of which are ISO 9001-2000 certified. A majority of our pigments are exported with exports constituting about 85% of our pigment revenues in FY06.

We manufacture three broad categories of Agrochemical products, namely, pesticide intermediates, technical grade pesticides and pesticide formulations, all of which fall under the range of pesticides. Our agrochemical products find primary application in crop protection and non crop applications such as public health, termite and insect control and veterinary applications. We manufacture our range of agrochemical products through our two multifunctional manufacturing facilities situated in Chharodi and Ankleshwar, of which Chharodi manufacturing facility is ISO 9001-2000 certified. Exports constituted about 66% of our revenues of our agrochemical revenues for FY06.

We also trade in Pigments and Agrochemicals, which is primarily for meeting customer requirements. Some of our customers require a range of pigment or agrochemical products besides the products we manufacture and sell. In these cases, we purchase the products, which are not manufactured by us and cater to the entire requirements of our customers.

The revenues of each our divisions for the past three years and the nine months ended December 31, 2006 are given below:

Rs. in Million

Business segments	Nine months of FY 07		FY06		FY05		FY04	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
Pigments	1710.46	48.14	1638.16	42.09	1511.62	44.95	1293.95	53.48
Agrochemicals	1806.59	50.84	2209.17	56.77	1698.89	50.52	1077.19	44.53
Trading sales (Merchant Exports-Mumbai)	36.35	1.02	44.28	1.14	152.28	4.53	48.18	1.99
Total Revenue	3553.40	100.00	3891.61	100.00	3362.79	100.00	2419.32	100.00

Our Competitive Strengths

We believe that our competitive strengths enable us to focus on markets and products with growth potential while maintaining and improving our position in the markets in which we are already established. This allows us to develop and produce our products at the lowest possible cost level and support those products with enhanced service capabilities, all leading to improved profitability and financial position.

We have an experienced and qualified management team and technical personnel

Our Company is led by an experienced and qualified management team. Both, our Executive Chairman, Mr Jayanti Patel and Managing Director, Mr Ashish Soparkar are Chemical Engineers from the Maharaja Sayajirao University, Baroda, and both have more than 29 years experience in the Pigments industry and more than 10 years experience in the Agrochemicals industry. Mr Natwarlal Patel, our Managing Director, holds a Masters degree in Science from Sardar Patel University, Gujarat. Mr. Ramesh Patel, our Executive Director, holds a Bachelors degree in Arts from Saurashtra University, Gujarat. Mr Natwarlal Patel and Mr. Ramesh Patel both have over 27 years of experience in the Dyes and Pigments industry and over than 13 years experience in the Agrochemicals industry. Mr Anand Patel, our Executive Director, holds a Bachelors degree in Science from the Gujarat University and has more than 20 years experience in the Pigments industry. They have been instrumental in setting the business direction for our Company since our incorporation, and they will continue to guide our Company in the expansion of our business with their experience and technical expertise.

Our production operations at each of our manufacturing facilities are managed by a team of skilled technical engineers with the requisite technical know-how and science graduates with specialisation in chemistry to carry out our production processes. Our technical staff is highly qualified and trained, and many of them have work experience with MNCs and other reputable large Indian companies. With the expertise of these technical staff, we have developed the production process to manufacture pesticides such as MPBA, Permethrin and Imidachloprid. Our technical engineers are also able to work closely with customers to develop production process parameters to meet particular product specifications, needs and expectations of our customers for both our Pigments and Agrochemicals businesses.

We have a diversified customer base from a wide range of industries and also produce an extensive range of products suitable for a multitude of applications

Over the years, we have built up a diversified base of customers from a wide range of industries. We have continuously received repeat orders from most of our customers. The customer trust has been built on the foundation of our commitment to quality and timeliness. The details of customers from whom we have received repeat orders are as mentioned below.

Pigment

Sr. No.	Name of the customer	Sales (Rs. in million)		
		2006-07	2005-06	2004-05
	Export Customers			
1	Flint Group Frankfurt GMBH	280.86	173.22	91.99
2	Paramount Colors	80.19	54.41	30.28
3	Flint Ink (UK) Limited	68.43	48.77	105.95
4	Ravenswood Australia	74.08	61.66	39.28
5	JCH Services SPRL	10.65	22.77	20.87
	Domestic Customers			
1.	Sudarshan Chemical Industries Limited.	171.48	125.90	38.58
2	Sharada Industries	32.81	20.12	29.61
3	Nilkanth Organics Pvt. Limited.	26.14	14.73	14.78
4	Vishrudh Organics Limited	16.45	7.60	3.36
5	Asha Dispersion Ltd.	2.83	5.48	6.43

Agrochemicals

Sr. No.	Name of the customer	Sales (Rs. in million)		
		2006-07	2005-06	2004-05
	Export Customers			
1	Micro Flo Company LLC	101.34	311.64	257.60
2	Valent USA Corporation	80.14	224.84	140.26
3	FMC Agricultural Products	97.25	166.93	114.72
4	Nortox S/A	54.00	44.21	47.24
5	Agrogill Chemicals Pty Ltd.	48.15	23.09	9.85
	Domestic Customers			
1.	Hindusthan Insecticides Limited	64.03	50.29	30.90
2.	Pioneer Pesticides Pvt. Ltd.	24.23	18.07	13.26
3.	Universal Pestochem Industries P. Ltd.	17.05	10.40	13.04
4.	FIL Industries	4.26	19.85	0.29
5.	Modern Insecticides	3.54	21.41	14.73

Pigments

Our Pigments customers are mainly MNCs from a wide range of industries such as printing inks, plastics, rubber, paints, textiles, leather and paper. Currently, we have more than 300 Pigments customers from various countries in North America, Europe, Central and Latin America, Africa and Asia-Pacific.

Agrochemicals

We currently manufacture an extensive range of Agrochemical products and currently have more than 90 Agrochemicals customers, which include leading Pesticides manufacturers from countries in North America, Europe, Latin America, Africa and Asia, as well as end users in the domestic Indian market.

Consequently, we believe that our Pigment and Agrochemical businesses are not reliant on any particular product, customer or industry.

We are able to consistently deliver high level of quality assurance

We offer an extensive range of quality products to our customers, many of whom are MNC's. Through our research and development efforts in improving our production processes, we have developed an extensive range of products suitable for use in a multitude of applications, which we are able to sell at competitive prices through prudent cost controls. For example, our Pigment products are available in a wide range of shades and physical properties and perform consistently in their intended applications, and satisfy the specific and often exacting requirements of our customers.

We possess a cost advantage over our competitors due to the vertical integration of our production processes, multifunctional design of our production facilities and our proximity to sources of raw materials supply

The production processes of our Agrochemicals and Pigments businesses are vertically integrated. We manufacture CPC Blue which is the primary raw material required in the manufacture of our Pigment Green and Pigment Blue products. We also manufacture Pesticides Intermediates, which are used in the manufacture of our Pesticides Formulations. Such vertical integration allows us to effectively manage our raw materials costs and assures us of a constant supply of such raw materials at a consistent quality and consequently, has reduced our reliance on third party suppliers for such raw materials.

Our Agrochemical production facilities are designed with multifunctional production capabilities which enable us to manufacture different Agrochemical products concurrently as well as switch production lines for the manufacture of different products at a minimal cost and production downtime. Further, our production facilities are situated in India which is a lower cost centre as compared to USA and Europe. Many of the key raw materials required in the production of our Pigment products such as urea and phthalic anhydride, and chlorine and acrylonitrile for Agrochemical products are in abundant supply at a low cost.

Thrust on increasing agrochemical sales by registering new products, in particular in the international markets

In recent years, we have focussed on increasing the number of product registrations in countries such as Australia, Brazil, Bangladesh, China, Mexico, Malaysia, Turkey, Taiwan, Uruguay, etc. We currently hold 90 registrations worldwide and have 415 registrations pending in 56 countries. Being a manufacturer and distributor of existing molecules with expired patents, we consider registration as crucial and considerable investments are focussed on registrations. Our focus on research and development has also led to an increase in the number of products developed which has translated into numerous applications for registrations for our products.

We have established brand names

Besides having established our reputation as a reliable manufacturer of quality Pigments and Agrochemical products, our Directors believe that, through our years of effort in establishing our distribution networks and advertising and promotional activities, our brand names have gained recognition in the Pigments and Agrochemicals industries in India, Europe, the USA and Latin America where our products are sold. A number of our Pesticide Formulations, such as, amongst others, "Megastar", "Megacyper", "Courage", "Proven" are brand names are recognised names amongst consumers in the domestic Indian market. This also extends to our "Meghfast" brand name, which is a recognised name amongst consumers of Pigment products who are MNC's. We have a distribution network with overseas distributors worldwide catering to our overseas markets for our Pigments and Agrochemical products, and a chain of over 650 stockists, agents and dealers covering the domestic market in India.

We have focus on research and development

We are R&D focussed organization, which has enabled us to develop high quality products to the satisfaction of our domestic and international customers. For the period ended December 31, 2006 and in FY 2006, we have invested Rs. 14.94 million Rs. 16.16 million respectively amounting to 0.42% and 0.39% respectively of turnover on Research and Development. It has also been our endeavour to continuously upgrade and improve our production processes, which have resulted in better purity and quality. Through our R&D processes, we have also added our range of "High Performance Pigments" and an array of Agrochemical products, which, we believe, have higher realisation and margins.

We are developing a base of intellectual property rights

We have consciously developed our intellectual property rights in the form of trademarks for our products, as well as our logo and corporate name. Our logo and name, viz. "MOL" and "Meghmani" have been registered as trademarks. In addition, we have filed 31 applications for trademarks in India, of which 14 have been already registered. We believe that our trademarks have significant value and are important to our brand building efforts and aid in the marketing of our products.

For details of the intellectual property rights, refer page no. 48 of the section titled "Our Business" in this Red Herring Prospectus.

It may be difficult for other players to replicate our product performance in Pigments

We produce several shades of pigments which are essentially application oriented and have been standardised to suit the specific requirements of our customers. We have application laboratories where we carry out tests for samples from each

production batch wherein tests on the final end use are made for consistency, shade strength, and other such parameters. We also supply our pigments to prestigious MNCs such as M/s. Hampel, Netherlands. For all our MNC clients, we have spent significant resources in terms of men and materials to evolve products, which are of an acceptable quality. Consequently, we believe that we are better placed over most of the other players to meet the requisite quality standards.

Business & Growth Strategy

The key components of our strategy to drive profitable growth and to maximize value are to continuously enhance customer satisfaction, engage in continuous research and development to achieve best-in-class manufacturing, attract, develop and retain quality employees, and maintain stringent standards of environmental safety and corporate responsibility. Our business strategies and future plans include the following:

Grow our agrochemical business inorganically and through strategic acquisitions of complementary businesses and products

We believe that there are vast opportunities for inorganic growth in the USA, Brazil and Argentina. We intend to review opportunities for acquiring complementary businesses and products whilst growing our agrochemical business organically by leveraging our manufacturing expertise and existing alliances and by focussing on research and development. We are actively evaluating companies having the requisite registrations in place, complementary product portfolio and marketing network. We believe that future and sustained growth would be achievable through a right mix of organic and inorganic growth.

Diversification in the field of organic/inorganic Chemicals

We believe that there are ample diversification opportunities in the field of organic/inorganic chemicals, whereby we can capitalize on our chemistry skill sets and infrastructure created by us. We intend to consciously pursue such opportunities. To this end we have recently executed a Non Circumvention and Non Disclosure Agreement with M/s Real Innovators Group for exploring the possibilities of setting up of basic/fine chemicals manufacturing facility. For details of the Agreement refer page no. 76 of the section titled "History and Corporate Structure" in this Red Herring Prospectus.

Pigments

Focus on vertical integration enabling production of high-margin and technology-oriented products

We are one of the few manufacturers, who manufacture both CPC Blue crude (which is an upstream product), and the finished pigments, viz. our Blue and Green pigment products such as Alpha Blue, Beta Blue, Pigment Green 7 and Pigment Green 36. We are placing conscious efforts to climb up the value chain by shifting the focus from a bulk supplier of CPC Blue crude to high-margin and technology-oriented pigments like our Green and Blue products. CPC Blue crude, an upstream product for our Green and Blue products, is also sold externally. The manufacturing of our Green and Blue products involve significant customisation efforts and higher customer interaction to enable arriving at the final product. We have, in the past, invested significant resources, for customising the Green and Blue products, which has enabled us to cater to our customers, most of which are MNC's. We intend to leverage our knowledge and development skills by increasing our product offering of Green and Blue products.

Thrust on our portfolio of high performance pigments and expanding our existing range of high performance pigments and additives

There is a move towards high performance pigments and additives as customers upgrade their products and the technical performance requirements of the pigments and additives they incorporate in their formulations. In recent years, environmental pressure to replace heavy metals such as cadmium and lead has led to an increased demand in organic pigments. The impact of the low volatile organic content ("VOC") regulations, prevalent outside India, is that solvent usage is being reduced in the printing ink and coatings industries with alternative technologies, such as water-based systems coming in place.

Currently, our portfolio includes high performance pigments like Pigment Green 36 and Pigment Blue 60, which have been successfully commercialized, and have an additional range of pigments like Pigment Red, Pigment Yellow and Pigment Orange, which are under development in various stages.

We believe that with our existing portfolio and products under development, we are well placed to take advantage of these trends.

To expand our customer base in India and globally

In FY 06, exports constituted around 74.14% of our pigment sales, which were made to about 60 countries. Our strategy is to expand our customer base in India and globally by strengthening our existing sales and marketing network. We have appointed distributors, agents and dealers in India and in our overseas markets such as the USA, Europe and Asia-Pacific. We believe that establishing a network of distributors, agents and dealers will enable us to establish direct and closer relationships with an increased number of customers. For further enhancing our service support to our customers, we have warehouses arrangements in locations closer to our customers both domestically and overseas at Belgium, Uruguay, Columbia, China, Russia and UK and within India in the states of Gujarat, Rajasthan, Andhra Pradesh, Chandigarh,

Maharashtra, Punjab, Haryana and Uttar Pradesh. We also plan to set up additional warehouses in North and South America. This will enable us to shorten the time to market of our products to our customers. We have a distribution network of overseas distributors and a chain of more than 650 stockists, agents, distributors and dealers for our products throughout India, which we further plan to strengthen gradually.

To capitalise on the outsourcing opportunities for manufacture of pigments

The chemicals industry is witnessing a shift in the manufacturing base from western countries to low cost producers such as India and China. We believe that similar opportunities also exist in the pigments. We are actively evaluating such opportunities for future growth.

Agrochemicals

Focus on increasing sales of our branded formulations in the retail segment

Our technical grade pesticides are used captively for manufacture of our bulk and branded formulations and are also sold to the pesticide formulators in and outside India. Our bulk formulations are also used captively for the production of branded formulations, which are sold to retail domestic customers besides being sold to other formulators mostly in the domestic markets. Our brands such as "Megastar", "Proven", "Courage" "Megacyper", etc. are recognized names with retail consumers in India. Since the past two years, we have commenced exports of our branded formulations outside India. We intend to focus on increasing sales of our existing branded products and proposed launches through our existing distribution network of overseas distributors and over 650 stockists, agents, distributors and dealers within India. This would enable us to enhance our visibility and go up the value chain, which would also improve realisations.

Expand our share in Indian and International markets through new product registration

For the year ended March 31, 2006, about 50% of our Agrochemical sales comprised of export sales where we serviced over 90 customers. Our Agrochemical products are regulated products and require prior registration with the relevant governing authorities in each country before they are allowed to be sold. As on April 30, 2007, we have 90 products which have been registered world wide and 96 CIB registrations have been obtained in India. Considering that a significant portion of sales is through exports, we intend to focus on our existing and new export markets for our Agrochemical products and currently have 415 registrations in pipeline at various stages in 56 countries and CIB registrations in India.

For a summary of our present registrations and applications made, refer the section titled "Registrations" beginning on page no. 73 of this Red Herring Prospectus.

Focused research and development efforts on building a pipeline of Agrochemical products

Presently, we have 7 products which are under various stages of development as specified under the heading "Research and Development" above. For sustaining our growth, we are continuously endeavoring to increase our product offering. We have identified various products which are under patent protection and are going off patent in the next 2-3 years.

We have commenced a two pronged efforts for these products as given below:

- Focus on research and development for producing products going off-patent through cost effective processes
- Initiating the registration process in the target markets to enable readiness to enter the market once the product development has been successfully completed.

For details of our products under development, refer section titled "Research and Development" beginning on page no. 59 of this Red Herring Prospectus.

Besides the above, there are over 60 products. which are going off patent over the next 4 years, of which we focus on certain products based on the customer requirements and prevalent market demand. (Source: Phillips McDougall Agri Research Report,2005).

THE ISSUE

Equity Shares Offered:	
Issue by our Company	[●] Equity Shares aggregating Rs. 1020 million
Issue to the Public	[●] Equity Shares aggregating Rs. 1020 million.
Of which	
A) Qualified Institutional Buyers Portion	Atleast [●] Equity Shares aggregating Rs. 612 million, constituting at least 60% of the Issue that will be available for allocation to Qualified Institutional Buyers. 5% of the QIB Portion, constituting [●] Equity Shares shall be available for allocation on proportionate basis to Mutual Funds only, and the balance QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds. If atleast 60% of the Issue cannot be allocated to QIBs, then the entire application moneys will be refunded.
B) Non-Institutional Portion (1)	Upto [●] Equity Shares aggregating Rs. 102 million, constituting up to 10% of the Issue that will be available for allocation to Non Institutional Bidders.
C) Retail Portion (1)	Upto [●] Equity Shares aggregating Rs. 306 million constituting up to 30% of the Issue that will be available for allocation to Retail Individual Bidders.
Equity Shares outstanding prior to the Issue	200,630,000 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Issue Proceeds	Please refer section titled "Objects of the Issue" beginning on page no. 27 of this Red Herring Prospectus

(1) Under-subscription, if any, in any of the above categories would be allowed to be met with spill over inter-se from any other categories, at the sole discretion of our Company and BRLMs.

SUMMARY OF FINANCIAL DATA

You should read the following information together with the information contained in the Auditors' report included in the section titled "Financial Statements" beginning on page no. 116 of this Red Herring Prospectus.

BALANCE SHEET

SUMMARY OF ASSETS AND LIABILITIES -RESTATED

(Rs. In Million)

DETAILS	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
Fixed Assets						
Gross Block (including Capital WIP)	2126.65	1961.07	1648.25	1456.36	1182.21	991.65
LESS: Depreciation	824.15	725.81	612.69	501.78	408.39	331.97
Net Block(A)	1302.50	1235.26	1035.56	954.58	773.82	659.68
B. Investments	6.48	6.13	5.21	4.84	2.50	2.20
Current Assets, Loans & Advances						
Inventories	950.51	773.45	524.04	398.15	307.63	212.68
Sundry Debtors	2303.59	1731.57	1427.41	1249.78	908.74	864.22
Cash and Bank balances	58.20	50.34	51.02	119.39	67.88	64.49
Loans and Advances	528.50	788.96	643.65	449.66	395.46	303.94
Sub Total (C)	3840.80	3344.32	2646.12	2216.98	1679.71	1445.33
Less : Loans and Liabilities						
Secured Loans	770.46	684.65	492.50	894.15	442.43	480.49
Unsecured Loans	913.14	344.92	6.31	1.58	44.35	22.80
Current Liabilities and Provisions	530.42	936.51	885.92	688.20	644.99	483.02
Sub Total (D)	2214.02	1966.08	1384.73	1583.93	1131.77	986.31
Deferred Tax(E)	113.29	119.32	103.64	104.09	88.11	0.00
Net Worth(A+B+C-D-E)	2822.47	2500.31	2198.52	1488.38	1236.15	1120.90
Represented by						
Share Capital	200.63	200.63	200.63	165.93	165.93	165.93
Reserves & Surplus	2626.51	2305.74	1999.54	1325.63	1075.36	963.45
less: Miscellaneous Expenditure	4.67	6.06	1.65	3.18	5.14	8.48
Net Worth	2822.47	2500.31	2198.52	1488.38	1236.15	1120.90

STATEMENT OF PROFIT AND LOSS (RESTATED)

(Rs. In Million)

DETAILS	Nine month ended Dec-06	March-06	March-05	March-04	March-03	March-02
Income						
Net Sales of products manufactured by the company	3497.93	3808.92	3150.95	2348.21	1917.14	1670.90
Net Sales-Trading	55.47	82.69	211.84	71.11	106.89	101.80
Other Income	19.94	55.34	68.51	66.30	107.13	109.65
Increase / (Decrease) in Stock	116.65	212.74	84.64	34.60	67.17	14.56
Total	3689.99	4159.69	3515.94	2520.22	2198.33	1896.91
Expenditure						
Raw material consumed	2235.37	2438.07	1926.18	1251.06	994.68	825.55
Trading Purchase	52.79	39.38	189.81	70.29	96.62	91.39
Employees cost	86.94	91.86	78.79	66.64	56.00	49.33
Power & Fuel	255.46	294.75	260.93	231.54	181.65	166.08
Other manufacturing cost	120.83	161.26	144.88	129.35	98.56	83.82
Administration Expenses	103.74	137.15	127.30	72.18	93.37	94.03
Selling & Distribution Expenses	294.19	333.06	220.43	174.71	253.75	206.21
Interest (Financial Expenses)	84.26	79.20	45.22	57.48	46.14	23.99
Depreciation	100.46	114.84	111.86	94.39	77.90	67.31
Total	3334.04	3689.57	3105.40	2147.64	1898.67	1607.71
Net profit before extra ordinary Items &Tax	355.95	470.12	410.54	372.57	299.65	289.20
Extra Ordinary Item :-						
Loss on Fire	0.00	0.00	0.00	0.00	(1.80)	0.00
Subsidy Received	0.00	0.00	0.00	0.20	0.00	0.00
Dividend from Mutual Fund (Temp Invest. of IPO Fund)	0.00	0.00	2.90	0.00	0.00	0.00
Current tax (Provision and Payment)	41.21	71.06	100.20	58.68	60.15	53.28
Deferred tax	(6.03)	15.68	(0.44)	15.98	(1.38)	0.00
Prior Period Expenses	0.00	0.00	0.00	0.72	0.11	0.73
Net Profit after Tax	320.77	383.38	307.88	296.99	242.57	235.19
Amount available for appropriation	320.77	383.38	307.88	296.99	242.57	235.19
APPROPRIATION						
Provision for Dividend	0.00	70.22	60.18	39.83	36.50	66.37
Provision for Tax on Dividend	0.00	9.85	7.86	5.10	4.68	6.77
Transfer to General Reserve	0.00	40.00	40.00	40.00	90.30	50.00
Balance carried over to Balance sheet	320.77	263.31	199.84	212.06	111.09	112.05

CASH FLOW STATEMENT PREPARED FROM THE RESTATED FINANCIAL STATEMENTS

(Rs. In Million)

PARTICULARS	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
CASH FROM OPERATING ACTIVITIES						
Net profit before taxation & Extraordinary items	355.95	470.12	410.55	372.57	299.55	288.47
Adjustments for:						
Depreciation	100.46	114.84	111.89	94.39	77.91	67.31
Preliminary Exp W/O	0.00	0.00	0.00	0.05	0.05	0.05
Deferred Revenue Expenses W/O	1.49	2.41	1.53	1.92	3.28	5.06
Unrealised Foreign Exchange Gain	(20.78)	(3.01)	0.00	0.00	0.00	0.00
Interest Income	(0.19)	(0.98)	0.00	0.00	0.00	0.00
Dividend Income	(0.03)	(0.18)	(2.90)	0.00	0.00	0.00
Interest Expense	84.26	79.20	45.22	57.48	46.14	24.26
Profit / Loss on sale of asset	0.66	0.73	0.58	0.74	0.93	7.06
Loss on Sale of Investment	0.00	0.03	0.00	0.00	0.00	0.00
fixed assets Write off	0.00	0.00	0.90	0.00	0.00	0.00
subsidy from Government	0.00	0.00	0.00	(0.20)	0.00	0.00
Loss on fire	0.00	0.00	0.00	0.00	1.80	0.00
Operating profit before working capital changes	521.82	663.16	567.77	526.95	429.66	392.21
Adjustment for Changes in working capital						
Debtors	(572.02)	(304.16)	(177.63)	(338.83)	(44.52)	(142.83)
Inventories	(177.06)	(249.41)	(125.89)	(92.32)	(94.95)	(29.47)
Other Current Assets & Loans & advances	(116.20)	(49.28)	(88.12)	11.20	0.73	(20.21)
Current Liabilities	87.88	(32.27)	74.59	(18.94)	84.33	61.13
Cash generation from operations	(255.58)	28.04	250.72	88.06	375.25	260.83
Less: Income tax paid	(57.67)	(93.24)	(106.07)	(67.95)	(92.41)	(44.88)
Net cash from Operations (A)	(313.25)	(65.20)	144.65	20.11	282.84	215.95
CASH FROM INVESTING ACTIVITIES						
Purchase of Fixed assets	(169.26)	(316.47)	(197.37)	(277.92)	(195.48)	(108.63)
Proceeds from sale of assets	0.91	1.19	3.02	1.31	2.52	1.80
Purchases of Investment (HDFC Cash Management)	0.00	(60.15)	0.00	0.00	0.00	0.00
Sales of Investment (HDFC Cash Management)	0.00	60.13	0.00	0.00	0.00	0.00
Interest Income	0.19	0.98	0.00	0.00	0.00	0.00
Dividend Income	0.03	0.18	0.00	0.00	0.00	0.00

PARTICULARS	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
Deferred Revenue Expenses	(0.10)	(6.82)	0.00	0.00	0.00	(2.02)
Investments	(0.35)	(0.92)	(0.38)	(2.34)	(0.30)	(1.60)
Net cash from Investing Activities (B)	(168.58)	(321.88)	(194.73)	(278.95)	(193.26)	(110.45)
CASH FROM FINANCING ACTIVITIES						
Increase in long term borrowings (USL)	0.00	0.00	0.00	0.00	0.00	0.00
Increase in short term borrowings	0.00	0.00	(175.35)	142.68	0.00	0.00
Borrowings / Repayment of Loans	85.81	192.14	(226.29)	310.62	(38.07)	159.87
Interest Paid	(84.26)	(79.20)	(45.23)	(57.48)	(46.14)	(24.26)
Dividend Paid	(70.22)	(60.19)	(39.82)	(36.50)	(16.75)	(86.49)
Tax on dividend	(9.85)	(7.87)	(5.10)	(4.68)	(6.77)	(3.76)
Equity Share Bought Back	0.00	0.00	0.00	0.00	0.00	(156.68)
Proceeds from other Borrowing	568.22	338.61	4.73	(44.35)	21.55	22.80
Increase in Share Capital	0.00	0.00	34.70	0.00	0.00	0.00
Increase in Share Premium	0.00	0.00	433.87	0.00	0.00	0.00
Net cash from Financing Activities (C)	489.70	383.49	(18.49)	310.29	(86.18)	(88.52)
Net Increase / (decrease) in cash & cash equivalents(A+B+C)	7.87	(3.59)	(68.57)	51.45	3.40	16.98
Cash and Cash Equivalents at begining of the year	50.33	53.92	119.59	67.94	64.48	47.50
Cash and Cash Equivalents at the end of the year	58.20	50.33	51.02	119.39	67.88	64.48

GENERAL INFORMATION

REGISTERED & CORPORATE OFFICE

Registered Office of our Company
Meghmani Organics Limited
Plot No. 184, Phase II,
G.I.D.C. Vatva,
Ahmedabad 382 445
Gujarat, India.
Tel No. +91 79 25831210
Fax No. +91 79 25833403
E-mail: ipo@meghmani.com

Corporate Office of our Company

Meghmani House,
Shrinivas Society,
Off New Vikas Gruh Road,
Paldi,
Ahmedabad 380 007
Gujarat, India.
Tel No. +91 79 26640668 / 69
Fax No. +91 79 26640670
E-mail: ipo@meghmani.com

Our Company is registered with the Registrar of Companies, Gujarat at Ahmedabad, with Registration Number 04-24052 and CIN (Corporate Identity Number) U24110GJ1995PLC024052. The address of the RoC is as follows:

Registrar of Companies Gujarat

R O C Bhavan
Opp. Rupal Park,
Nr. Ankur Bus Stop, NaranPura Ahmedabad - 380 013
Gujarat, India.

Board of Directors

Our Board of Directors as on date of filing this Red Herring Prospectus with RoC are as follows:

Sr. No.	Name of Director	Designation
1.	Mr. Jayanti Patel	Executive Chairman
2.	Mr. Ashish Soparkar	Managing Director
3.	Mr. Natwarlal Patel	Managing Director
4.	Mr. Ramesh Patel	Executive Director
5.	Mr. Anand Patel	Executive Director
6.	Mr. Ashvin Raythatha	Executive Director (International Marketing)
7.	Mr. Chinubhai Shah	Independent Director
8.	Mr. Balkrishna Thakkar	Independent Director
9.	Mr. Jayaraman Vishwanathan	Independent Director
10.	Mr. Pankaj Shah	Independent Director
11.	Mr. Foo Meng Tong	Independent Director
12.	Mr. K. N. Venkatasubramanian	Independent Director

For further details of our Board of Directors, please refer section titled "Our Management" beginning on page no. 83 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Kamlesh Mehta
Plot No. 184, Phase II,
G.I.D.C. Vatva,
Ahmedabad 382 445
Gujarat, India.
Tel No. +91 79 26640668 / 69
Fax No. +91 79 26640670
E-mail: ipo@meghmani.com

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

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

Overseas Branch
Navjivan Amrit Jayanti Bhavan,
Ahmedabad,
Gujarat, India.
Tel No: +91 79 27544605
Fax No: +91 79 27541616
E-mail: agm.04038@sbi.co.in

ICICI Bank Limited

JMC House,
Ambawadi,
Ahmedabad,
Gujarat, India.
Tel No: +91 79 6566304
Fax No: +91 79 6566302
E-mail: shekhar.ms@icicibank.com

HDFC Bank Limited

3rd Floor, 'HDFC Bank House',
Mithakhali Six Roads,
Navrangpura, Ahmedabad 380 009
Gujarat, India
Tel No: + 91 79 5521 1170
Fax No: +91 79 5531 7777
Email: mahesh.taparia@hdfcbank.com

ISSUE MANAGEMENT TEAM**Book Running Lead Managers (BRLMs)****Edelweiss Capital Limited**

14th Floor,
Express Towers
Nariman Point
Mumbai 400 021, India.
Tel. No: +91 22 2286 4400
Fax No: +91 22 2288 2119
E-mail: meghmani.ipo@edelcap.com
Contact Person: Mr. Shailendra Sabhnani
Website: www.edelcap.com

Legal Advisors to the Company

M/s. Crawford Bayley & Co.
Advocates and Solicitors
State Bank Buildings, 4th floor
N. G. N. Vaidya Marg
Fort, Mumbai 400 023, India
Tel. No: +91 22 2266 3713
Fax No: +91 22 2266 0355
E-mail: sanjay.asher@crawfordbayley.com

IL&FS Investsmart Limited

The IL&FS Financial Centre,
Plot C-22, G Block,
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051, India.
Tel No: +91 22 2653 3333
Fax No: +91 22 6693 1862
E-mail: meghmani.ipo@investsmartindia.com
Contact Person: Ms. Poorna Pikle
Website: www.investsmartindia.com

Legal Advisors to the Underwriters

J. Sagar Associates
Vakil House, 1st Floor
18 Sprott Road, Ballard Estate
Mumbai 400001, India
Tel No: + 91 22 6656 1500 /1523
Fax No: + 91 22 6656 1515 / 16
Email: mumbai@jsalaw.com

Syndicate Members

Edelweiss Securities Private Limited

14th Floor,
Express Towers
Nariman Point
Mumbai 400 021.
India.
Tel. No: +91 22 2286 4400
Fax No: +91 22 2288 2119
E-mail: meghmani.ipo@edelcap.com
Contact Person: Mr. Devang Asher
Website: www.edelcap.com

IL&FS Investsmart Limited

The IL&FS Financial Centre,
Plot C-22, G Block,
Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051
India.
Tel No: +91 22 2653 3333
Fax No: +91 22 6693 1862
E-mail: meghmani.ipo@investsmartindia.com
Contact Person: Ms. Poorna Pikle
Website: www.investsmartindia.com

Registrar to the Issue

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound
LBS Road, Bhandup (West),
Mumbai 400 078.
India.
Tel: +91 22 2596 0320
Fax: +91 22 2596 0329
E-mail: meghmani-ipo@intimespectrum.com
Contact Person: Mr. Sachin Achar
Website: www.intimespectrum.com

Bankers to the Issue and Escrow Collection Banks

HDFC Bank Ltd

26 A, Narayan Properties,
Off Saki Vihar Road,
Chandivali, Saki Naka,
Andheri (East)
Mumbai - 400 072
Tel.: +91 22 2856 9009/2847 4900
Fax: +91 22 2856 9256
Website: www.hdfcbank.com
E-mail: viral.kothari@hdfcbank.com
Contact person: Mr. Viral Kothari

ICICI Bank Ltd.

Capital Markets Division

36, Mumbai Samachar Marg, Fort,
Mumbai 400 001.
Tel: +91 22 2262 7600
Fax: +91 22 2261 1138
E-mail: sidhartha.routray@icicibank.com
Contact Person: Mr. Sidhartha Routray
Website: www.icicibank.com

UTI Bank Limited

Universal Insurance Building,
Sir P.M.Road,
Fort, Mumbai 400 001
Tel: +91 22 2283 5782
Fax: +91 22 2283 5785
E-mail: roshan.mathias@utibank.co.in
Contact Person: Mr. Roshan Mathias
Website: www.utibank.com

Standard Chartered Bank

270 D. N. Road,
Fort, Mumbai - 400 001
Tel.: +91 22 2209 2213/2268 3965
Fax: +91 22 2209 6069
Website: www.standardchartered.co.in
E-mail: rajesh.malwade@in.standardchartered.com
Contact person: Mr. Rajesh Malwade

Kotak Mahindra Bank Limited

4th Floor, Dani Corporate Park,
158, CST Road,
Kalina, Santacruz,
Mumbai - 400 098
Tel.: +91 22 6759 4850
Fax: +91 22 6648 2710
Website: www.kotak.com
E-mail: ibrahim.sherif@kotak.com
Contact person: Mr. Ibrahim Sherif/Mr. Mahesh Sekhdar

Statutory Auditors to the Company**M/s Patel & Khandwala,**

Chartered Accountants
204, Akik, Opposite Lions Hall,
Mithkhali, Ahmedabad
Gujarat, India.
Tel No: +91 79 26466215
Fax No: +91 79 26468714
E-mail: patel_khandwala@yahoo.co.in

International Auditors of the Company**Deloitte Haskins & Sells**

3rd Floor, Heritage,
Near Gujarat Vidhyapith,
Off. Ashram Road, Ahmedabad,
Gujarat, India.
Tel No: +91 79 27582542 / 3
Fax No: +91 79 27582551
E-mail: gshah@deloitte.com

INTER SE ALLOCATION OF RESPONSIBILITY OF THE BRLMs

Sr. No.	ACTIVITIES	RESPONSIBILITY	COORDINATOR
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	IIL, ECL	IIL
2.	Due diligence of the Company's operations / management / business plans/legal etc.	IIL, ECL	IIL
3.	Drafting & Design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI.	IIL, ECL	IIL
4.	Selection of various agencies connected with the Issue including Registrar, Printers, Advertising Agency, Bankers to the Issue etc.	IIL, ECL	ECL
5.	Company positioning and pre-marketing exercise	IIL, ECL	ECL
6.	Finalize media & public relation strategy, drafting and approval of all publicity material other than statutory advertisement as mentioned in (3) above including corporate advertisement, brochure, etc.	IIL, ECL	ECL
7.	Qualified Institutional Bidder (QIBs) Category: Finalising the list and division of investors for one-to-one meetings, Co-ordinating institutional investor meetings, institutional allocation and finalizing pricing decision.	IIL, ECL	ECL
8.	Non Institutional and Retail Marketing of the Issue, which will cover inter alia: <ul style="list-style-type: none"> ● Formulating marketing strategy ● Preparation of publicity budget ● Finalise Media and Public Relation strategy ● Finalising centers for holding conferences for brokers, press, etc. ● Follow-up on distribution of publicity and issue material including Bid cum application form, prospectus and deciding on the quantum of the issue material 	IIL, ECL	IIL
9.	Interaction & co-ordination with Stock Exchanges for book-building software, bidding terminals and mock trading	IIL, ECL	IIL
10.	Finalisation of Prospectus and RoC Filing etc.	IIL, ECL	IIL
11.	The post bidding activities including, management of escrow accounts, co-ordinate non-institutional allocation, intimation of allocation, dispatch of refund orders to Bidders etc.	ECL	ECL
12.	The post issue activities for the Issue will involve essential follow up steps, which include the finalisation of basis of allotment, weeding out of multiple applications, listing of Equity Shares and dispatch of allotment advice and refund orders, co-ordination with the various agencies connected with the work such as the Registrars to the Issue, Bankers to the Issue and the bank handling refund business.	ECL	ECL

Credit Rating

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

IPO Grading

Our Company has not opted for IPO grading in relation to this Issue of Equity Shares.

Trustees

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

Appraising Entity

The Objects of the Issue have not been appraised by any agency, and the cost and means of finance are based on the estimates by our Company.

Monitoring Agency

There is no requirement for a monitoring agency in terms of clause 8.17 of the SEBI Guidelines.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at any time after the Bid / Issue Opening Date but before allotment without assigning any reasons therefore.

Book Building Process

Book Building refers to the process of collection of bids from investors, which is based on the Price Band. This Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- Our Company;
- Book Running Lead Managers;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. The BRLMs appoint the Syndicate Members;
- Registrars to the Issue; and
- Escrow Collection Bank(s).

The SEBI Guidelines, have permitted an issue of securities to the public through the 100% Book Building Process, wherein a minimum of 60% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (QIBs) including upto 5 % of the QIB portion that shall be available for allocation on proportionate basis to Mutual Funds only and the remainder of the QIB portion shall be available for allocation on a proportionate basis to all QIB bidders, including Mutual Funds. Further, upto 10% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and upto 30 % of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Our Company will comply with the SEBI Guidelines for this Issue. In this regard, our Company has appointed the BRLMs to procure subscriptions to the Issue.

QIBs are not allowed to withdraw their Bid(s) after the Bid / Issue Closing Date and are required to pay 10 % margin amount upon submission of their bid. For further details please refer the section titled "Terms of the Issue" beginning on page no. 184 of this Red Herring Prospectus.

The process of book building, under SEBI Guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue.

Steps to be taken by the Bidder for bidding:

- Check whether he \ she is eligible for bidding (for further details, please refer to the paragraph on 'Who can Bid' beginning on page no. 187 of this Red Herring Prospectus);
- Ensure that the Bidders have a demat account and the demat account details are correctly mentioned in the Bid cum Application form;
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form and
- If your Bid is for Rs. 50,000 or more, ensure that the Bid cum Application Form is accompanied by the Permanent Account Number of by Form 60 or Form 61 as may be applicable, together with necessary documents providing proof of address. For details please refer section titled "Issue Procedure" beginning on page no. 187 of this Red Herring Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of the Permanent Account Number, as the Bid is liable to be rejected.

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

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

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
3500	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs. 21 in the above example. The issuer, in consultation with the BRLMs will finalise the issue price at or below such cut off price i.e. at or below Rs. 21. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Bid/Issue

Bidding Period/Issue Period

BID/ISSUE OPENS ON	June 04, 2007
BID/ISSUE CLOSES ON	June 07, 2007

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form and uploaded till such time as permitted by the BSE and the NSE. Bids will only be accepted on working days i.e. Monday to Friday (excluding public holidays). Bidders are cautioned that a high inflow of Bids typically experienced on the last day of the Bidding may lead to some Bids received on that day not being uploaded due to lack of sufficient uploading time and such bids may not be considered for allocation.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

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

Underwriting Agreement

After the determination of this Issue Price but prior to filing of the Prospectus with RoC we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
Edelweiss Capital Limited 14th Floor, Express Towers Nariman Point, Mumbai 400 021.	[●]	[●]
IL&FS Investsmart Limited The IL&FS Financial Centre, Plot C-22, G Block, Bandra-Kurla Complex Bandra (East) Mumbai 400 051	[●]	[●]
Edelweiss Securities Private Limited 14th Floor, Express Towers Nariman Point Mumbai 400 021.	[●]	[●]
Total	[●]	[●]

The above mentioned amount is an indicative of underwriting and would be finalized after pricing and actual allocation

The above underwriting agreement is dated [●]

In the opinion of the Board of Directors of our Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The above underwriting agreement has been accepted by the Board of Directors of our Company at the meeting held on [●] and our Company has issued letters of acceptance to the Underwriter.

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

CAPITAL STRUCTURE

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

Share Capital as on the date of filing of this Red Herring Prospectus	Amount in Rs. Million	
	Nominal Value	Aggregate Value
A. Authorised Capital		
370,000,000 Equity Shares of Re. 1/- each	370.00	
B. Issued, Subscribed and Paid-Up Capital before this Issue		
200,630,000 Equity Shares of Re. 1/- each fully paid-up	200.63	
C. Present Issue to the public in terms of this Red Herring Prospectus		
[●] Equity Shares of Re. 1/- each	[●]	1020
Of Which		
QIB portion of at least [●] Equity shares	[●]#	612
Non Institutional portion of up to [●] Equity shares	[●]	102
Retail portion of up to [●] Equity shares	[●]	306
D. Issued, Subscribed and Paid-Up Capital after this Issue		
[●] Equity Shares of Re. 1/- each	[●]	[●]
E. Securities Premium Account		
Before this Issue	663.26	
After this Issue	[●]	

#: 5% of the QIB portion, i.e. Rs. 612 million is available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds.

Notes to Capital Structure

1. Authorised Share Capital

Changes in Authorised Share Capital

Date of change	Authorised Capital pursuant to increase / change
Incorporation	16 million equity shares of Rs. 10 each aggregating to Rs. 160 million
August 14, 1995	25 million equity shares of Rs. 10 each aggregating to Rs. 250 million
May 20, 1996	37 million equity shares of Rs. 10 each aggregating to Rs. 370 million
November 09, 1996	Changed to 15.15 million equity shares of Rs. 10 each aggregating to Rs. 151.50 million and 2.185 million preference shares of Rs. 100 each aggregating to Rs. 218.50 million
October 13, 1997	Changed to 37 million equity shares of Rs. 10 each aggregating to Rs. 370.00 million
March 30, 2004	Changed to 370 million equity shares of Rs. 1 each aggregating to Rs. 370.00 million

2. Paid up Share Capital

Date of Allotment of the Equity Shares	No. of Equity Shares	Cumulative number of Equity Shares	Face Value (Rs.)	Issue Price/ (Buy Back Price)	Share Premium	Nature of payment of consideration	Reasons for allotment	Cumulative Securities Premium Account
January 27, 1995	5,600,000	5,600,000	10	10	—	Cash	Subscription to the Memorandum pursuant to the conversion of partnership firm M/s Gujarat Industries into our Company.	—
August 16, 1995	3,600,000	9,200,000	10	—	—	Other than Cash	Bonus in the ratio of 9:14@	—
August 16, 1995	2,300,000	11,500,000	10	10	—	Cash	Further allotment to relatives of Promoter Directors Promoters.	—
January 6, 1997	3,641,666	15,141,666	10	60	182,083,300	Cash	Allotment to JF Electra (Mauritius) Ltd., Pisces Private Limited and Promoters of our Company	182,083,300
October 13, 1997 *	3,294,632	18,436,298	10	66.32	185,553,680	Other than Cash	Allotment to JF Electra (Mauritius) Limited, Pisces Private Limited and Promoters of our Company on conversion of Compulsory Convertible Preference Shares (CCPS)	367,636,980
February 27, 2002 \$	(1,843,298)	16,593,000	10	85	(138,247,350)	—	Buy back of equity shares by our Company	229,389,630
March 30, 2004 **	165,930,000	—	—	—	—	—	Sub-Division of face value of equity shares of our Company from Rs. 10/- to Re. 1/-	—
August 5, 2004*** and ****	34,700,000	200,630,000	1	14.82	479,841,871	Cash	SDS Issue	663,258,951#

@ Our Company, on August 16, 1995 issued bonus shares to its members in the ratio of nine equity shares for every fourteen equity shares held by the members and such new shares were fully paid and ranked pari passu with the existing equity shares. A total of 3.6 million shares were issued. Total nominal value of equity shares issued including the present allotment of bonus shares amounted to Rs. 9,200,000. This bonus issue was authorized through an ordinary resolution passed on August 14, 1995.

*Our Company had allotted 10,250,000 CCPS, 875,000 CCPS, 139,311 CCPS of face value Rs. 100/- each on January 27, 1997 to JF Electra (Mauritius) Ltd., Pisces Pvt. Ltd and our Promoters respectively. Our Company had also allotted 145,689 CCPS of Rs. 100/- each on July 22, 1997 to our Promoters. The CCPS issued to JF Electra (Mauritius) Limited, Pisces Pte. Limited and our Promoters were converted into 1,545,531 Equity shares, 1,319,366 Equity Shares and 429,735 Equity Shares respectively at an effective CCPS Conversion Price of Rs. 66.32 per equity share.

\$ In the year 2002, our Company made an offer for Buy back of 1,843,298 Equity Shares of Rs. 10/- each at a price of Rs. 85/- per Equity Share on proportionate basis. Our Company received the offer of 1,843,298 shares for the Buy back from the Non - Resident Investors. The Board of Directors accepted the offer on proportionate basis and bought back the Equity shares. After Buy Back of 1,843,298 Equity Shares of Rs. 10/- each the Equity Share Capital of our Company became 16,593, 000 Equity Shares of Rs. 10/- each.

** 1 equity share of Rs. 10 each of Company was sub divided into 10 equity shares of Re. 1 each, vide Special Resolution dated March 30, 2004.

*** Our Company made an issue of 100,400,000 Singapore Depository Shares (SDS), comprising an offer for sale by Electra Partners Mauritius Limited and Pisces Pte Limited of 31,000,000 SDSs and a fresh issue of 69,400,000 SDSs at a price of S \$ 0.28 per SDS. The SDSs are listed on the SGX - ST Main Board. Two SDS represent one Equity Share of our Company, thereby 34,700,000 fresh Equity Shares were issued by our Company.

**** The holding of Electra Partners Mauritius Limited and Pisces Pte Limited, being 26,382,650 Equity Shares, were also converted into SDS's pursuant to FIPB approval bearing No. FC.II: 8 (17) /1996 - Amend dated 19/21 November, 2003

The amount of addition in the Securities Premium Account is net of Share Issue Expenses.

3. Promoters Contribution and Lock-In

Details of Promoters' contribution locked-in for 3 years:

Name of the Promoter	Date on which Equity Shares were made fully paid up	Number of Equity Shares Alloted	Face Value per Equity Share (in Re.)	Issue/ Transfer price per Equity Share (in Rs.)	Consideration (cash, bonus, consideration other than cash)	Percentage of pre-Issue paid-up capital	Percentage of post-Issue paid-up capital
Mr. Jayanti Patel	[●]	[●]	1	[●]	Cash	[●]	[●]
Mr. Ashish Soparkar	[●]	[●]	1	[●]	Cash	[●]	[●]
Mr. Natwarlal Patel	[●]	[●]	1	[●]	Cash	[●]	[●]
Mr. Ramesh Patel	[●]	[●]	1	[●]	Cash	[●]	[●]
Mr. Anand Patel	[●]	[●]	1	[●]	Cash	[●]	[●]
Total	[●]	[●]	1	[●]		[●]	20%

[●],[●],[●],[●] and [●] Equity Shares held by Mr. Jayanti Patel, Mr. Ashish Soparkar, Mr. Natwarlal Patel, Mr. Ramesh Patel and Mr. Anand Patel as the Promoters shall be locked in for three years from the date of allotment of Equity Shares in this Issue.

Other than the aforesaid, the entire pre-Issue share capital i.e. [●] Equity Shares of our Company including the underlying Equity Shares of Singapore Depository Shares (SDSs) , held by the custodian, would be locked in for a period of one year from the date of allotment of Equity Shares in this Issue. However, the SDSs will continue to remain freely tradable on the Singapore Stock Exchange - Main Board (SGX-ST).

Equity Shares held by persons other than the Promoters, prior to this Issue, which are subject to lock in as per the relevant provisions of Chapter IV of SEBI Guidelines, may be transferred to any other person holding shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by Promoters which are locked in as per the relevant provisions of Chapter IV of the SEBI Guidelines, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable. The locked-

in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

4. Our Company, our Directors, our Promoters and the BRLMs to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of our Company from any person.
5. An over-subscription to the extent of 10% of this Issue size can be retained for the purpose of rounding off while finalizing the basis of allotment.
6. As per RBI regulations, OCBs are not allowed to participate in this Issue.
7. Equity Shares offered through this Issue shall be made fully paid up.
8. In the case of over-subscription in all categories, at least 60% of the Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, up to 10% of the Issue to the Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in the Non Institutional and Retail categories would be allowed to be met with spill over from any other category at the sole discretion of our Company in consultation with the BRLMs.

9. a) Particulars of top ten shareholders on the date of filing this Red Herring Prospectus with RoC

S. No.	Name of the shareholder	Number of Equity Shares	%age
1.	DBS Bank Nominee Private Limited as depository for SDS holders	76,582,650	38.17
2.	Mr. Natwarlal Patel	25,532,130	12.73
3.	Mr. Ashish Soparkar	24,158,090	12.04
4.	Mr. Jayanti Patel	18,560,390	9.25
5.	Mr. Ramesh Patel	16,354,120	8.15
6.	Mr. Anand Patel	8,130,200	4.05
7.	Mrs. Taraben Patel	7,360,000	3.67
8.	Mr. Ankit Patel	2,500,000	1.25
9.	Mrs. Naynaben Patel	2,300,000	1.15
10.	Mrs. Bhartiben Patel	2,000,000	1.00

- b) Particulars of top ten shareholders ten days prior to filing this Red Herring Prospectus with RoC

S. No.	Name of the shareholder	Number of Equity Shares	%age
1.	DBS Bank Nominee Private Limited as depository for SDS holders	76,582,650	38.17
2.	Mr. Natwarlal Patel	25,532,130	12.73
3.	Mr. Ashish Soparkar	24,158,090	12.04
4.	Mr. Jayanti Patel	18,560,390	9.25
5.	Mr. Ramesh Patel	16,354,120	8.15
6.	Mr. Anand Patel	8,130,200	4.05
7.	Mrs. Taraben Patel	7,360,000	3.67
8.	Mr. Ankit Patel	2,500,000	1.25
9.	Mrs. Naynaben Patel	2,300,000	1.15
10.	Mrs. Bhartiben Patel	2,000,000	1.00

c) Particulars of the top ten shareholders 2 years prior to the date of filing of this Red Herring Prospectus with RoC

S. No.	Name of the shareholder	Number of Equity Shares	%age
1.	DBS Bank Nominee Private Limited as depository for SDS holders	76,582,650	38.17
2.	Mr. Natwarlal Patel	25,532,130	12.73
3.	Mr. Ashish Soparkar	24,158,090	12.04
4.	Mr. Jayanti Patel	18,560,390	9.25
5.	Mr. Ramesh Patel	16,354,120	8.15
6.	Mr. Anand Patel	8,130,200	4.05
7.	Mrs. Taraben Patel	7,360,000	3.67
8.	Mr. Ankit Patel	2,500,000	1.25
9.	Mrs. Naynaben Patel	2,300,000	1.15
10.	Mrs. Bhartiben Patel	2,000,000	1.00

10. Shareholding pattern of our Company prior and post this Issue

Name of the Shareholders	Pre-Issue Equity Capital		Post-Issue Equity Capital	
	Number of Equity Shares	%age	Number of Equity Shares	%age
Promoters				
Mr. Jayanti Patel	18,560,390	9.25	18,560,390	[●]
Mr. Ashish Soparkar	24,158,090	12.04	24,158,090	[●]
Mr. Natwarlal Patel	25,532,130	12.73	25,532,130	[●]
Mr. Ramesh Patel	16,354,120	8.15	16,354,120	[●]
Mr. Anand Patel	8,130,200	4.05	8,130,200	[●]
Sub Total (A)	92,734,930	46.22	92,734,930	[●]
Promoter Group				
Mrs. Taraben Patel	7,360,000	3.67	7,360,000	[●]
Mrs. Naynaben Patel	2,300,000	1.15	2,300,000	[●]
Mrs. Bhartiben Patel	2,000,000	1.00	2,000,000	[●]
Mr. Ankit Patel	2,500,000	1.25	2,500,000	[●]
Other relatives of the Promoters individually holding less than 1% of pre Issue capital.	17,152,420	8.54	17,152,420	[●]
Sub Total (B)	31,312,420	15.61	31,312,420	[●]
Promoter & Promoter Group Total (A+B)	124,047,350	61.83	124,047,350	[●]
Non-Promoter Investors				
DBS Bank Nominee Private Limited as depository for SDS holders*	76,582,650	38.17	76,582,650	[●]
Sub Total (C)	76,582,650	38.17	76,582,650	[●]
Total Pre Issue Capital (A+B+C)= (D)	200,630,000	100	200,630,000	[●]
Public (E)	-	-	[●]	[●]
Total Post Issue capital (D+E)	200,630,000	100	[●]	[●]

* Holds Equity Shares as custodian bank for SDS holders.

11. Our Promoters/Promoter Group entities and the directors of our Company and directors of our Promoter Group entities have not purchased or sold any Equity Shares during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI.
12. The total number of members of our Company as on the date of filing this Red Herring Prospectus is 53.
13. Our Company has not raised any bridge loan against the proceeds of this Issue.
14. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares offered through this Red Herring Prospectus have been listed.
15. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.
16. Our Company has not revalued its assets since its incorporation.
17. Our Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash except for bonus issue made out of free reserves.
18. Our Company undertakes that at any given time, there shall be only one denomination for the Equity Shares of our Company and our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
19. As on the date of filing of this Red Herring Prospectus, there are no outstanding warrants, options or, other financial instruments, which would entitle our Promoters or shareholders of our Company or any other person an option to receive Equity Shares of our Company.
20. The shares locked in by the Promoters are not pledged to any party.
21. Our Company does not have any employee stock option plan or scheme.
21. There are certain restrictive covenants in the agreements that our Company has entered into with banks and financial institutions for short-term loans and long-term borrowings. For further details of the same, please refer chapter titled "History and Other Corporate Matters" on page no. 76 of this Red Herring Prospectus.

OBJECTS OF THE ISSUE

The objects of the Issue are as follows:

- (i) To finance setting up of a new high performance pigment plant ("HPP") at GIDC Industrial Estate, Vatva, Ahmedabad;
- (ii) To set up multipurpose Agro chemicals Plant at GIDC Industrial Estate, Panoli, Dist: Bharuch;
- (iii) To invest into our subsidiary Meghmani Energy Limited, to finance the 3 MW Captive Power Plant to be located at Chharodi;
- (iv) To finance the requirements of funds for inorganic growth opportunities /diversification opportunities/ general corporate purposes;
- (v) To finance the working capital requirements of our Company; and
- (vi) To meet Issue related expenses.

The objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on the Stock Exchanges in India. We believe that the listing of our Equity Shares will provide liquidity to our existing shareholders and enhance our visibility and brand name and enable us to use our Equity Shares for strategic growth opportunities.

Our assessment of fund requirement and deployment is based on internal management estimates and have not been appraised by any bank or financial institution or any independent organisation. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; including availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, among others. In case of any variations in the actual utilization of funds earmarked for the above activities or increased fund deployment for a particular activity, the shortfall, if any, may be met with by surplus funds, if any available in the other areas and/or our Company's internal accrual, and/or the term loans/ working capital loans that may be availed from the banks/ financial institutions. The balance proceeds of the Issue in addition to the abovementioned requirements, if any, will be used for general corporate purposes.

The Main Objects and the objects incidental or ancillary to the main objects clause of the Memorandum of Association of our Company enables us to undertake our existing activities and the activities for which the funds are being raised by us, through this Issue.

FUND REQUIREMENTS

The fund requirements for each of the objects are given in the following table:

Sr. No.	Fund requirements	Amount (Rs. In millions)
1	New HPP plant at Vatva	145.20
2	New Technical grade Pesticide /Formulation plant at Panoli	114.20
3	Investment in our subsidiary, Meghmani Energy Limited to finance setting up of 3 MW Captive Power Plant at Chharodi	144.10
4	Inorganic growth opportunities/diversification opportunities / general corporate purpose	[●]
5	Financing working capital needs	349.00
6	Issue expenses	[●]
	Total	1020.00

MEANS OF FINANCE

The total fund requirements in relation to the Objects of the Issue shall be financed out of Issue proceeds. Shortfalls, if any, would be met by internal accruals.

DETAILS OF USE OF ISSUE PROCEEDS

1. To finance setting up of a new high performance pigment plant ("HPP") at GIDC Industrial Estate, Vatva, Ahmedabad:

We intend to expand our capacity to manufacture high performance pigments in our Pigments Division by setting up a new HPP plant at our Vatva site, including a pilot plant and research and development centre.

These cost estimates as based on the internal estimates of our Company, based on our past experience and current market conditions.

The detailed cost estimates involved in setting up the new HPP Plant are as follows:

Particulars	Rs. In Millions
Civil work	13.00
Plant & Machineries	64.50
Miscellaneous Fixed Assets / utilities	52.70
Contingencies	15.00
Total	145.20

The further details of the above expenses are as under:

Land:

We are setting up HPP manufacturing facility at Plot No. 190, GIDC Vatva, Ahmedabad admeasuring 2130 Sq. M in our existing land which was acquired on March 10, 2004 and is adjacent to our existing facility at Vatva .

Civil Work & Building:

The total built up area of the Civil works comprising of the Pilot Plant building, Research and Development building, Effluent Treatment Plant, Tank Farm and the Production Shed estimated to cost Rs. 13.00 millions. Our Company has spent Rs. 8.70 million towards civil work.

Plant & Machinery

The details of Plant and Machinery required for setting of the HPP facility are as follows:

Plant & Machinery	Nos.	Name of the Supplier	Date of Quotation	Rs. In millions	Ordered / To be ordered
		(A) Already acquired			
Filter press	2	Khodiyar Plastic Industries	NA	0.10	Installed
Mild Steel Rubber Line Vessel	3	Aris Engineering	NA	1.40	Installed
SS Reactor	11	Ashok Engineering & Aris Engineering	NA	11.26	Installed
Cooling Tower	1	Varun	NA	0.10	Installed
Dryer		Fab India	NA	0.40	Installed
Thermopack		Aero Therm	NA	0.30	Installed
Pump			NA	0.10	Installed
Pulveriser	2	Hind Pulveriser	NA	0.15	Installed
Lift		Prakash Fabricator	NA	0.05	Installed
Safety Equipment		Anmol Safety	NA	0.20	Installed
Other equipments			NA	0.60	Installed
Lab equipments	-	Avani Scientific Traders	NA	0.15	Installed
Condensers	7	Arish Equipments manufacturing Pvt Limited	NA	7.71	Installed
Filter Press	4	Company Estimates	NA	3.89	Installed
Dryer	6	Aero therm Systems Pvt Ltd	NA	4.61	Installed
Vacuum Receiver	8	Arish Equipments manufacturing Pvt Limited	NA	2.73	Installed

Plant & Machinery	Nos.	Name of the Supplier	Date of Quotation	Rs. In millions	Ordered / To be ordered
Storage Tank	6	Ambica Engineering	NA	0.99	Installed
Measuring Tank	6	Ambica Engineering	NA	0.37	Installed
Venuleth Dryer		Aero Therm Systems Pvt. Ltd		1.55	Installed
Distillation Vessels	1	Arish Equipment Manufacturing Pvt. Ltd	NA	0.11	Installed
Sub Total (A)				36.77	
		(B) To be acquired			
Muller	1	Company Estimates		0.10	To be ordered
Two Roll Mill	1	Company Estimates		0.20	To be ordered
Extruder	1	Company Estimates		1.00	To be ordered
Power press	1	Company Estimates		0.50	To be ordered
Igor mill	1	Company Estimates		0.50	To be ordered
Automatic High Precision Digital Pigment Muller	1	Lloyds Research Foundation Inc	September 04, 2006	0.10	To be ordered
Karl Fisher	1	M Shah Trading Company	June 21, 2006	0.10	To be ordered
Gas Chromatograph	1	Toshvin Analytical	June 20, 2006	2.20	To be ordered
Spectra Photometer	1	Company Estimates		0.10	To be ordered
High Performance Liquid Chromatography	1	Chemito Tech Pvt. Ltd.	June 20, 2006	0.40	To be ordered
Particle Size Analyzer	1	Company Estimates		1.50	To be ordered
Lab equipments	1	Avani Scientific Traders	September 04, 2006	0.55	To be ordered
Weathered Ometer	1	Atlas Material Testing Technology (India) Pvt. Ltd.	April 06, 2006	4.00	To be ordered
S S Reaction Vessel	—	Ashok Engineering	April 11, 2006	2.84	To be ordered
Distillation Vessels	3	Company Estimates		1.29	To be ordered
Condensers	5	Arish Equipments manufacturing Pvt Limited	April 11, 2006	1.89	To be ordered
Filter Press	2	Company Estimates		0.31	To be ordered
Dryer	2	Aero therm Systems Pvt Ltd	May 13, 2006	0.99	To be ordered
Vacuum Receiver	2	Arish Equipments manufacturing Pvt Limited	August 01, 2006	1.27	To be ordered
Storage Tank	3	Ambica Engineering	August 01, 2006	0.51	To be ordered
Measuring Tank	8	Ambica Engineering	August 01, 2006	1.03	To be ordered
Pulverizer	2	Company Estimates		0.70	To be ordered
Steror	17	Company Estimates		4.50	To be ordered
Venuleth Dryer		Company Estimates		1.15	To be ordered
Sub Total - (B)				27.73	
Total (A+B)				64.50	

Miscellaneous Assets & utilities: Miscellaneous Assets and Utilities required for setting up the plant are as follows:

Particulars	Name of the Supplier	Rs. In Millions
(A) Already acquired		
a) Miscellaneous Fixed Assets - including piping, Fittings, Pump, Gear, and Valves.	Umiya Sales	12.40
b) Electrification including Motor, Cables and Panel Work	Umeya Enterprise, Unanti Electricals	3.46
c) Utilities	Aero Therm System Pvt. Ltd	3.41
Total -A		19.27
(B) To be acquired		
Miscellaneous Fixed Assets - including piping, Fittings, Pump, Gear, and Valves.	Open market	7.90
Electrification Including Motor, Cables, and Panel Work	Open market	9.74
Furnitures & Fixtures; Insulation, Painting & wooden works	Open market	7.00
Utilities: Steam Boiler, Chilling Plant Cooling Towers, Air compressor; Nitorgen Blanketing, Hotair generator Thermopack, etc.	Open Market	3.79
Safety, Health And Environment Precaution Expenses:	Open Market	5.00
Total -B		33.43
Total		52.70

Implementation Schedule:

The implementation schedule of the HPP Plant is as under:-

Activity	Commencement	Completion
Land	Existing	-
Civil Work / Building	January 2006	June 2007
Plant & Machinery	March 2006	June 2007
Trial Production	August 2007	-
Commercial Production	October 2007	-

2. Setting up multipurpose Agro chemicals Plant at GIDC Industrial Estate, Panoli, Dist: Bharuch;

Our Company has, on June 25, 2006 acquired the assets of Agronule Industries (hereinafter referred to as the "Agronule Facility"), which was a division of Glenmark Pharmaceuticals Limited. The Agronule Facility is situated at Plot No. 20, GIDC Panoli, Ankleshwar, Bharuch. This site is adjoining the site to our current pigment production facility situated at plot no.21, and 21/1, GIDC Ankleshwar, Bharuch.

Our Company had valued the assets which were to be acquired from Glenmark Pharmaceuticals Limited. These assets, being the existing land, building, plant and machinery of the Agronule Facility at a total consideration of Rs. 8.32 million are as mentioned below:

Particulars	Amount (Rs. In million)
Land	4.78
Building	3.00
Plant & Machinery	0.54
Total	8.32

Prior to our acquisition, the Agronule Facility was used for formulation of agrochemicals. To further our business strategy of expansion in agrochemicals, we intend to use the Agronule Facility to set up a multi-purpose plant to manufacture technical grade pesticides and formulations.

The estimated cost for setting up of the Agronule Facility is Rs. 114.20 million details of which are as under:

Sr. no.	Particulars	Cost (Rs. In million)
1	Land, shed and Machinery including transfer fees (already acquired)	8.32
2	Building	30.10
3	Plant & Machinery (Additional)	40.50
4	Utilities / Miscellaneous Fixed Assets	30.00
5	Contingencies	5.28
	Total	114.20

Land:

The total land area available is 14,195 sq. mtrs.

Building:

The total built up area of the Civil works comprising of the production shed and utility buildings is around 10,060 sq. meters and is estimated to cost Rs. 30.10 million, representing the cost of modifications/additions to the existing Building procured by us, as aforesaid.

Plant & Machinery:

The details of additional plant and machinery proposed to be purchased are as under and are yet to be ordered:

Sr. No.	Description	Quantity	Name of the Supplier	Date of Quotation	Estimated Cost (Rs. In million)
1	Glass line Reactors	4	Company Estimates		7.44
2	S S reactors	2	Ashok Engineering	September 08, 2006	1.60
3	S S reactors	3	Ashok Engineering	September 08, 2006	2.40
4	S S and MS reactors	5	Company Estimates		1.00
5	S S and MS reactors	5	Company Estimates		5.50
6	Agitator Neutph Filter	1	Company Estimates		2.50
7	Storage Tanks	5	Ambica Engineering	September 14, 2006	4.00
8	Boiler	1	Balkrishna Boilers Pvt Limited	September 09, 2006	3.00
9	Brine Unit	1	Company Estimates		4.00
10	Chilling Unit	1	Company Estimates		2.60
11	Cooling Towers	1	Company Estimates		4.00
12	Heat Exchanger	1	Company Estimates		0.06
13	Effluent Treatment Plant		Company Estimates		2.40
	Total				40.50

Utilities

Sr. No.	Description	Basis of Estimation*	Suppliers	Estimated cost (Rs. In million)
1	Electric Installation	30% of plant & machinery	open market	12.00
2	Piping	40% of plant & machinery		16.00
3	Instrumentation	5% of plant & machinery		2.00
	Total			30.00

*Utility costs are calculated as a percentage of the plant and machinery costs, based on our past experience in this regard.

Implementation Schedule

The implementation schedule of this plant is as under:

Activity	Commencement	Completion
Land Acquired	--	
Civil Work / Building	June 2007	March 2008
Plant & Machinery	August 2007	March 2008
Trial Production	June 2008	
Commercial Production	August 2008	

3. To invest in our subsidiary company to finance setting up of 3 MW Captive Power Plant ("CPP") to be located at Chharodi.

This project will be executed by our subsidiary company i.e. Meghmani Energy Limited (MEL). MEL is a company promoted by our Company and Meghmani Industries Limited. The CPP would be used primarily for the purposes of meeting the power requirements of our Chharodi Unit and for Meghmani Industries Limited. In this regard our Company has executed an Power Purchase Agreement with Meghmani Energy Limited dated March 05, 2007. For the details of the agreement please refer chapter titled "History and Other Corporate Matters" on page no. 76 of this Red Herring Prospectus. The investment by our Company in Meghmani Energy Limited will be in the form of equity and loan or a combination thereof, which would be decided on receipt of Issue proceeds. As on date we have invested Rs. 27.80 million by way of equity and have advanced a loan of Rs. 28.90 million.

The estimated cost for setting up of the CPP Facility is Rs. 144.10 million details of which are as under:

(Rs. in Million)

Sr. No.	Description	Estimated cost
1.	Land & Civil works	25.00
2.	Plant & Equipments (including utilities)	119.10
	Total	144.10

Meghmani Energy Limited proposes to set up this plant at Plot no 385 and 398, Charrodi Village, Sanand, Ahmedabad. Meghmani Energy Limited has acquired two plots of land on a leave and license basis and entered into an agreement with Mr. Natwar Patel and Mr. Jayanti Patel who have declared that they are holding the agricultural land in their name in trust for our Company, and that our Company is the beneficial owner of the agricultural land. This land has been acquired on leave and licence basis for a period of 5 years. The details of the agreements are as follows :

Leave and License Agreement dated October 19, 2006 between Mr. Jayantilal Patel, the Executive Chairman of our Company ("the Licensor") and Meghmani Energy Limited ("Licensee").

Purpose of Agreement

The Licensor is holding and possessing the land bearing block no. 398 admeasuring 16930 Sq. mts. of Mouje Chharodi of Sanand Taluka, District Ahmedabad, in his capacity as Trustee on behalf of our Company. Vide this agreement the Licensor has agreed to give the said property on leave and license to the Licensee for the industrial purpose.

Period

The Licensor grant the license to use the property for the period of 5 years commencing from October 01, 2006 expiring on September 30, 2011 with an option to renew the license for further 5 years.

Salient Terms and Conditions

1. The initial license fee shall be Rs. 12,000/- per month. The License fee will be increased @ 10% every 3 years;
2. The Licensee shall use the premises only for the industrial purpose and not to sub-let or part with the possession of the said premises or any part thereof in any manner whatsoever;
3. The agreement does not give any right or tenancy or sub-tenancy or sub-lease in favour of Licensee;
4. The Licensor shall have right to transfer, assign, lease or mortgage the licensed property to any person or authority with right to license of the licensee subject to consent and permission of Licensee.

Termination

In the event of breach of any of the terms of this agreement by the Licensor, the Licensee shall terminate this agreement.

Leave and License Agreement dated October 19, 2006 between Mr. Natwar Patel, the Managing Director of our Company ("the Licensor") and Meghmani Energy Limited ("Licensee").

Purpose of Agreement

The Licensor is holding and possessing the land bearing block no. 385 admeasuring 14564 Sq. mts. of Mouje Chharodi of Sanand Taluka, District Ahmedabad, in his capacity as Trustee on behalf of our Company. Vide this agreement the Licensor has agreed to give the said property on leave and license to the Licensee for the industrial purpose.

Period

The Licensor grant the license to use the property for the period of 5 years commencing from October 01, 2006 expiring on September 30, 2011 with an option to renew the license for further 5 years.

Salient Terms and Conditions

1. The initial license fee shall be Rs. 12,000/- per month. The License fee will be increased @ 10% every 3 years;
2. The Licensee shall use the premises only for the industrial purpose and not to sub-let or part with the possession of the said premises or any part thereof in any manner whatsoever;
3. The agreement does not give any right or tenancy or sub-tenancy or sub-lease in favour of Licensee;
4. The Licensor shall have right to transfer, assign, lease or mortgage the licensed property to any person or authority with right to license of the licensee subject to consent and permission of Licensee.

Termination

In the event of breach of any of the terms of this agreement by the Licensor, the Licensee shall terminate this agreement.

4. Inorganic growth opportunities/diversification opportunities / general corporate purposes

We operate in an industry that is technologically innovative, and requires significant investments in terms of time and resources in research and development to create client-specific products, specifically at the higher end of the market, and we are regularly evaluating various opportunities for organic and inorganic growth. In this context, some of the options being evaluated by us are as follows:

- a) We are considering various opportunities outside India as well as in India for inorganic growth through acquisitions. Without limiting the generality of the aforesaid, we are strategically looking at acquisitions in the agrochemicals segment.
- b) We are also evaluating various diversification opportunities within the chemical industry.

In addition to the aforesaid, in our agrochemicals division, we regularly incur substantial amount of expenditure for new product registrations both in India and outside India. The nature of our industry and operations requires us to undertake expenditure on our research and development efforts.

For the aforesaid inorganic growth opportunities/diversification opportunities / general corporate purposes (primarily product registration costs and research and development costs), we have earmarked a sum of Rs. [●].

Any surplus arising out of the proceeds not utilized for the specific purpose mentioned in this chapter will be utilized for the objects specified under this clause.

5. Financing working capital needs

We have estimated our incremental working capital margin requirements based on the estimated level of working capital requirements for the fiscal year 2008 and arriving at the net working capital requirements after excluding the targeted level of bank borrowings. The incremental margin requirement has been arrived at after deducting the estimated NWC (Net Working Capital) in the fiscal year 2008 from the provisional financial position NWC in the fiscal year 2007 and the same has been computed as under:

(Rs. in million)		
March 31	Holding Period FY 08	2008
Current assets		
Raw materials +stores	23 days	233.64
Work in process	21 days	240.88
Finished goods	45 days	636.76
Book debts -Domestic	150 days	723.23
Book debts -Exports	150 days	1770.93
Consumables, spares		42.00
Other current assets		1250.00
Total Current Assets		4897.43
Current Liabilities		
Creditors for goods	150 days	368.69
Other Current liabilities		550.00
Total Current Liabilities		918.69
Working Capital Gap		3978.74
Less: Bank borrowings		2117.72
NWC		1861.02
NWC for the year 2007		1511.78
Incremental NWC (approx.)		349.24

The basis of assumptions are as follows:

1. The Net working capital for FY2007 is based on the position of the current assets and current liabilities as per the provisional financial position of our Company for the fiscal year ending on March 31, 2007.
2. The working capital estimates have been worked out on a consolidated basis for our Company.
3. Taking into consideration the actual holding period of various components of current assets as well as current liabilities as at March 31, 2007, we have worked out the projected level of holding of the current assets and current liabilities for the FY2008 on the basis of the projected sales estimated by us for the FY2008 and after taking into consideration, the provisional level of cost of production of FY 2008.
4. The projected levels of holding periods of various items of current assets and current liabilities are shown in the column "Holding Period" in the above table.

On the basis of estimated holding period for the year FY 2008, we have projected the bank borrowings for the year 2008 at the level of Rs.2117.72 million against the working capital gap of Rs.3978.74 million, which gives the net working capital margin of Rs.1861.02 million for fiscal 2008. The incremental NWC has been tabled above.

6. Issue expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The Issue expenses can be finalized only after the completion of the Issue. The estimated Issue expenses are as follows:

(Rs. in million)

Activity	Expenses	As a % of the total expenses	As a % of the issue size
Lead management fee and underwriting commissions	30.60	[●]	3.00%
Advertising & Marketing Costs**	[●]	[●]	[●]
Printing & stationery**	[●]	[●]	[●]
Others (Registrar's fees, legal fees, fees for auditors, stamp duty, initial listing fees and annual listing fees, other statutory fees, depository fees, charges for using the book building software of the exchanges and other related expenses)**	[●]	[●]	[●]
Total Estimated Issue Expenses	[●]	[●]	[●]

** Will be incorporated after finalisation of Issue Price and at the time of filing of Prospectus with the RoC

FUNDS DEPLOYED

As per the certificate dated April 25, 2007 of M/s Patel & Khandwala, Chartered Accountants, we have deployed Rs. 129.76 million till April 15, 2007. The same has been financed from internal accruals. The details of funds deployed in each of the project is as follows:

(Rs. in million)

Particulars	HPP	Multipurpose Agrochemical Plant	Total
Land	0.00	4.78	4.78
Building & Civil work	8.70	3.00	11.70
Plant & Machinery	36.77	0.54	37.31
Utilities / Misc. Fixed Assets	19.27	0.00	19.27
Sub-Total	64.74	8.32	73.06
Funds deployed in Meghmani Energy Limited a Special Vehicle Company (SPV) for 3 MW Captive Power Plant			56.70
Total			129.76

DETAILS OF BALANCE FUND DEPOLYMENT

(Rs. in million)

Item	Funds already deployed till April 15 2007	Funds to be deployed in 2007-2008
New HPP plant at Vatva	64.74	80.46
New Technical grade Pesticide /Formulation plant at Panoli	8.32	105.88
Investment in 3 MW Captive Power Plant at Chharodi	56.70	87.40
Inorganic growth opportunities/diversification opportunities / general corporate purpose	Nil	[●]
Financing working capital needs	Nil	349.00
Issue expenses		[●]

INTERIM USE OF THE ISSUE PROCEEDS

Pending utilization of the issue proceeds for the 'Objects of the Issue', we intend to temporarily invest the Issue proceeds in fixed deposits in scheduled commercial banks for the necessary duration. Such investments would be in accordance with investment policies approved by our Board or any committee thereof duly empowered, from time to time.

MONITORING OF UTILISATION OF ISSUE PROCEEDS

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI Guidelines.

APPRAISAL

Our project has not been appraised by any banks or financial institutions.

BASIC TERMS OF ISSUE

Public Issue of [●] Equity Shares of face value Re. 1 each at a price of Rs. [●] for cash aggregating Rs. 1020 million (hereinafter referred to as the "Issue"), being made through the 100% Book Building Process. The Issue would constitute [●] % of the post Issue paid-up capital of our Company. If at least 60% of the Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least [●] Equity Shares or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders. ***	Up to [●] Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to [●] Equity Shares or Issue less allocation to QIB Bidders and Non Institutional Bidders.
Percentage of Issue Size available for allocation	At least 60% of the Issue (of which 5% shall be reserved for Mutual Funds) or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders. * Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Up to 10% of the Issue less allocation to QIBs and Retail Portion* or Issue Size less allocation to QIB's and Retail Individual Bidders	Up to 30% of the Issue less allocation to QIBs and Non-Institutional Portion * or Issue Size less allocation to QIB's and Non-Institutional Bidders
Basis of allocation if respective category is oversubscribed	Proportionate (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 350 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of 350 Equity Shares thereafter.	350 Equity Shares and in multiples of 350 Equity Share thereafter
Maximum Bid	Such number of Equity Shares in multiple of 350 Equity Shares so that the Bid does not exceed the Issue size subject to regulations as applicable to the Bidder	Such number of Equity Shares in multiple of 350 Equity Shares so that the Bid does not exceed the Issue size subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share

	QIBs	Non-Institutional Bidders	Retail Individual Bidder
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, FIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million (subject to applicable law).	Resident Indian individuals, Eligible NRIs, HUFs (in the name of karta), companies, corporate bodies, societies and trusts.	Individuals, Eligible NRIs, (including HUFs in the name of karta) applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs. 100,000 in value.
Terms of Payment	Margin Amount applicable to QIB Bidders shall be payable at the time of submission of Bid-cum-Application Form to the BRLMs.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.
Margin Amount#	At least 10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on submission of Bid cum Application Form.	Full Bid Amount on submission of Bid Cum Application Form.

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of our Company, the BRLMs and subject to applicable provisions of the SEBI Guidelines.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.

*** In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital of our Company, if at least 60% of the Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded forthwith.

After the Bid / Issue Closing Date, depending upon the level of subscription, additional margin amount, if any, may be called from the QIB Bidders. If the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

BASIS OF ISSUE PRICE

The Issue Price will be decided by us in consultation with the BRLMs on the basis of demand from the investors and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares is Re. 1/- per Equity Share and the Issue Price is 17 times the face value at the lower end of the Price Band and 19 times the face value at the higher end of the Price Band.

QUALITATIVE FACTORS

- We have an experienced and qualified management team and technical personnel
- We have a diversified customer base from a wide range of industries and also produce an extensive range of products suitable for a multitude of applications
- We are able to consistently deliver high level of quality assurance
- We possess a cost advantage over our competitors due to vertical integration of our production processes, multifunctional design of our production facilities and our proximity to sources of raw materials supply
- Thrust on increasing agrochemical sales by registering new products, in particular in the international markets
- We have established brand names
- We focus on research and development
- We are developing a base of intellectual property rights
- It may be difficult for other players to replicate our product performance in Pigments

QUANTITATIVE FACTORS

Information presented in this section in relation to our Company has been derived from our Restated Financial statements as disclosed in the section titled 'Financial Statements' beginning on page no. 116 of this Red Herring Prospectus.

1. Adjusted EPS*

Financial year ended	EPS * (Rs.)	Weightage
March 31, 2004	1.79	1
March 31, 2005	1.65	2
March 31, 2006	1.91	3
Weighted Average EPS	1.80	
December 31, 2006 (Not annualised)	1.60	

*EPS on Equity Share of face value of Re. 1.

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

Particulars	
Based on March 31, 2006 EPS	[●]
Based on weighted average EPS	[●]

Industry P/E *

Sr. No.	Particulars	Industry P/E	
		Pesticides / Agrochemicals - Indian	Chemicals
1.	Highest		
	● Rallis India Limited	77.50	
	● Bombay Oxygen Limited		174.60
2	Lowest		
	● Bhagiradha Chemicals Limited	3.7	
	● IBP Co.		1.7
3.	Average	31.20	12.70

(Source: Capital Market Vol. XXII/05 dated May 07-May 20 2007)

*The Industry P/E given in the table is not strictly comparable. The same has been derived from the pesticides agrochemicals and chemical industry as a whole. This whole segment being broader in nature may include Companies, which manufacture products which may vary from those manufactured by our Company.

3. Return on Net worth

Financial year ended	RONW %	Weightage
March 31, 2004	20%	1
March 31, 2005	14%	2
March 31, 2006	15%	3
Weighted Average RONW	15.5%	
December 31, 2006	11%	

4. Minimum return on total net worth needed after the Issue to maintain pre-Issue EPS at Rs. [●] is [●]% (at an issue price of Rs. [●] per share)

5. NAV *

Particulars	Rs.
As at March 31, 2006	12.46
After Issue at Issue price of Rs. [●]	[●]

*NAV on Equity Share of face value of Re. 1.

6. Comparison of accounting ratios of our Company with the industry average and accounting ratios of peer group for FY 2006.

The details on the comparison of accounting ratios of the issuer company with other listed entities has not been given as the issuer company is in the business of pigments and agrochemicals and there are no listed peers in the same line of business with a similar size.

7. The face value of the Equity Shares is Re. 1 each. The issue price is 17 times the face value at the lower end of the price band and 19 times the face value at the higher end of the price band. The Issue Price of Rs. [●] has been determined by us in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors.

8. The BRLM believes the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. Please refer to the section titled 'Risk Factors' beginning on page no. xii of this Red Herring Prospectus and the financials of our Company including profitability and return ratios, as set out in the section titled 'Management's Discussion and Analysis of the Financial Condition and Results of Operations' on restated financial statements beginning on page no. 138 of this Red Herring Prospectus to have more informed view.

STATEMENT OF TAX BENEFITS

March 31, 2007

To

The Board of Directors,
Meghmani Organics Limited
184, phase II, GIDC Vatva,
Ahmedabad

Dear Sir/s,

As per the present provisions Income tax act, 1961 (hereinafter referred to as "the Act") and other laws as applicable for the time being in force in India, the following tax benefits are available to the company and to the shareholders of the company subject to fulfillment of prescribed conditions

TAX BENEFITS

(A) BENEFITS TO THE COMPANY UNDER INCOME TAX ACT, 1961:

1. The income of three undertakings of company registered under Export Oriented Units (EOU) are eligible for deduction under section 10B, whereby the income of such undertakings earned out of exports is eligible for Tax holiday for 10 years from the year in which undertaking begins manufacturing or up to I.T.A.Y. 2009-10, whichever is earlier subject to compliance of certain conditions.
2. Two Industrial undertakings of the company being power-generating undertakings for Captive Power consumption are eligible for 100% deduction u/s. 80IA of Income Tax Act from gross total income. Such deduction is available to the undertakings for a period of Ten consecutive years out of fifteen years beginning from the year in which undertaking generates power.
3. Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 (hereinafter referred to as "the Act") the company will be entitled to a deduction for depreciation: -
 - (a) In respect of tangible assets at the rates prescribed under Income Tax Rules, which at present are prescribed separately depending on the classification of assets.
 - (i) In respect of intangible assets being in the nature of know-how, patents, copyrights, trademarks, licenses, franchises, or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1968 at the rates prescribed under Income Tax rules, 1962; which is 25% at present.
 - (ii) On plant and machinery at the rate of 15%, computers 60% and those on furniture and fittings 10% and motor cars 15%. Moreover in respect of new machinery or plant which has been acquired and installed after the 31st March, 2005, a further sum of 20% of the actual cost of such machinery or plant will be allowed as a deduction for depreciation;
4. The corporate tax rate shall be 30% and surcharge on tax shall be 10% and education cess 2% and Higher Education Cess 1%. In addition to income tax, a fringe benefit tax at the rate of 30% (plus surcharge and education cess) would be payable in respect of fringe benefits provided / deemed to be provided to the employees.
5. Under Section 115JAA (1A) credit shall be allowed of any MAT paid under section 115JB of the Act for any assessment year commencing on or after April, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income Tax Act. Such MAT credit shall be available for set-off up to 5 years succeeding the year in which the MAT credit initially arose.

(B) TO THE SHAREHOLDERS OF THE COMPANY - UNDER THE INCOME TAX ACT, 1961

Residential Shareholders

1. In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1st April, 2003) received on the shares of the company is exempted from the tax.
2. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied.
 - (a) The transaction of sale of such equity share is entered into on or after 1st October, 2004.
 - (b) Transaction is chargeable to such Securities Transaction Tax as explained below.

3. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share of a company through the recognized stock exchange is presently liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller. The non-delivered based sale transactions are presently liable to Securities transactions tax @ 0.025% of the value payable by the seller.
4. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of Income-tax on the income chargeable under the head "profits and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
5. In terms of section 10(23D) of the Act, all Mutual Funds set up by Public Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from Income tax on all their income, including income from investment in the shares of the company.
6. If the company's shares are sold after being held for not less than twelve months, the gains, if any, will be treated as long term capital gains. If such long term gains are not covered by section 10(38) of the Act, then under section 48 of the Act, such gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
7. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in case not covered under section 10(38) of the Act) arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by;
 - (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.
8. Under section 54F of the Act, long term capital gains (in case not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, and proviso to section 54F if the net consideration from transfer of such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after date of transfer.
9. Under Section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of shares in the company, shall be taxed at a rate of 20% (plus applicable surcharge and additional surcharge by way of education cess) after indexation as provided in the second proviso to section 48. The amount of such tax in case of listed securities including equity shares of the company as and when listed should however be limited 10% (plus applicable surcharge educational cess and Higher Educational Cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
10. Under section 111A of the Act and other relevant provisions of the Act, short term capital gains (i.e. if shares are held for a period not exceeding 12 months), arising on transfer of equity shares in the company on a recognized stock exchange transferred after 1st October, 2004 shall be taxed at a rate of 10% (plus applicable surcharge, education cess and Higher Education Cess) on fulfillment of conditions stated in 3(a) and 3(b) above.

Non Resident Indians / Non Residents Shareholders (other than FIIs and Foreign Venture capital investors)
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11. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1st April, 2003) received by a non resident Indian shareholder (i.e. and individual being a citizen of India or person of Indian origin who is not a 'resident') on the shares of the company is exempted from the tax.
12. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied.
 - (a) The transaction of sale of such equity share is entered into on or after 1st October 2004.
 - (b) The transaction is chargeable to such securities transaction tax, as explained below.
13. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (NO.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is presently liable to securities transaction tax @ 0.125% of the

value payable by both buyer and seller. The non-delivery based sale transactions are presently liable to securities transactions tax @ 0.025% of the value payable by the seller.

14. In terms of section 88E of the Act, the securities transactions tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income tax on the income chargeable under the head "Profit and gains of business of profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
15. Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising on the transfer of listed securities i.e. shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by:
 - (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
16. Under section 54F of the Act, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an Individual of Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions and proviso to section 54F if the net capital gains from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
17. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (i.e. if shares are held for a period exceeding 12 months) [in cases not covered under section 10(38) of the Act], arising on transfer of shares in the company, shall be taxed at a rate of 20% (plus applicable surcharge, educational cess and Higher Educational Cess) without indexation as provided in the second proviso to section 48. The amount of such tax in case of listed securities including equity shares of the company as and when listed should however, be limited to 10% (Plus applicable surcharge, educational cess and Higher Educational cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
18. Under section 115-I of the Act, the non-resident Indian shareholder as defined therein has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961 viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows :-
 - (a) Under section 115E of the Act, where shares in the company are acquired or subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non resident Indian 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 the flat rate of 10% (Plus applicable surcharge, educational cess and Higher Educational Cess) without indexation benefit.
 - (b) Under provision of section 115F of the Act, long term capital gains (in cases not covered under 10(38) of the act) arising to a non resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the Act shall be exempt from Income Tax, if the net capital gains is reinvested in specified assets or specified saving certificate within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
 - (c) Under provisions of section 115G of the Act, it shall not be necessary for a Non Resident Indian to furnish his return of income if his income chargeable under the Act, consists of only investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.
19. Under the first proviso to section 48 of the Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in case not covered by section 115E of the Act), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. 'Cost indexation benefits will not be available in such a case. The capital gains / loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares

Foreign Institutional Investors (FIIs).
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20. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1st April 2003) received on the shares of the company is exempted from the tax.

21. In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long term capital asset being equity shares in a company would not be liable to tax in the hands of the investor if the following conditions are satisfied:
 - (a) The transaction of sale of such equity share is entered into on or after 1st October, 2004.
 - (b) The transaction is chargeable to such securities transaction tax, as explained below.
22. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the investor, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchases and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax 0.025% of the value payable by the seller.
23. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income tax on the income chargeable under the head "profit and gains of business of profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
24. The income by way of short term capital gains or long term capital gains (in cases not covered under section 10(38) of the Act) realized by FIIs on sale of shares in the company would be taxed @ 10% as per section 115AD of the Act. However in case of such long term capital gains, the tax is levied on the capital gains computed without considering the cost indexation and protection against foreign exchange fluctuation).
25. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gain (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the company will be exempt from capital gain tax if the capital gain are invested within a period of 6 month after the date of such transfer for a period of last 3 year in bond issued by :-
 - (a) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988.
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

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

(C) BENEFITS TO SHAREHOLDERS OF THE COMPANY UNDER THE WEALTH TAX ACT, 1957.

Shares of company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence shares are not liable to Wealth Tax under Wealth Tax Act, 1957.

(D) BENEFITS TO SHAREHOLDERS OF THE COMPANY UNDER THE GIFT TAX ACT, 1958.

Gift made after 1st October 1998 is not liable for any gift tax and hence gift of shares of the company would not be liable for any gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2006.
2. The stated benefits will be available only to the sole / first named holder in case joint holders holding the shares.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any between India and the country in which the non resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his / her / its own tax advisor with respect to specific tax consequences of his / her / its participation in the scheme.

**FOR M/S. PATEL & KHANDWALA
CHARTERED ACCOUNTANTS**

Sd/-

**(M.M. KHANDWALA)
PARTNER
MEMBERSHIP NO. 32472**

SECTION IV : ABOUT US

INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources, industry websites/publications and company estimates. Industry websites/publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and other data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company estimates, while believed by us to be reliable, have not been verified by any independent agencies.

Data used in this section has been sourced from the following:

- Freedonia Website (www.freedonia.com)
- Website of www.research&markets.com
- Phillips McDougall Agri Research Report, 2005

Overview

We have two major business segments, i.e. Pigments and Agrochemicals. Following is a brief overview of the industries in which we operate:

PIGMENTS

Global Market size

The global market of Dyes and Organic Pigment industry is estimated to be at US\$ 8.4 billion. (Source: www.freedonia.com). We believe that out of this, the size of Organic Pigment market would be around US\$ 5.5 billion. The global demand for organic pigments is expected to grow at the rate of 4.9% annually through 2008. (Source: www.freedonia.com) The three major drivers of Pigment Industry are printing ink industry, paint industry and plastic industry. We believe that printing ink and coatings account for almost 80% of the consumption requirements of Pigments. Thus, the growth in the organics pigment is likely to be primarily based on continued expansion of the printing ink markets worldwide. The ink, paints and plastic industries continued to witness a sustained growth on the demand which will also help the continuous growth in the organic pigment industry.

Global Market trends

The industry is moving its production base from high cost countries to low cost countries like India and China. India's ability to provide high quality manufacturing is also attracting a higher level of outsourcing from more companies from the developed countries. In addition, companies in the US, Europe, Central and South America and Japan are also increasing their direct supplies of pigments from India. The Indian ink industry is also expected to consume more pigments.

The market is polarised in the hands of a few large Multinational groups which are manufacturing a wide variety of printing inks through their multi-location plants worldwide. Thus such large groups include Sun and DIC, (USA and Japan); the Flint group (merged entity of Flint Inks, USA) and BASF, Germany; HUBER Group, Germany; etc. At the same time, there are a number of medium to small players worldwide.

Similarly, in the paint segment, some of the major global paint manufacturers include Akzo Nobel, ICI Group, PPG Industries, Hamkel, Du Pont, SICPA, Johnson & Nicolson, etc.

Indian scenario

In the Indian perspective, since published data relating to the market size of pigment industry is not available through official estimates, we can arrive at the estimated market size of Indian Pigment Industry based on the current market sizes of the two main end use segments namely - the ink industry and the Paint industry. The Indian Printing Ink Industry is seen augmenting its turnover on the back of a strong growth in the user industries such as Newspaper, flexible packaging, and publishing, with the present market size of Rs.12,000 millions. (Source: The Hindu Business Line, Feb. 2006) As per our empirical estimates, taking a consumption ratio of around 60% of pigments in Inks, the corresponding market size for pigments relating to printing inks comes to around Rs.7,200 millions.

Further, in the year 2001 the Indian Paint Industry was estimated to be of US\$ 925 million (Source: www.research&markets.com). We believe that the paint industry has grown at an annual growth rate of around 6% over last 4 - 5 years. Taking an average growth rate of 6%, the present market size of the paint industry would be around US\$ 1,160 million. (INR 50,000 millions) Again, taking an empirical estimated consumption of pigments @ 25%, the corresponding market size of pigments relating to paint industry comes to around Rs. 10,000 millions.

Thus, between the two primary end application markets for pigments, the current estimated size of organic pigments comes to around Rs. 17,200 millions.

AGROCHEMICALS

The Agrochemical industry is a seasonal industry and being related to agricultural production, is a core industry in India. For agriculture to be commercially viable, it requires certain key inputs like seeds, fertilizers and pesticides. The Indian Agrochemicals industry is quite unique because the domestic industry itself at the end user level in 2004 was about USD 650 million market. Apart from that, global producers of agrochemicals, barring the Multinationals, which are the originators and creators of various agrochemical molecules, there is not much manufacturing of generic agrochemicals at the technical level in countries other than India and China. Presently, India and China are the two large producers of generic agrochemical. In other chemicals, like industrial and basic functional chemicals, there are manufacturers in many countries. Since several countries do not have plants manufacturing agrochemical technicals there is also a huge export opportunity.

Of all countries, India and China are the primary agrochemical exporting countries to the entire world. However India has a competitive advantage in terms of quality as against China. Indian products generally tend to be of the quality standards that are required globally. Agrochemicals also require all products to go through a cumbersome registration process that takes resources in terms of time, money and technical skills. Indians, however, are savvier with respect to registration requirements because of a wide talent base.

Registrations

In Agrochemicals all markets are regulated, and hence require registrations. Data files are required to be submitted to obtain registrations. However, in some markets registrations are faster in terms of time. In some markets, data requirements may be more tedious, thus involving cost and time factors.

The two key variables in the registration process are:

- Cost of registration; and
- Time involved to obtain registration.

In countries like USA and certain Latin American countries, the cost of a new registration exceeds USD 1.0 million and may take around 2-3 years. In other countries, the cost of registration and time line varies from country to country. In India the cost of a first time registration is around Rs. 2.5 million and requires primary data filing which may take around 3 years. However, secondary registrations can be done for around Rs. 0.3 - 0.5 million and takes only about 1 year.

Patent Protection

In the Agrochemicals industry, the obsolescence rate for products is generally lower as compared to the pharmaceutical industry. Consequently, product development costs are also relatively lower. In pharmaceuticals, when a drug goes off patent, there is already an established market for a particular molecule. For Agrochemical products, however, that may not be the case.

Product segments in Agrochemicals

The following are the main segments in the crop based Agrochemicals industry:

- Insecticides
- Herbicides and
- Fungicides
- Weedicides & Rhodenticides

In terms of vertical levels of business, the market can be segmented into the following three types:

- Intermediates for technicals
- Technicals and their Bulk Formulations
- Small pack Branded Formulations

Consumption trends

The country wise consumption of pesticides (kg/hectare) is given below:

Country	Consumption of pesticides
Taiwan	17.00
Japan	12.00
Korea	6.60
Europe	3.00
USA	3.00
India	0.57

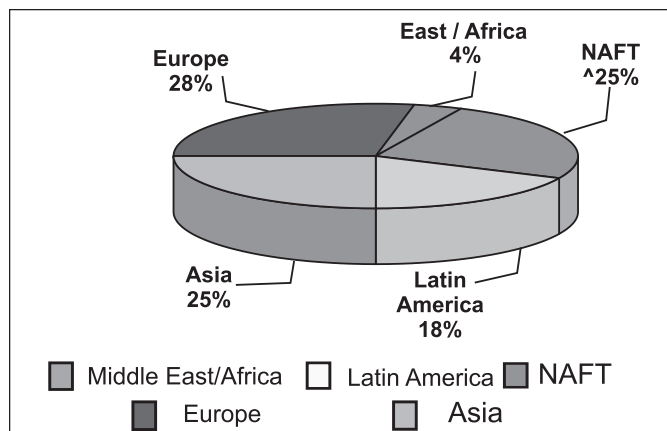
(Source: 11th Five Year Plan, Pesticide Sub Group Recommendations)

Indian pesticides market is the thirteenth largest in the world with a value of approximately US\$ 650 million in 2004, which is 2.12 percent of the global agrochemical market size. (Source: Phillips McDougall Agri Research Report, 2005). However, per hectare consumption of pesticides in India is very low at 0.57 Kilograms when compared to developed countries. Since the population in India is growing at a steady rate and the availability of cultivable land is limited, consumption in pesticides is expected to increase in the future, thus offering a good potential for the players both domestic and overseas in coming years.

Market Size

The global agrochemical market in 2004 was estimated to be about US\$ 30.7 billion and has grown at the average growth rate of 15% in the year 2004 over the year 2003.(Source: Phillips McDougall Agri Research Report,2005).

The market for conventional crop protection products in 2004, estimated at US\$ 30,725 million, as divided by regional demand is given below:



Source: Phillips McDougall Agri Research Report, 2005

Agrochemical Market Size for top 20 markets in 2004

The country wise performance of major Markets was as below:

In US\$ Million

Rank	Country	2003 Sales	2004 Sales	Growth %
1	USA	6452	6387	-1.0
2.	Brazil	2299	3632	58.0
3.	Japan	2791	3093	10.8
4.	France	1971	2362	19.8
5.	Germany	1158	1440	24.4
6.	China	1137	1224	7.7
7.	Italy	768	857	11.6
8.	Canada	767	850	10.8
9.	Australia	646	790	22.3
10.	Spain	690	770	11.6
11.	Argentina	614	766	24.8
12.	U.K.	566	727	28.4
13.	India	554	650	17.3
14.	South Korea	486	496	2.1
15.	Poland	290	346	19.3
16.	Mexico	323	330	2.2
17.	Colombia	267	312	16.9
18.	Russia	191	266	39.3

Rank	Country	2003 Sales	2004 Sales	Growth %
19.	Netherlands	240	263	9.6
20.	Hungary	195	242	24.1
	World	26710	30725	15.0

Source: Philips McDougall Agri Research Report, 2005

As seen from the above table, the strongest performances in 2004 in dollar terms were recorded in Latin America due to economic recovery, followed by Europe due to drought recovery assisted on currency transactions; and Russia due to improved crop growing conditions.

Global market size- 2004

In US\$ Million

Region	Insecticides	Total Conventional Chemical Crop Protection*	Non Crop Applications
NFTA	1361	7567	2025
Latin America	1386	5475	234
Asia	2990	7560	1389
Europe	1368	9015	838
Middle East/Africa	585	1108	189
Total	7690	30725	4675

* Includes Herbicides, Insecticides, Fungicides and other crop protection agrochemical products

Source: Phillips McDougall Agri Research Report, 2005

The value of the conventional chemical crop protection market in 2004 is estimated to have grown by 15.0% over the 2003 equivalent figure, to reach US\$ 30,725 million. This market value is based on the sales of agrochemical products for crop use (including forestry and plantation crops) and does not include agrochemical sales into non-crop markets. In 2004, the overall value of the market for agrochemical product usage in the non crop sector is believed to have risen by 5.2% to US\$ 4675 million. Hence, the total market for agrochemical products in 2004 is valued at US\$ 35,400 million, reflecting an increase of 13.6%.

Factors influencing demand for Agrochemicals

There are various factors, which influence demand for Agrochemical products. Some of the key factors influencing the demand are described below:

- The requirements of Agrochemical products and demand trends in different regions of the world are different depending upon various factors like soil, types of pests affecting the crops, atmospheric and weather conditions, etc. Thus, region warrants a careful study of the application characteristics for different types of pesticides.
- As mentioned earlier Agrochemical Products are regulated products and require prior registration with the relevant governing authorities in each country before they are allowed to be sold.
- Another typical characteristic feature of Agrochemical market is dependence on external factors like spread of certain diseases in crops, economic environment, climatic condition rainfall etc. Specifically, in India, the Agrochemical Industry is dependent on the Monsoon, since Indian Agriculture is heavily dependent on Rains.

Competitive landscape

The global Agrochemical market is dominated by a few major manufacturers like BASF, BAYER, Dupont, Syngenta etc. There is also an increasing trend witnessed globally, wherein major global pesticide manufacturers are increasingly outsourcing their pesticide intermediates requirements, technical grade pesticides requirements, as well as bulk formulations from cost effective countries like India. There is also a distinct trend of contract manufacturing of branded small pack pesticide formulations by these customers, from such low cost manufacturers.

OUR BUSINESS

We are engaged in the manufacture and sale of Pigments and Agrochemicals. We carry out our manufacturing activities at four locations situated in Gujarat, India.

Our History

We were founded in 1986 as a partnership firm, under the name M/s. Gujarat Industries, to manufacture Pigments by our Executive Chairman Mr. Jayanti Patel, together with our Managing Directors, Mr. Ashish Soparkar and Mr. Natwarlal Patel, as well as two of our Executive Directors Mr. Ramesh Patel and Mr. Anand Patel.

On 2nd January 1995, our Company, Meghmani Organics Limited, was incorporated as a company with limited liability pursuant to Part IX of the Indian Companies Act. Consequent to conversion of partnership firm M/s Gujarat Industries into a company all existing assets and liabilities of the partnership firm were transferred to our Company.

In 1995, we diversified into the business of Agrochemicals, by setting up an Agrochemicals manufacturing facility at Chharodi.

In 1998, we made the product diversification by setting up Pigment manufacturing facility at Panoli.

In 2003, to have an additional base for agrochemical manufacturing facility, we acquired the assets situated at GIDC 5001 B Ankleshwar from Rallis India.

We are a profitable company since inception. Our revenues have grown from Rs. 1,772.70 million in FY2002 to Rs. 3,891.61 million in FY2006 at a CAGR of 17.03 % and net profits have increased from Rs. 235.19 mn in FY2002 to Rs. 383.38 million in FY2006 at a CAGR of 10.26 %.

Business Overview

We are into the manufacture of pigments and agrochemicals in India and have a focus on delivering quality products backed by research and development efforts.

Within Pigments, we specialize in green and blue pigments, which have varied end use applications including, amongst others, printing inks, plastics, rubber, paints, textiles, leather and paper. We manufacture pigments through our two pigment manufacturing facilities at Vatva and Panoli both of which are ISO 9001-2000 certified. A majority of our pigments are exported with exports constituting about 85% of our pigment revenues in FY06.

We manufacture three broad categories of Agrochemical products, namely, pesticide intermediates, technical grade pesticides and pesticide formulations, all of which fall under the range of pesticides. Our agrochemical products find primary application in crop protection and non crop applications such as public health, termite and insect control and veterinary applications. We manufacture our range of agrochemical products through our two multifunctional manufacturing facilities situated in Chharodi and Ankleshwar, of which Chharodi manufacturing facility is ISO 9001-2000 certified. Exports constituted about 66% of our revenues of our agrochemical revenues for FY06.

We also trade in both our Pigments and Agrochemicals, which is primarily for meeting customer requirements. Some of our customers require a range of pigment or agrochemical products besides the products we manufacture and sell. In these cases, we purchase the products, which are not manufactured by us and cater to the entire requirements of our customers.

The revenues for each of our divisions for the past three years, i.e. FY06, FY05 and FY04 and the nine months ended December 31, 2006 are given below:

Rs. in Million

Business segments	Nine months of FY 07		FY06		FY05		FY04	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
Pigments	1710.46	48.14	1638.16	42.09	1511.62	44.95	1293.95	53.48
Agrochemicals	1806.59	50.84	2209.17	56.77	1698.89	50.52	1077.19	44.53
Trading sales (Merchant Exports -Mumbai)	36.35	1.02	44.28	1.14	152.28	4.53	48.18	1.99
Total Revenue	3553.40	100.00	3891.61	100.00	3362.79	100.00	2419.32	100.00

Our Products

Existing products

We are principally engaged in the manufacture and sale of Pigments and Agrochemicals.

Pigments

We manufacture the following Pigment products:

- CPC Blue Crude - Upstream product for Pigment Blue and Pigment Green products
- Pigment Blue - Pigment Blue 15
- Pigment Green - Pigment Green 7
- High Performance Pigments - Pigment Green 36 and Pigment Blue 60

CPC Blue Crude is a cyclic product of copper and reaction between phthalic anhydride and urea. CPC Blue is an upstream product and is a raw material used for the manufacture of our Pigment Blue and Pigment Green products. CPC Blue is also sold to manufacturers of Pigments and textile dyestuffs.

Alpha Blue and Beta Blue are variations of phthalocyanine Pigment Blue 15. Alpha Blue is redder in shade and of smaller particle size, and is available as crystallizing type and non crystallizing non-flocculating type. Beta Blue yields bright greenish blue shades with slightly lower tintorial strength. Beta Blue is of a more stable crystal formulation than Alpha Blue and is available as the non-crystallizing type and the non- crystallizing non-flocculating type.

Pigment Green 7, a green organic pigment, is chlorinated and a derivative of CPC Blue Crude. Pigment Green 7 is crystal stable and is of non-crystallising non-flocculating type. Pigment Green 7 provides a yellowish shade of green.

Our range of Pigment Green and Pigment Blue products are differentiated by the following characteristics:

- crystallising type, which determines the brilliance and brightness of products;
- non-crystallising type, which determines the ability of products to maintain their colour under all conditions; and
- non-crystallising non-flocculating type, which determines the ability of products to spread evenly over the surfaces that they are applied on.

Our Pigment Green and Pigment Blue products have uses in multiple applications, including printing inks, plastics, rubber, paints (for exterior and interior surfaces), textiles, leather and paper.

Pigment Green 36 and Pigment Blue 60 are high performance pigments, which have superior properties than phthalocyanine pigments like:

- better weather fastness
- better gloss transparency
- tailor made for specific high end application

Agrochemicals

Our Company manufactures a broad spectrum of commonly used pesticides for crop and non crop applications such as public health, veterinary applications, insect control in wood preservation and food grains storage. To manufacture products in India, we need registration from CIB (Central Insecticide Board) and Manufacturing License from State Government. Our Agrochemical products are regulated products and require prior registration with the relevant governing authorities in each country before they are allowed to be sold. As such, we need to comply with the specific qualitative standards and permitted toxicity levels set by the authorities in order to obtain the requisite product registration. Some of our customers have obtained the requisite product registration, and in such event, we are not required to obtain the product registration with the relevant governing authorities.

Our Agrochemical products fall into three main categories:

- Pesticide Intermediates
- Technical Grade Pesticides
- Pesticide Formulations (sold in bulk and small packs)

Our Agrochemical products are used:

- as Intermediates which are used in manufacture of agrochemicals
- as an active ingredient in the Agrochemicals formulation industry;
- by formulators for the manufacture of Pesticide Formulations, packaged into small packing for sale to direct end users
- by the farming community; and
- by government agencies in pest control and public health.

Pesticides are applied on crops in their formulated form instead of in their technical form. For crop use, formulations in powdered form and emulsions are most commonly used. For other non-crop applications, more advanced formulations are used. Our Pesticides can be used on a broad range of crops and insects, and are used on fruits, vegetables and common crops such as cotton, rice, groundnuts and chillies. Depending on the chemical nature of the Pesticides, they have different action against the insects.

Apart from the application of our products on crops, our products also have non-crop uses, such as:

- the control of insects at warehouses for food grain storage;
- for public health, primarily against mosquitoes;
- for veterinary applications; and
- for use against termites in wood preservation both for household and non-household purposes.

The characteristics and applications of each of our Agrochemical products are set out in the table below:

Pesticides formulations		
Product	Crop Application	Non Crop Application
Acephate	Rice, cotton, chilli, tobacco crops vegetables and fruits	Turf & Ornamental Plants
Cypermethrin	Rice, cotton, chilli crops, vegetables and fruits	Public Health
Alpha Cypermethrin	Rice, cotton, chilli crops, vegetables and fruits	Public Health & Veterinary
Chlorpyrifos	Rice, cotton, chilli crops vegetables and fruits	Termite extermination
Imidacloprid	Soya bean, ground nuts, beans rice, cotton, chilli crops vegetables and fruits	Health and public areas Termite extermination
Permethrin	N.A.	Public Health and Wood Preservation
Lamda cyhalothrin	Rice, cotton and vegetables health and public areas	Public Health

Pesticides Intermediates	
Product	Action
Meta Phenoxy Benzaldehyde (MPB)/ Meta Phenoxy Benzyl Alcohol (MPBA)	Used in the manufacture of Cypermethrin, Permethrin, Alpha Cypermethrin, Fenvalerate and other major synthetic pyrethroids
Cypermethric Acid Chloride (CMAC)	Used in the manufacture of Cypermethrin, Alpha Cypermethrin and Permethrin and other major synthetic pyrethroids

Products in pipeline

Our in-house Research & Development departments for Pigments and Agrochemicals are focused on, developing new manufacturing processes for products, which are going off-patent, enhancing product properties and improving product yields. Following is a brief of the products, which are in various stages of development:

Stage of development	Pigments Division		Agrochemicals Division	
	No. of products	Product Category	No. of products	Product Category
In Lab Scale	5	High Performance	4	Crop Protection
In Pilot Scale	5	High Performance	1	Crop Protection
Ready for commercial production	2	High Performance	2	Crop Protection
Total	12		7	

Marketing and Selling Arrangements

Our Executive Chairman, Mr Jayanti Patel, is overall in-charge of the international marketing of our Pigments and Agrochemical products. Our Managing Director, Mr Natwarlal Patel, provides technical support for international market and is responsible for maintaining relationships with MNCs in relation to Agrochemicals and is also in charge of domestic marketing of Agrochemicals. Our Managing Director, Mr Ashish Soparkar, is in charge of our international customers in relation to Pigments. In addition, we have a team of three marketing personnel supervised by our Executive Director (International Marketing), Mr Ashvin Raythatha, who handles the accounts of our major international customers in Pigments and Agrochemicals business.

By selling directly to these customers, we are able to build relationships with our customers and respond more quickly to their requirements.

Apart from direct sales, we also market our Pigment and Agrochemical products through distributors and marketing agents. For our Agrochemicals business, we market and sell our Pesticide Formulations and our small packing branded products to distributors, who in turn sell our products to farmers and other end users. In addition, for both our Pigments and Agrochemicals business, we appoint distributors and marketing agents for countries where direct sales are less effective.

We have a distribution network with overseas distributors worldwide catering to our overseas markets for our Pigments and Agrochemical products, and a chain of over 650 stockists, agents and dealers covering the domestic market in India. Our overseas distributors and our domestic stockists, agents and dealers have been with us for an average of over 5 years. We typically do not have any exclusive arrangements with our distributors and agents, as we do not want to be over-dependent on any single distributor or agent.

Our Directors and our marketing team regularly visit our key customers to maintain close contact with them, and to be kept informed of the latest developments and the needs of these customers. To ensure that the quality of our products consistently meets the requirements of our existing customers, we also hold regular feedback sessions with them to share ideas and to obtain feedback on our performance. This active engagement with our customers has been vital in helping us to secure recurring contracts.

To secure new customers, our Directors and our marketing team regularly make sales calls on our potential customers to keep abreast of their needs and position ourselves to meet their needs. We also participate actively in international trade shows and exhibitions such as China Coats & Asia Pacific Coating, the European Coating show and Middle East coating show for our Pigments business and British Crop Protection Conference and International Crop Science conference for our Agrochemicals business. Through these international trade shows and exhibitions, we establish contacts with potential customers and are better able to promote our products and our expertise to them. After these international trade shows and exhibitions have taken place, we continue to actively keep in touch with these potential customers by inviting them for plant visits in India. Having potential overseas customers visit our facilities provide us with the opportunity to demonstrate to them our range of products and our production facilities. This, we believe, is an important initiative in marketing to potential overseas customers.

Geographical distribution of our combined revenues for Pigments and Agrochemicals

(Rs. in Million)

Particulars	FY2006		FY2005		FY2004	
	Revenue	% of Total sales	Revenue	% of Total sales	Revenue	% of Total sales
India	1,006.45	25.86%	915.76	27.23%	707.09	29.23%
Europe	896.86	23.05%	787.36	23.41%	542.21	22.41%
North America	1222.66	31.42%	854.10	25.40%	413.52	17.09%
Asia (excluding India)	299.17	7.69%	419.67	12.48%	433.22	17.91%
South America	250.95	6.45%	218.25	6.49%	163.31	6.75%
Africa	127.31	3.27%	108.53	3.23%	81.09	3.35%
Australia	88.20	2.27%	59.11	1.76%	78.88	3.26%
Total	3891.61	100.00%	3362.78	100.00%	2419.32	100.00%

Pigments

We have warehousing arrangements in Belgium and Uruguay to serve customers quicker and to enable us to deliver our Pigment products in small lots, which will not be cost effective if delivered in small lots direct from India. We have also recently established warehousing arrangements in China, Columbia, Russia and Germany.

Agrochemicals

We sell our Pesticide Intermediates and Technical Grade Pesticides in bulk packing such as in steel drums to Technical Grade Pesticides manufacturers and formulators respectively.

Our Pesticide Formulations are produced using Technical Grade Pesticides manufactured in-house as well as purchased from external suppliers. We sell our Pesticide Formulations in bulk packing directly to our institutional customers who are formulators. In addition, we also sell our Pesticide Formulations in small packing (such as in aluminium bottles or laminated pouches) as follows:

- to our retail customers through our agents and distributors under our own brand name; or
- directly to our institutional customers where we may, at the request of these customers, also affix their brand names on the small packing for their resale.

Dealer network in India

We have a network of over 650 dealers, stockists and agents across India. We provide support to our dealers in order to improve the serviceability of the end users by our dealer network. We organise joint visits to large institutional clients, understand their consumption requirements and provide knowledge about our products attributes such as specifications, suitability for various applications etc. Our marketing department maintains open communication channels with our dealers and receive feedback on a continuous basis. On a case-to-case basis, we also accommodate our dealers with enhanced credit periods to ensure that our dealers are able to meet the credit period requirements of large institutional end users.

We monitor each dealer's performance based on sales and average collection period. Further, we also run programs that focus on continual dealer development. These include helping the dealer in establishing contacts with prospective institutional clients and market development. We also identify untapped markets and select an existing dealer, or a new dealer in that territory. We analyze, on an ongoing basis, the regions where market share achieved by our dealer is not satisfactory. Based on this analysis, we may add a dealer in a particular territory or a non-performing dealer may be replaced or refocused.

Export Marketing

We have a distribution network with overseas distributors in the International Market for Pigments as well as for our Agrochemicals operations. We have appointed dealers catering to the international markets that we focus on. These dealers, together with our Export marketing executives, interact with prospective and existing customers at periodic intervals for their requirements, pricing and delivery schedules.

Export Obligation

Details of exports and export obligation is as under:

Sr. No.	License No.	Date	Amount of Export Obligation (in US \$)	Amount in (Rs.)	Period within which the obligation is to be fulfilled
1	0810045496	03.02.2005	1440000	63,216,000	Fullfilled
2	0810057834	05.07.2006	1440000	66,528,000	04.07.2008

Our Company has to fulfill the Export Obligation under Advance License Scheme amounting to Rs. 4.95 mn.

Our Manufacturing facilities

We have two manufacturing facilities for the manufacture of our Pigment products, one located in Vatva, Ahmedabad where we manufacture our Pigment Green 7 products and the other located in Panoli, near Ankleshwar where we manufacture our CPC Blue and Pigment Blue products. The gross land areas of the Vatva and the Panoli manufacturing facilities are approximately 12,000 sq mt and 64,600 sq mt respectively.

We have two manufacturing facilities for the manufacture of our Agrochemical products, one located in Chharodi near Ahmedabad, and the other located in Ankleshwar, near our Panoli facility. The gross land areas of the Chharodi and the Ankleshwar facilities are approximately 83,100 sq m and 28,350 sq m respectively.

Brief details about each of our existing manufacturing facilities are given below:

Vatva

In 1986, we commenced operations to manufacture Phthalocynine Green 7 more popularly known as Pigment Green 7 (PG-7) at our first manufacturing facility situated at the GIDC Industrial Estate, Vatva, which is approximately 14 km from Ahmedabad City. This industrial estate is developed by the state government's nodal agency, GIDC.

The Vatva facility was originally set up for the manufacture of Pigment Green 7. Our present production capacity of 1200 tpa at the Vatva facility is the result of the construction of additional facilities over the years, which increased the

manufacturing capacity of Pigment Green 7 from 240 tpa in 1986 to its present production capacity. We have also established a separate facility for manufacture of Pigment Green 36 and Additives having a capacity of 600 tpa.

Our manufacturing facilities at Vatva are ISO 9001-2000 certified for quality systems.

Panoli

In 1996, we proceeded to expand our Pigments business and to move upstream into the manufacture of CPC Blue, a raw material used in the manufacture of green Pigments and the manufacture of the blue Pigments namely, Alpha Blue and Beta Blue.

We acquired two plots of GIDC land at the GIDC Industrial Estate, Panoli, to set up the manufacturing facilities. The manufacturing facility is located on the western side of India near Ankleshwar, which is approximately 200 km south from Ahmedabad and 250 km north from Bombay. Panoli is a chemical manufacturing hub and is accessible by railway and roads, and has adequate infrastructure facilities for the industries and is in close proximity to sources of raw materials and other inputs.

We commenced manufacturing CPC Blue, Alpha Blue and Beta Blue in February 1998. At present, at Panoli we have a production capacity of 10,200 tpa, 600 tpa and 3,600 tpa for CPC Blue, Alpha Blue and Beta Blue respectively.

As we export a majority of products manufactured at Panoli, we converted this division into an Export Oriented Unit (EOU) in FY2003, to enjoy certain tax and duty benefits.

Our manufacturing facilities at Panoli are ISO 9001-2000 certified for quality systems.

Chharodi

In 1995, we diversified our business through the manufacture of Agrochemicals and setup a manufacturing facility for the manufacture of Agrochemicals at Chharodi Village, which is approximately 40 km from Ahmedabad City.

At our Chharodi facility, we manufacture Technical Grade Pesticides, which include synthetic pyrethroids such as Cypermethrin, Permethrin and Alpha Cypermethrin and organic phosphorous compounds such as Acephate, DDVP and Triazophos as well as new Technical Grade Pesticides from Neonicotinoids group such as Imidacloprid. We also manufacture Pesticides Intermediates such as MPB, MPBA and CMAC. Some of our plants are exclusive plants while others are multifunctional plants.

In addition we have substantial capacity for formulation and packaging at this site.

Our manufacturing facilities at Chharodi are ISO 9001-2000 certified for quality systems.

Ankleshwar

In FY2003, we acquired another manufacturing facility in Ankleshwar where we have set up manufacturing facilities for production of Chlorpyrifos, a backward integration plant for TCAC and a plant for manufacture of CMAC

The Ankleshwar facility commenced production on 1st August 2003 to manufacture Chlorpyrifos, a class of Agrochemical products, and has a current installed production capacity of 1,500 tpa. In January 2006, we commissioned another plant for CMAC having a capacity of 1,000 tpa.

Our Proposed manufacturing facilities

Vatva

Our proposed manufacturing facility for High Performance Pigments admeasures 2,130 sq. metres and would be situated at Plot no. 190. This plot is adjacent to our existing Pigments manufacturing facility at Vatva.

Ankleshwar

We have, on June 25, 2006, acquired the assets of Agronule Industries, a division of Glenmark Pharmaceuticals Limited, which would be used for setting up a multi purpose Agrochemicals manufacturing facility. Prior to our acquisition, this manufacturing facility was used for formulation of agrochemicals.

This facility is situated at Plot No. 22/2, GIDC Panoli, Ankleshwar and is adjoining our existing Agrochemicals manufacturing facility.

Manufacturing process

Pigments Manufacturing Process

Vatva Facility

Following are the key manufacturing processes at our Vatva facility:

Pigment Green 7

- **Chlorination:**
Aluminium chloride, salt, CPC Blue and cupric chloride are mixed in a reactor and chlorine is added for chlorination to obtain Pigment Green 7. The resulting mixture is then dumped into water.
- **Pigmentation and filtration:**
The resulting mixture together with other raw materials such as monochloro benzene and emulsifiers are put into a pigmentation vessel. The resultant substance is then filtered and washed to produce a green pigment in wet cake form.
- **Drying, packing and despatch:**
The wet cake is dried in a dryer to produce the respective finished products in powder form, which is then packed and despatched.

Pigment 36

- **Bromination & Chlorination:**
Aluminium Chloride and Ground Salt are charged in four equal lots. The mass is then heated through hot oil circulation in Jacket up to 150°C. The stirrer is then started at 150°C after which C.P.C. Crude is charged and heated up to 165°C. Subsequently, the compilation of bromination is checked and chlorination is commenced at same temperature for testing its completion.
- **Drawing Vessel**
The above mass is then taken to this vessel with chilled water and filtration is started.
- **Filter Press**
The above mass is then filtered and washed with hot and cold water after which it is air dried and unloaded.
- **Spin flash dryer**
The wet cake is then dried in the spin flash dryer and adjusted for the requisite strength and shade in the Blender after which the finished product is packed.

Pigment 60

- Acid pasting of the mass is done with 10% Sulphuric Acid at a temperature of 25 to 30°C and maintained for 9 to 10 hours after which drowing is done in water and filtered.
- The crude wet cake is taken for pigmentation with solvent and additives for 10 Hours at 98 to 100°C after which it is filtered, dried and pulverised.

Panoli

At Panoli, we manufacture Alpha Blue and Beta Blue Pigments, as well as CPC Blue. CPC Blue is the primary raw material used for the manufacture of Alpha Blue and Beta Blue Pigments. The other raw materials required for the manufacture of Alpha Blue and Beta Blue Pigments are readily available from suppliers in India. A summary of the manufacturing processes for various items manufactured at Panoli is as follows:

- **CPC Blue**
Ortho Nitro Toluene ("ONT") is heated to 100° centigrade and phthalic anhydride, cuprous chloride and urea are added to it. The contents are maintained at about 180° centigrade for about four hours. Ammonia and carbon dioxide gases evolved during the process are scrubbed to a water scrubber in order to obtain a solution of ammonia carbonate. The crude mass of CPC is dumped into a venulett and the un-reacted ONT is distilled. The crude CPC Blue is charged in a purification vessel containing water and the temperature is raised to 85° centigrade. Sulphuric acid is added and the material is filtered through air pressure in a filter press. The wet cake is washed with hot water and the material is dried in the spin flash dryer. The dried material is then packed.
- **Alpha Blue**
98% sulphuric acid is charged in a SS jacketed vessel. The required quantity of CPC Blue is added for four hours at approximately 50° centigrade. The mixture is stirred until CPC Blue gets dissolved in acid. A microscope is used to test for dissolution. The substance is transferred by air pressure into another vessel containing sufficient water to make an acid of final concentration of approximately 15% to 20%. The acid solution is sprayed in water, and the temperature of the

drowned mass is maintained at around 95° centigrade. The mass is filtered in a filter press and washed with water. The wet cake is charged in a pigmentation vessel containing water and a dispersing agent is added. Steam is used to heat up the mixture and the acidity of the mixture is neutralised with caustic soda. The mixture is maintained at a temperature of 95° centigrade for four hours. The slurry is filtered and washed with water. The wet cake is dried in a spin flash dryer and packed.

- *Beta Blue*

CPC Blue, rosin and xylene are charged in the ball mill and ground to get crude mass of Beta Blue. The mass is transferred into a vessel containing water. The slurry is treated using hydrochloric acid and steam, and filtered through a filter press. It is washed with water to obtain a wet cake. The washed wet cake is further treated using sodium hydroxide, water and a dispersing agent in another vessel. The mixture is heated to about 90° centigrade and kept at that temperature for about two hours. The mass is filtered through the filter press and the substance is washed to obtain a wet cake. The wet cake is dried through spin flash drying. The product is then packed.

Agrochemicals manufacturing process

Unlike other industrial products, there is no single type of manufacturing process for the manufacture of Pesticide Intermediates and Pesticides. Each Agrochemical product has its own specific chemical reactions and physical properties in relation to the manufacturing processes. Similarly each agrochemical product has its own set of raw materials except for common raw materials such as caustic lye and sulphuric acid. The current installed production capacity of Agrochemical Intermediates is 2,500 tpa. and Technical is 4600 tpa.

In addition various solvents are used and recovered at different stages during the manufacturing process. Different kinds of reactors and other equipments are also used during the various manufacturing process. Apart from chemical reaction, many unit operations such as filtration, drying and distillation are carried out. The following sets out the manufacturing processes for our key Pesticide Formulations and Pesticide Intermediates. The manufacturing processes for our other Pesticide Formulations and Pesticide Intermediates are largely similar to that of the manufacture of Acephate Technical below.

Acephate Technical

In a glass-lined reactor, DMPAT is reacted first with catalyst followed by acetic anhydride. MDC is used as a solvent. The reaction mass is neutralized using liquid ammonia. After distilling out the solvent, the material is crystallized in crystallizers at low temperatures using solvent. Thereafter, the crystallized mass undergoes a filtration and drying process. The dried finished product is discharged into paperboard drums.

Metaphenoxy Benzaldehyde (MPB)

Benzaldehyde is brominated using liquid bromine in the presence of a catalyst and EDC solvent. The crude intermediate is fractionally distilled to give pure MBB. It is reacted with MEG to give Acetal. This is then condensed with phenol in the presence of alkali. The reactor mass is then hydrolysed. Distillation is carried out first to remove solvent and then purified to give product MPB.

Cypermethric Acid Chloride (CMAC)

Carbon tetra chloride ("CTC") is condensed with acrylonitrile and the reaction mass is hydrolysed with sulphuric acid. This is further chlorinated with thionyl chloride. The mass is condensed with isobutylene and the intermediate substance obtained is filtered. The substance is reacted with catalyst and later with alkali followed by acid to isolate CMA. Hexane is used as the solvent most of the times. CMA is chlorinated with thionyl chloride to give CMAC, which is purified by distillation.

Cypermethrin

The principal raw materials of Cypermethrin are Metaphenoxy Benzaldehyde ("MPB") and Cypermethric Acid Chloride ("CMAC"). These raw materials, together with sodium cyanide and hexane, a solvent, are mixed together to produce Cypermethrin. The unreacted sodium cyanide, which is toxic, is first detoxified before it is discharged. Hexane is also distilled through a distillation process. The remaining substance, which is Cypermethrin, is then packed in drums and stored.

MPB Alcohol ("MPBA")

MPB is hydrogenated with the help of hydrogen gas by using a catalyst. The substance is then filtered, which is followed by a distillation process to produce MPBA.

Imidacloprid

The principal raw materials of imidacloprid are chloro-methyl pyridine ("CCMP"), nitro imida zolidine ("NII") and potassium hydroxide. CCMP is condensed with NII in a glass lined reactor. The mass is filtered and the Mother Liquor ("ML") is removed. The substance undergoes a crystallisation process and the crystallised substances are filtered and dried.

Permethrin

The raw materials of Permethrin are MPB alcohol and CMAC. MPB alcohol is condensed with CMAC in a glass-lined reactor. The mass is washed with water, and the solvents are removed by distillation.

Production Capacities and Utilization

Installed Capacity (in MT)

Particulars	FY2006		FY2005		FY2004	
	Installed capacity	Production	Installed capacity	Production	Installed capacity	Production
Intermediates	2500	1668.80	1500	1389.40	1350	1160.21
Technical	4600	5200.94	4600	4261.69	4100	2519.70
Formulation Bulk	N.A	2974.46	N.A	1860.40	N.A	1538.93
Formulation Small Packing	N.A	2162.29	N.A	1411.10	N.A	1019.03
Pigments	15000	12888.79	15000	12317.13	15000	9695.53

Capacity and capacity utilization for FY07 to FY09

In Tonnes per annum

Segment	FY07		FY08		FY09	
	Capacity	Capacity utilization (%)	Capacity	Capacity utilization (%)	Capacity	Capacity utilization (%)
Pigments	16,330	91.05	18,630	95.67	19,630	108.95
Agrochemicals	12,300	85.76	13,900	104.37	15,100	112.01

Customers and Suppliers

Customers

Pigments

Our customers for our Pigments business are mainly from various industries such as printing inks, plastics, rubber, paints, textiles, leather and paper industries, and such customers purchase Pigment products either directly from us or through our agents and distributors. We exported approximately 84% of our Pigment products in FY2006.

We have a wide customer base and there is no apparent trend in our sales to major customers. Sales to individual customers vary due to changes in selling and marketing strategies, and variations in customer requirements.

Agrochemicals

Our customers for our Agrochemicals business are mainly:

- Formulators who purchase our Technical Grade Pesticides, and formulate them by diluting with inert materials and packing the same under their own brands for sale as Formulations to their customers either in the domestic market or overseas;
- Formulators who purchase Formulations in bulk packs. These Formulators in turn repack these bulk packs of Formulations under their own brand names for sale to their customers through their dealer network;
- other users (industrial, veterinary etc.) ;
- farmers who purchase Formulations manufactured and packed by our Company in small packing, and
- Government agencies who purchase our Agrochemical products for use in pest control for public areas

In addition, our Agrochemicals sales to our domestic customers are dependent on monsoon conditions in India.

Suppliers

When selecting suppliers for both our Pigments and Agrochemicals businesses, we consider factors such as their market reputation and track record as well as the product quality and pricing of raw materials supplied.

Pigments

For our Pigments business, our principal raw materials are mainly sourced from suppliers in India. We have not experienced any major supply disruptions or any material defects in the quality of raw materials purchased from our suppliers.

Agrochemicals

Our Company has sourced several suppliers for our principal raw materials for the manufacture of Agrochemicals to ensure flexibility and continuity of production. We have not experienced any major supply disruptions or any material defects in the quality of raw materials purchased from our suppliers.

Competition

Pigments

The Pigments industry in India is competitive and fragmented with many companies involved in the manufacture and export of Pigments. We exported approximately 84% of our Pigment products in FY2006. We also face competition from Pigments manufacturers based in other low-cost countries, in particular the numerous manufacturers in the PRC. However, we believe that while some of these companies in the PRC do manufacture blue and green Pigments, most of these companies concentrate on producing Azo Pigments (red, yellow and orange Pigments).

We believe that our manufacturing facilities and capabilities put us in good stead to compete with both manufacturers in India as well as overseas as we are able to meet the quality standards of our customers in USA, Europe and Australia.

Our principal competitors for Pigments Green and Blue are

- Heubach Colour Limited
- Phathalo Colours and Pigments Limited,
- Pidilite Industries Limited,
- Colur Chem Limited,
- Mazda Industries Limited,
- Lona Industries Limited.

Agrochemicals

The market for Agrochemical products is competitive both domestically and internationally. We face competition in the market from leading Indian and multi-national brands as numerous manufacturers have produced products similar to our products.

Our principal competitors include the following:

- Gharda Chemicals Limited
- Rallis India Ltd.
- Tagros Limited
- United Phosphorous Limited
- Cheminova Limited
- Syngenta International AG
- BASF AG
- Bayer Crop Science Limited

Safety Procedures

Vatva and Panoli facilities

Some of our products and raw materials are considered hazardous and/or poisonous. We have adopted safety procedures at our manufacturing facilities, particularly in relation to the import of, storage, transportation and sale of such hazardous and/or poisonous substances. For example, chlorine at our Vatva facility is stored in a cylinder and transported by a "motorised chain pulley block", and ONT at our Panoli facility, is stored in liquid form in underground storage tanks and transferred via pumps from these underground storage tanks to reaction vessels.

In addition, our staff is trained for safety at work. This includes knowledge about storage handling and disposal of the chemicals, which they handle. They are provided with personal protection equipment such as safety shoes, gloves, goggles and aprons.

We have appointed safety officers at our Vatva and Panoli facilities to ensure that our staff complies with requisite safety regulations. The Factory manager oversees compliance with safety procedures.

Chharodi and Ankleshwar Facilities

The raw materials used in as well as the finished goods manufactured in our Agrochemical manufacturing facilities are generally hazardous, especially in the event of spillage. As such, the hazardous chemicals are stored in their original drum packing in the warehouses. The bulk storage of the liquid (i.e. material received from the road tankers) is done in properly constructed tank forms. For highly flammable solvents, underground tanks are provided.

The raw materials received in drums are transported by our suppliers to our Agrochemical manufacturing facilities in trucks. These are then unloaded via forklifts. Bulk liquids are, however, transported from our suppliers through road tankers, and are unloaded into storage tanks. From the storage tanks, the liquid is pumped to the day tanks thus ensuring no human contact.

The finished products which are packed in the drums are transported from the manufacturing facility to the warehouse through fork lifts and from the warehouse to our customers by trucks with minimal human contact. At Chharodi and Ankleshwar, we have appointed safety officers to ensure that our staff comply with requisite safety regulations. The respective Factory managers oversee compliance with safety procedures.

We have prepared a safety manual and on site -off site emergency plan which is made available to all our staff at all our facilities. All our staff are trained to meet any disaster. In addition, a medical room is provided at all our manufacturing facilities where routine medical checks are carried out. We also conduct safety seminars and training programs for our staff at regular intervals.

Quality and Quality Control

We focus significantly on the quality of the raw materials and finished products at all our manufacturing facilities to ensure the desired quality is attained. Accordingly, we have a quality control department at each of our Vatva, Panoli and Chharodi facilities, which consist of a Quality Control Laboratory, Research and Development Laboratory, Instrumentation Laboratory and Classical Laboratory. In addition, at each of our Vatva and Panoli facilities, we have an Application Laboratory. At our Ankleshwar facility, we have a Quality Control Laboratory, Instrumentation Laboratory and Classical Laboratory.

Details of the quality control measures instituted by us are given below:

- **Quality Control Laboratory**

We have quality control labs at our respective manufacturing facilities, for the purposes of analysing the raw materials purchased, and for carrying out inspection of the products manufactured, at their intermediate as well as finished stage.

- **Application Laboratory**

Consumers of Pigment products are particularly concerned about the application characteristics of pigments. As such, we conduct tests on our Pigment products in the Application Laboratory to ensure that our Pigments manufactured satisfy our customer's requirements.

- **Research and Development**

At the Research and Development laboratory, we conduct research to improve the quality of our products, as well as develop our manufacturing process, in order to ensure better utilisation of our raw materials, and thus achieve better yield results.

- **Instrumentation laboratory**

Instruments such as the gas chromatograph, high performance liquid chromatograph and auto titrates are used for analysing the raw materials being processed as well as the finished goods. These instruments normally provide the purity of the product expressed as a percentage in comparison to the standard.

- **Classical Laboratory**

We conduct analytical tests in our classical laboratories, in order to analyse certain characteristics of our products, which include classical analysis on the melting and boiling point of certain products and chemical analysis by titration gravimetric method.

The laboratory at the Chharodi facility is able to generate impurity profiles of our Pesticide products, thus enabling us to perform the necessary checks to ensure that purity standards are met.

Plant, Machinery & Technology

The plant and equipment used in our production facilities comprise glass lined reactors, distillation vessels, filter press, spin flash dryer, thermo pack (thermic fluid heater), steam boiler and power generators, rotary vacuum dryers, acid treatment vessels, ball mills and kneaders. Most of the machinery used in our production facilities are manufactured in India and are readily available from such manufacturers.

As some of our Agrochemical products share similar manufacturing steps, the equipment at our agrochemical manufacturing facilities is not restricted to manufacturing of a singular product, but instead is multi-functional and can be used in the manufacture of several products. However, some of our plants within the facilities are also dedicated to single products.

Except for maintenance shut-downs, all our plants are continuous process plants and operate through out the year. We carry out maintenance, repairing and servicing of our equipment at these facilities at regular intervals.

Research & Development

Pigments

For our Pigments business, we have set up research and development facilities at our Vatva and Panoli facilities. Our research and development activities are focused on (i) improving the application characteristics of our pigments, such as improving dispersion, (ii) developing enhanced Pigment products or new shades of Pigment Blue or Pigment Green products and (iii) improving the process yields. We have installed pilot plant facilities at our Vatva and Panoli facilities which facilitate trial runs of the new production processes and/or new products before commercial production.

It is through our own in-house research and development efforts that we developed our production processes and capabilities for the manufacture of Pigment Green 36, Pigment Blue 60, and the variations of Pigment Blue, being Alpha Blue and Beta Blue, and Hysol-P solvent based CPC Blue. We are also in the process of developing a range of high performance pigments at our Vatva facility. We are also able to work closely with customers to develop production process parameters to meet the particular product specifications, needs and expectations of our customers.

Agrochemicals

For our Agrochemicals business, our research and development activities carried out at the Chharodi facility are focused on (i) improving process yields, (ii) increasing purity and reducing wastage, (iii) decreasing impurity, and (iv) developing production processes for the manufacture of new Agrochemical products, in particular off-patent pesticide molecules.

Through our in-house research and development efforts, we developed the production process for the manufacture of insecticides such as MPBA, Permethrin and Imidacloprid.

Status of Product developments

We are in the process of developing various processes/products as detailed above in the section titled "Research & Development" beginning on page no. 59 of this Red Herring Prospectus.

As on April 30, 2007 we had employed total 62 number of employees in our quality control/ assurance and Research and Development laboratories.

A summary of the amount spent on Research and Development for the last three financial years is given below:

Rs. In Millions

Particulars	FY2006	FY2005	FY2004
R & D Expenditure	7.41	6.83	6.14
Salary of employees in R&D Department	5.06	4.50	4.00
Purchase of Lab equipment (capitalized)	3.69	1.80	4.90
Total R&D	16.16	8.63	11.04

Key Manufacturing Resources

Raw Material and chemicals:

Pigments

Following are the major raw materials for the manufacture of Pigment products:

- Chlorine Gas;
- Cupric Chloride;
- Oleic Acid;
- Aluminium Chloride;
- Salt;
- Caustic Soda Lye;
- Aluminium Ingot;

- Monochloro Benzene; and
- Edta (Disodium Salt).

We obtain our raw materials mainly from local suppliers.

Agrochemicals

Following are the major raw materials used for the manufacture of our Agrochemical products:

- DETC
- Iso-butalene
- Bromine
- CTC (Carbon Tetra Chloride)
- DMPAT
- Acetic Anhydride
- Acrylonitrile
- Hexane
- Aluminium Chloride

We obtain our raw materials from domestic suppliers and internationally from countries including China, Indonesia, etc.

Power:

Gas is our principal source of energy. We currently rely mainly on Adani Energy Limited for Gas supply to our Vatva facility and on Gujarat Gas Limited for our Panoli and Ankleshwar facility. We are using the Gas to generate electricity through our Captive Power Plant and to operate utility for manufacturing purpose.

We use electricity supply of the Ahmedabad Electricity Company Limited and/or the Gujarat Electricity Board to meet standby energy requirements of our Ankleshwar, Vatva and Panoli facilities. We have installed three captive power plants of 3000 kva at our Panoli facility, two captive power plants of 1800 Kva at Ankleshwar and one captive power plant of 800kva at Vatva facility

For our Chharodi facility, we rely on electricity supply of Gujarat Electricity Board. To reduce reliance on GEB, our Company is investing in Meghmani Energy Limited to set up 3 MW captive power plant.

We have installed diesel generating sets at our Ankleshwar, Vatva and Chharodi facilities as back-up for uninterrupted power supply.

Water and Steam:

We rely on the GIDC to supply water to our Vatva, Panoli and Ankleshwar facilities, and have also installed our own bore wells at all the production facilities to ensure supply of water. We have installed our own boilers and hot oil units, which produce steam to meet our production requirements.

Use of Information Technology

We have implemented the SAP ERP (Enterprise Resource Planning) system, by integrating the MIS, costing and data management at all the manufacturing facilities along with the Accounts and Finance functions. This has enabled us to manage our resources and setting up of an efficient Materials Management system.

Human Resources

Our employees are key contributors to our growth. As of April 30, 2007, the break up of our employees is given below:

Particulars	No. of employees
Managers & above	53
Administrative & supporting	144
Production / Technical (Skilled)	256
Production / Technical (Semi-skilled)	253
Production / Technical (Un-skilled)	73
QC & R&D	62
Marketing	43
Total	884

Our Company's HR policies are based upon the belief that the success of our Company is primarily dependent on its people and that the development of potential of each employee is good for the employee and the business. Our HR policies aim at attracting, retaining and motivating the best talent to achieve higher goals and attain greater opportunities for the advancement in their business career.

The guiding principles of our HR policies are:

- To be fair and competitive.
- To encourage and facilitate employee potential and therefore growth.
- To offer compensation commensurate with responsibilities, performance and achievements.

Recruitment

Our Company's recruitment policy is to attract the best talent at the Induction level and after familiarization with our Company; we offer them a fair and open field for development and growth purely on performance and business success.

The recruitment process, has the following objectives:

- To ensure that all positions identified in the organization structure are filled with people who have the requisite skills, knowledge, experience and qualifications required to perform them effectively.
- To provide career opportunities for deserving personnel in line with their skills and potential.
- To infuse fresh ideas and caliber in the organization to help alleviate current organizational skills, wherever required and possible.

Training & Development Activities

We emphasize on the need of continuous learning across all levels. To update the knowledge of the employees in their relevant areas, we send them to various conferences and seminars in India and abroad. Employees are encouraged to make presentations of company products in various national and international forums. Workshops on Vision, Mission & Values of the company are conducted with equal participation in a systematic manner.

Training on increasing Effective Personal Productivity (EPP), module of internationally acclaimed management consultant Paul Meyer (LMI) is being conducted for employees. The employees are also nominated for various management / technical programmes all over India in institutes of repute for upgrading the subject knowledge.

Recruitment Activities

We believe in providing career opportunities to all candidates. The departmental heads have to provide with details pertaining to their requirement of manpower. The HR department on the basis of received information after due discussions and assessing the need does the manpower planning and budgeting. New recruitment is done only after exploring the possibilities of internal transfers, job enlargement & enrichment etc.

The manufacturing units at Ankleshwar, Panoli and Vatva are declared GIDC, hence it is easy to recruit manpower. There are lots of medium and large type of similar industries located in the surrounding areas.

Release of advertisements, campus interviews, approaching placement consultants, exploring job portals, employee references etc. are some of the ways through which we recruit our employees.

Our staff are provided with in-house and on-the-job training by their departmental heads and other senior staff members. From time to time, our staff are sent for external training in areas related to safety procedures, environmental awareness as well as to acquire other necessary job skills. At our Panoli facility, we have appointed a qualified training officer to provide training for our new staff.

Except for our staff who provide services as boiler operators or electricians, there are no government regulations that require other employees to be certified in their respective areas of work. All our boiler operators and electricians employed by our Company are certified licence holders in their respective areas of work.

Insurance

Our Company has taken up a range of insurance policies including:

- fire policies for our plants, buildings and offices, raw materials, work-in-progress and finished goods;
- marine policy for transit of raw materials and finished products in India and marine export policy; container policy
- machinery break-downs policies for our production equipment;
- workmen compensation policy under the Workmen Compensation Act, personal accident policy and group medical claim policy for hospitalisation expenses for our employees and their family members;

- Public Liability Act policy under the Public Liability Act
- Directors' and Officers' indemnity policy
- Cash in transit policy

These insurance policies are reviewed annually to ensure that the coverage is adequate. All the policies are in existence and the premiums have been paid thereon.

To ensure adequacy of insurance coverage at a competitive rate the company has hired the services of a Broker.

Environmental matters

We have the necessary facilities to treat waste-water and air emission that contain pollutants, in accordance with the requirements of the GPCB and have, to date, complied with all relevant requirements of the GPCB. Details of our waste treatment facilities for each of our manufacturing facilities are as follows:

Vatva

The Green Environment Services Co. Op. Society Ltd. is a non-profit and self-regulatory body funded by public contributions, and consists of members who are in the manufacturing industry. Our Company is a member of this society, and our Vatva facility uses a common effluent treatment plant that is run by the Green Environment Services Co. Op. Society Ltd.

We conduct primary treatment on the waste-water in-house by neutralising the effluents discharged with calcium hydroxide. Thereafter, the effluents are filtrated and discharged to the common effluent treatment plant. The Green Environment Services Co. Op. Society Ltd. then conducts secondary and tertiary treatment on the effluents, in accordance with standards set by the GPCB. We discharge the effluents into the common effluent treatment plant.

Chharodi

- **Neutralisation Process:** The waste-water is collected in a collection tank or equalisation tank, and is taken into a neutralisation tank thereafter. In this neutralisation tank, acid streams from the various steps of the processes are collected and the acidic water is then neutralised by an alkali, lime. The neutralised water is pumped out after filtration for further processes such as evaporation. The calcium sulphate generated in the neutralisation process is collected from the filter as wet cake, and is dried, properly packed and subsequently sent to an authorised solid waste disposal site.
- **BOD and COD Reduction Process:** We then conduct biological treatment of the waste-water. In the aerator, the diluted stream and the domestic stream are stirred in such a manner to allow oxygen from the atmosphere to dissolve to the maximum possible extent. Micro-organism is already dispersed in the water. In addition, chemicals such as urea and glucose are added in small quantities. The micro-organisms will grow well and biologically convert big organic molecules into smaller ones and in turn reduce COD and BOD. The clear effluent is separated from the clarifier, which is next to the aerator and sent for treatment. The sludge (containing micro-organism) is recycled or suitably disposed off.

We have erected multiple evaporators to evaporate the treated water and some portion of the water is reused for the gardening purposes. Approximately 70% to 80% of the waste-water, which is the dilute or medium type of treated waste-water, is first fed into evaporator using steam as a heating media. The evaporated water is condensed and recycled as feed water to the boiler. The concentrated wastewater that comes out of the evaporator is further fed into the incinerator. We have also installed incinerators to burn waste.

As our Chharodi facility is not located in an industrial estate with any common effluent treatment plant, we do not discharge any wastewater outside the plant premises. All the wastewater is evaporated either naturally or in the evaporator.

Panoli

The Panoli Environ Technology Ltd. is a non-profit and self-regulatory body funded by public contributions, and consists of members who are in the manufacturing industry. Our Company is a member of this society, and our Panoli facility uses a common effluent treatment plant that is run by the Panoli Environ Technology Ltd.

We first conduct in-house primary treatment to the effluents discharged at the Panoli facility, by neutralising the effluents discharged with calcium hydroxide. Thereafter, we proceed to conduct secondary and tertiary treatment on the effluents. During our secondary treatment process, BOD and COD are controlled in accordance with the rules and regulations of the GPCB. During our tertiary treatment process, the effluents discharged are decolourised by a "carbon bed treatment". After our in-house primary treatment, we discharge our effluents into the common effluent treatment plant. This final effluent discharge is made to the common water effluent facility which disposes the discharge into deep-sea

- **Air Pollution Control System:** Gas is emitted from the reaction vessels of the CPC Plant. As there are various vessels, the gases are taken to respective counter current water scrubbers having common re-circulation tank. The gases from primary scrubbers are passed over to secondary scrubbers, where they are scrubbed with cool water. Then they are passed over to tertiary scrubbers to remove traces of ammonia by using chilled water. The gases are stripped of ammonia and are then released through a vent which is monitored periodically for ammonia.

- **Effluent Treatment Plant:** Effluent is collected in effluent treatment tanks, and treated in three stages. At the primary stage, for gypsum production, the spent acid is collected in K tanks and Q tanks and recycled at the CPC Plant. The spent acid is also taken into acid proof brick lined tanks for neutralization through the use of lime. After the addition of lime, the slurry is fed to the filter press and the filtrate is collected into filtrate collection tank and pumped to an equalization tank. At the primary stage for neutralization of washings, the effluents are collected in an equalization cum collection tank and are neutralized with lye and lime. Then the effluents are pumped into a flash mixer and dosed with ferric alum and accofloc, before being taken to a primary clarifier. At the primary stage for primary clarification, suspended solids are removed in a primary clarifier due to flocculant dosing. Primary sludge is then pumped into sludge drying beds. The overflow from the primary clarifier is then taken to an aeration tank.

At a secondary stage, the diffused aeration is carried to aeration tanks in which bacteria is maintained. The overflow from the aeration tank is taken to a secondary clarifier where part of the sludge is re-circulated to maintain bacteria concentration in the aeration tank and part of it is drained to sludge drying beds. The overflow from the aeration tank is then taken to a water sump.

At the tertiary stage, treated water is collected in the sump and passed through pressure sand filter and activated carbon filter, and then taken to the final water sump. The overflow is pumped to the common GIDC treatment plant.

- **Solid Waste Treatment Facilities:** Solid waste generated from gypsum is sold to Gujarat Ambuja Limited, a cement manufacturing company with approval from GPCB. The non-saleable waste is then sent to Bharuch Enviro Infrastructure Ltd for disposal.

Ankleshwar

Waste water is segregated into high COD and low COD streams. The high COD effluent wastewater stream is neutralized by using caustic soda or hydrochloric acid after which it is sent to the Common Effluent Treatment Plant of Ankleshwar, through tankers. The low COD effluent wastewater stream is then neutralized using acid/alkali in the Equalization cum Neutralization Tank.

The neutralized wastewater is then sent through primary and secondary settling tanks where various agents are added and biodegradation of organic matter done. The remnant sludge is then collected and dried after which it is disposed into the Treatment Storage Disposal Facility (TSDF) of M/s. Bharuch Eco Aqua Infrastructure Limited.

Our Competitive Strengths

We believe that our competitive strengths enable us to focus on markets and products with growth potential while maintaining and improving our position in the markets in which we are already established. This allows us to develop and produce our products at the lowest possible cost level and support those products with enhanced service capabilities, all leading to improved profitability and a financial position.

We have an experienced and qualified management team and technical personnel

Our Company is led by an experienced and qualified management team. Both, our Executive Chairman, Mr Jayanti Patel and Managing Director, Mr Ashish Soparkar are Chemical Engineers from the Maharaja Sayajirao University, Baroda, and both have more than 29 years experience in the Pigments industry and more than 10 years experience in the Agrochemicals industry. Mr Natwarlal Patel, our Managing Director, holds a Masters degree in Science from Sardar Patel University, Gujarat. Mr. Ramesh Patel, our Executive Director, holds a Bachelors degree in Arts from Saurashtra University, Gujarat. Mr Natwarlal Patel and Mr. Ramesh Patel both have over 27 years of experience in the Dyes and Pigments industry and over than 13 years experience in the Agrochemicals industry. Mr Anand Patel, our Executive Director, holds a Bachelors degree in Science from the Gujarat University and has more than 20 years experience in the Pigments industry. They have been instrumental in setting the business direction for our Company since our incorporation, and they will continue to guide our Company in the expansion of our business with their experience and technical expertise.

Our production operations at each of our manufacturing facilities are managed by a team of skilled technical engineers with the requisite technical know-how and science graduates with specialisation in chemistry to carry out our production processes. Our technical staff is highly qualified and trained, and many of them have work experience with MNCs and other reputable large Indian companies. With the expertise of these technical staff, we have developed the production process to manufacture pesticides such as MPBA, Permethrin and Imidachloprid. Our technical engineers are also able to work closely with customers to develop production process parameters to meet particular product specifications, needs and expectations of our customers for both our Pigments and Agrochemicals businesses.

We have a diversified customer base from a wide range of industries and also produce an extensive range of products suitable for a multitude of applications

Over the years, we have built up a diversified base of customers from a wide range of industries. We have continuously received repeat orders from most of our customers. The customer trust has been built on the foundation of our commitment to quality and timeliness. The details of customers from whom we have received repeat orders are as mentioned below:

Pigment

Sr. No.	Name of the customer	Sales (Rs. in million)		
		2006-07	2005-06	2004-05
	Export Customers			
1	Flint Group Frankfurt GMBH	280.86	173.22	91.99
2	Paramount Colors	80.19	54.41	30.28
3	Flint Ink (UK) Limited	68.43	48.77	105.95
4	Ravenswood Australia	74.08	61.66	39.28
5	JCH Services SPRL	10.65	22.77	20.87
	Domestic Customers			
1.	Sudarshan Chemical Industries Limited.	171.48	125.90	38.58
2	Sharada Industries	32.81	20.12	29.61
3	Nilkanth Organics Pvt. Limited.	26.14	14.73	14.78
4	Vishrudh Organics Limited	16.45	7.60	3.36
5	Asha Dispersion Ltd.	2.83	5.48	6.43

Agrochemicals

Sr. No.	Name of the customer	Sales (Rs. in million)		
		2006-07	2005-06	2004-05
	Export Customers			
1	Micro Flo Company LLC	101.34	311.64	257.60
2	Valent USA Corporation	80.14	224.84	140.26
3	FMC Agricultural Products	97.25	166.93	114.72
4	Nortox S/A	54.00	44.21	47.24
5	Agrogill Chemicals Pty Ltd.	48.15	23.09	9.85
	Domestic Customers			
1.	Hindusthan Insecticides Limited	64.03	50.29	30.90
2.	Pioneer Pesticides Pvt. Ltd.	24.23	18.07	13.26
3.	Universal Pestochem Industries P. Ltd.	17.05	10.40	13.04
4.	FIL Industries	4.26	19.85	0.29
5.	Modern Insecticides	3.54	21.41	14.73

Pigments

Our Pigments customers are mainly MNCs from a wide range of industries such as printing inks, plastics, rubber, paints, textiles, leather and paper. Currently, we have more than 300 Pigments customers from various countries in North America, Europe, Central and Latin America, Africa and Asia-Pacific.

Agrochemicals

We currently manufacture an extensive range of Agrochemical products and currently have more than 90 Agrochemicals customers, which include leading Pesticides manufacturers from countries in North America, Europe, Latin America, Africa and Asia, as well as end users in the domestic Indian market.

Consequently, we believe that our Pigment and Agrochemical businesses are not reliant on any particular product, customer or industry.

We are able to consistently deliver high level of quality assurance

We offer an extensive range of quality products to our customers, many of whom are MNC's. Through our research and development efforts in improving our production processes, we have developed an extensive range of products suitable for use in a multitude of applications which we are able to sell at competitive prices through prudent cost controls. For

example, our Pigment products are available in a wide range of shades and physical properties and perform consistently in their intended applications, and satisfy the specific and often exacting requirements of our customers.

We possess a cost advantage over our competitors due to the vertical integration of our production processes, multifunctional design of our production facilities and our proximity to sources of raw materials supply

The production processes of our Agrochemicals and Pigments businesses are vertically integrated. We manufacture CPC Blue which is the primary raw material required in the manufacture of our Pigment Green and Pigment Blue products. We also manufacture Pesticides Intermediates which are used in the manufacture of our Pesticides Formulations. Such vertical integration allows us to effectively manage our raw materials costs and assures us of a constant supply of such raw materials at a consistent quality and consequently, has reduced our reliance on third party suppliers for such raw materials.

Our Agrochemical production facilities are designed with multifunctional production capabilities which enable us to manufacture different Agrochemical products concurrently as well as switch production lines for the manufacture of different products at a minimal cost and production downtime. Further, our production facilities are situated in India which is a lower cost centre as compared to USA and Europe. Many of the key raw materials required in the production of our Pigment products such as urea and phthalic anhydride, and chlorine and acrylonitrile for Agrochemical products are in abundant supply at a low cost.

Thrust on increasing agrochemical sales by registering new products, in particular in the international markets

In recent years, we have focussed on increasing the number of product registrations in countries such as United States of America, Australia, Brazil, Bangladesh, China, Mexico, Malaysia, Turkey, Taiwan, Uruguay, etc. We currently hold 90 registrations worldwide and have 415 registrations pending in 56 countries around the world. Being a manufacturer and distributor of existing molecules with expired patents, we consider registration as crucial and considerable investments are focussed on registrations. Our focus on research and development has also led to an increase in the number of products developed, which has translated, into numerous applications for registrations for our products. For a summary of our current registrations and applications made, refer section titled "Registrations" beginning on page no. 73 of this Red Herring Prospectus.

We have established brand names

Besides having established our reputation as a reliable manufacturer of quality Pigments and Agrochemical products, our Directors believe that, through our years of effort in establishing our distribution networks and advertising and promotional activities, our brand names have gained recognition in the Pigments and Agrochemicals industries in India, Europe, the USA and Latin America where our products are sold. A number of our Pesticide Formulations, such as, amongst others, "Megastar", "Megacyper", "Courage", "Proven" are brand names are recognised names amongst consumers in the domestic Indian market. This also extends to our "Meghafast" brand name which is a recognised name amongst consumers of Pigment products who are MNC's. We have a distribution network with overseas distributors worldwide catering to our overseas markets for our Pigments and Agrochemical products, and a chain of over 650 stockists, agents and dealers covering the domestic market in India.

We have focus on research and development

We are a R&D focussed organization which has enabled us to develop high quality products to the satisfaction of our domestic and international customers. For the period ended December 31, 2006 and in FY 2006, we have invested Rs. 14.94 million and Rs. 16.16 million respectively amounting to 0.42% and 0.39% respectively of our turnover on Research and Development. It has also been our endeavour to continuously upgrade and improve our production processes, which have resulted in better purity and quality. Through our R&D processes, we have also added our range of "High Performance Pigments" and an array of Agrochemical products, which, we believe, have higher realisation and margins.

We are developing a base of intellectual property rights

We have consciously developed our intellectual property rights in the form of trademarks for our products, as well as our logo and corporate name. Our logo and name, viz. "MOL" and "Meghmani" have been registered as trademarks. In addition, we have filed 31 applications for trademarks, of which 14 have been already registered.

We believe that our trademarks have significant value and are important to our brand building efforts and aid in the marketing of our products.

For details of the intellectual property rights, refer section titled "Our Business" beginning on page no. 48 of this Red Herring Prospectus.

It may be difficult for other players to replicate our product performance in Pigments

We produce several shades of pigments which are essentially application oriented and have been standardised to suit the specific requirements of our customers. We have application laboratories where we carry out tests for samples from each production batch wherein tests on the final end use are made for consistency, shade strength, and other such parameters. We also supply our pigments to prestigious MNCs such as M/s. Hampel, Netherlands, which is regarded as one of the largest paint manufacturer in the world. For all our MNC clients, we have spent significant resources in terms of men and materials to evolve products, which are of an acceptable quality. Consequently, we believe that we are better placed over most of the other players to meet the requisite quality standards.

Business & Growth Strategy

The key components of our strategy to drive profitable growth and to maximize value are to continuously enhance customer satisfaction, engage in continuous research and development to achieve best-in-class manufacturing, attract, develop and retain quality employees, and maintain stringent standards of environmental safety and corporate responsibility. Our business strategies and future plans include the following:

Grow our agrochemical business inorganically and through strategic acquisitions of complementary businesses and products

We believe that there are vast opportunities for inorganic growth in the USA, Brazil and Argentina. We intend to review opportunities for acquiring complementary businesses and products whilst growing our agrochemical business organically by leveraging our manufacturing expertise and existing alliances and by focussing on research and development. We are actively evaluating companies having the requisite registrations in place, complementary product portfolio and marketing network. We believe that future and sustained growth would be achievable through a right mix of organic and inorganic growth.

Diversification in the field of organic/inorganic Chemicals

We believe that there are ample diversification opportunities in the field of organic/inorganic chemicals, whereby we can capitalize on our chemistry skill sets and infrastructure created by us. We intend to pursue such opportunities. To this end we have recently executed a Non Circumvention and Non Disclosure Agreement with M/s Real Innovators Group for exploring the possibilities of setting up of basic/fine chemicals manufacturing facility. For details of the agreement, refer section titled " History and other Corporate matters" beginning on page no. 76 of this Red Herring Prospectus

Pigments

Focus on vertical integration enabling production of high-margin and technology-oriented products

We are one of the few manufacturers, who manufacture both CPC Blue crude (which is an upstream product), and the finished pigments, viz. our Blue and Green pigment products such as Alpha Blue, Beta Blue, Pigment Green 7 and Pigment Green 36. We are placing conscious efforts to climb up the value chain by shifting the focus from a bulk supplier of CPC Blue crude to high-margin and technology-oriented pigments like our Green and Blue products. CPC Blue crude, an upstream product for our Green and Blue products, is also sold externally. The manufacture of our Green and Blue products involve significant customisation efforts and higher customer interaction to enable arriving at the final product. We have, in the past, invested significant resources, for customising the Green and Blue products, which has enabled us to cater to our customers, most of which are MNC's. We intend to leverage our knowledge and development skills by increasing our product offering of Green and Blue products.

Thrust on our portfolio of high performance pigments and expanding our existing range of high performance pigments and additives

There is a move towards high performance pigments and additives as customers upgrade their products and the technical performance requirements of the pigments and additives they incorporate in their formulations. In recent years, environmental pressure to replace heavy metals such as cadmium and lead has led to an increased demand in organic pigments. The impact of the low volatile organic content ("VOC") regulations, prevalent outside India, is that solvent usage is being reduced in the printing ink and coatings industries with alternative technologies, such as water-based systems coming in place.

Currently, our portfolio includes high performance pigments like Pigment Green 36 and Pigment Blue 60, which have been successfully commercialized, and have an additional range of pigments like Pigment Red, Pigment Yellow and Pigment Orange, which are under development in various stages.

We believe that with our existing portfolio and products under development, we are well placed to take advantage of these trends.

To expand our customer base in India and globally

In FY 06, exports constituted around 74.14% of our pigment sales, which were made to about 60 countries. Our strategy is to expand our customer base in India and globally by strengthening our existing sales and marketing network. We have appointed distributors, agents and dealers in India and in our overseas markets such as the USA, Europe and Asia-Pacific. We believe that establishing a network of distributors, agents and dealers will enable us to establish direct and closer relationships with an increased number of customers. For further enhancing our service support to our customers, we have warehouses arrangements in locations closer to our customers both domestically and overseas at Belgium, Uruguay, Columbia, China, Russia and UK and within India in the states of Gujarat, Rajasthan, Andhra Pradesh, Chandigarh, Maharashtra, Punjab, Haryana and Uttar Pradesh. We also plan to set up additional warehouses in North and South America. This will enable us to shorten the time to market our products to our customers. We have a distribution network with overseas distributors and a chain of more than 650 stockists, agents, distributors and dealers for our products throughout India, which we further plan to strengthen gradually.

To capitalise on the outsourcing opportunities for manufacture of pigments

The chemicals industry is witnessing a shift in the manufacturing base from western countries to low cost producers such as India and China. We believe that similar opportunities also exist in the pigments. We are actively evaluating such opportunities for future growth.

Agrochemicals

Focus on increasing sales of our branded formulations in the retail segment

Our technical grade pesticides are used captively for manufacture of our bulk and branded formulations and are also sold to the pesticide formulators in and outside India. Our bulk formulations are also used captively for the production of branded formulations, which are sold to retail domestic customers besides being sold to other formulators mostly in the domestic markets. Our brands such as "Megastar", "Proven", "Courage" "Megacyper", etc. are recognized names with retail consumers in India. Since the past two years, we have commenced exports of our branded formulations outside India. We intend to focus on increasing sales of our existing branded products and proposed launches through our existing distribution network of overseas distributors and over 650 stockists, agents, distributors and dealers within India. This would enable us to enhance our visibility and go up the value chain, which would also improve realisations.

Expand our share in Indian and International markets through new product registration

For the year ended March 31, 2006, about 50% of our Agrochemical sales comprised of export sales where we serviced over 90 customers. Our Agrochemical products are regulated products and require prior registration with the relevant governing authorities in each country before they are allowed to be sold. As on April 30, 2007, we have 90 products which have been registered world wide and 96 CIB registrations have been obtained in India. Considering that a significant portion of sales is through exports, we intend to focus on our existing and new export markets for our Agrochemical products and currently have 415 registrations in pipeline at various stages in 56 countries and CIB registrations in India.

For a summary of our present registrations and applications made, refer the section titled "Registrations" beginning on page no. 73 of this Red Herring Prospectus.

Focused research and development efforts on building a pipeline of Agrochemical products

Presently, we have 7 products which are under various stages of development as specified under the heading "Research and Development" above. For sustaining our growth, we are continuously endeavoring to increase our product offering. We have identified various products which are under patent protection and are going off patent in the next 2-3 years.

We have commenced a two pronged efforts for these products as given below:

- Focus on research and development for producing products going off-patent through cost effective processes
- Initiating the registration process in the target markets to enable readiness to enter the market once the product development has been successfully completed.

For details of our products under development, refer section titled "Research and Development" beginning on page no. 59 of this Red Herring Prospectus.

Besides the above, there are over 60 products which are going off patent over the next 4 years, of which we focus on certain products based on the customer requirements and prevalent market demand. (Source: Phillips McDougall Agri Research Report 2005).

Properties

We currently own the following properties:-

No.	Location	Area	Freehold/ Leasehold	Encumbrance	Usage
A.	Ahmedabad				
1.	Meghmani house, Shree Nivas society Paldi, Ahmedabad India	676 sq. mt.	Freehold	None	Corporate office
2.	703, Akashdeep Apartment Shreyas Crossing Paldi, Ahmedabad India	700 sq. ft.	Freehold	None	Residential accommodation for employees
3.	B704, Indraprasth Drive in Cinema, Ahmedabad India	700 sq. ft.	Freehold	None	Residential accommodation for employees
4.	Chandra Prabha Co. Op. Housing Society Limited Plot no 15,16, 19, 20 Sanand, Ahmedabad, India	1,000 sq. mt.	Freehold	None	Vacant land
5.	Plot No. 455 Sanand, Ahmedabad, India	13,400 sq. mt.	Freehold	None	Plantation
B.	Chharodi Plant				
1.	Plot no.453 Sanand, Ahmedabad, India	14,469 sq. mt.	Freehold	None	Small packing unit
2.	Plot no.454, Sanand, Ahmedabad, India	6,224 sq. mt.	Freehold	None	Storage
3.	Plot no. 402, Sanand, Ahmedabad, India	12,647 sq.mt	Freehold	Charge created in favor of a bank for working capital facilities	Factory premises
4.	Plot no. 403, Sanand, Ahmedabad, India	17,706 sq.mt	Freehold	Charge created in favor of a bank for working capital facilities	Factory premises
5.	Plot no. 404, Sanand, Ahmedabad, India	17,199 sq.mt	Freehold	Charge created in favor of a bank for working capital facilities	Factory premises
6.	Plot no.452, Sanand, Ahmedabad, India	14,670 sq.mt	Freehold	Charge created in favor of a bank for working capital facilities	Factory premises
7.	Plot no 385, Chharodi Village, Sanand, Ahmedabad, India ⁽¹⁾	14,569 sq. mt.	Freehold	None	Agricultural land
8.	Plot no 387A, Chharodi Village, Sanand, Ahmedabad India ⁽¹⁾ (old block no. 397)	13,456 sq. mt.	Freehold	None	Agricultural land

No.	Location	Area	Freehold/ Leasehold	Encumbrance	Usage
9.	Plot no 393, Chharodi Village, Sanand, Ahmedabad India ⁽¹⁾	5,564 sq. mt.	Freehold	None	Agricultural land
10.	Plot no 394, Chharodi Village, Sanand, Ahmedabad, India ⁽¹⁾	6,880 sq. mt.	Freehold	None	Agricultural land
11.	Plot no 395, Chharodi Village, Sanand, Ahmedabad India ⁽¹⁾	7,790 sq. mt.	Freehold	None	Agricultural land
12.	Plot no 396, Chharodi Village, Sanand, Ahmedabad India ⁽¹⁾	15,378 sq. mt.	Freehold	None	Agricultural land
13.	Plot no 397, Chharodi Village, Sanand, Ahmedabad India ⁽¹⁾ (old block no. 387)	8,903 sq. mt.	Freehold	None	Agricultural land
14.	Plot no 398, Chharodi Village, Sanand, Ahmedabad India ⁽¹⁾	16,390 sq. mt.	Freehold	None	Agricultural land
15.	Plot no 399, Chharodi Village, Sanand, Ahmedabad India ⁽¹⁾	14,669 sq. mt.	Freehold	None	Agricultural land
16.	Plot no 405, Chharodi Village, Sanand, Ahmedabad India ⁽¹⁾	21,246 sq. mt.	Freehold	None	Agricultural land
17.	Plot no 406, Chharodi Village, Sanand, Ahmedabad India ⁽¹⁾	22,157 sq. mt.	Freehold	None	Agricultural land
C.	Mumbai				
1.	Flat No. 22 First Floor B Wing, 14 Tardeo Road, Vellard View Mumbai, India	768 sq. ft.	Freehold	None	Marketing Office
2.	Flat No. 23 First Floor B Wing, 14 Tardeo Road, Vellard View Mumbai, India	382 sq. ft.	Freehold	None	Marketing Office

We currently occupy the following properties on leasehold basis:-

Our leases with GIDC typically run for a period of ninety-nine (99) years from their commencement.

No	Location	Area	Encumbrance	Usage
1.	Plot No. 5001/B, GIDC Industrial Estate, Ankleshwar, Bharuch, India	24,000 sq. mt.	None	Factory premises
2.	Plot No. 5030, GIDC Industrial Estate, Ankleshwar, Bharuch, India	1,050 sq.mt.	None	Storage tanks (Hexana Tank)
3.	Plot No. 5031, GIDC Industrial Estate, Ankleshwar, Bharuch, India	1,050 sq. mt.	None	Vacant constructed premises
4.	Plot No. 5032, GIDC Industrial Estate, Ankleshwar, Bharuch, India	1,050 sq. mt.	None	Godown
5.	Plot No. 5033, GIDC Industrial Estate, Ankleshwar, Bharuch, India	1,200 sq. mt.	None	Factory premises (TCAC Plant)
6.	GIDC Plot No 168, GIDC Vatva, Ahmedabad, India ⁽²⁾	1,293 sq. mt.	Charge created in favor of the consortium banks to secure working capital facilities ⁽³⁾	Factory premises
7.	GIDC Plot No 180, GIDC Vatva, Ahmedabad, India ⁽²⁾	2,152 sq. mt.	Charge created in favor of the consortium banks to secure working capital facilities ⁽³⁾	Factory premises
8.	GIDC Plot No 181, GIDC Vatva, Ahmedabad, India	703 sq. mt.	None	Factory premises
9.	GIDC Plot No 183 GIDC Vatva, Ahmedabad, India ⁽²⁾	2,075 sq. mt.	Charge created in favor of the consortium banks to secure working capital facilities ⁽³⁾	Factory premises
10.	GIDC Plot No 184, GIDC Vatva, Ahmedabad, India ⁽²⁾	2,310 sq. mt.	Charge created in favor of the consortium banks to secure working capital facilities ⁽³⁾	Godown
11.	GIDC Plot No. 402-F, GIDC Vatva, Ahmedabad, India	1,383 sq. mt.	None	Used for storage of solid waste
12.	GIDC Plot No. 190, GIDC Vatva, Ahmedabad, India	2,130 sq. mt.	None	Pilot plant
13.	Plot No.21, GIDC Panoli, Ankleshwar, Bharuch, India ⁽³⁾	30,212 sq. mt.	Charge created in favour of consortium banks for working capital facilities ⁽³⁾	Factory premises
14.	Plot No.21/1 GIDC Panoli, Ankleshwar, Bharuch, India ⁽³⁾	34,350 sq. mt.	Charge created in favor of consortium banks for working capital facilities ⁽³⁾	Factory premises
15.	Plot No.20 GIDC Panoli, Ankleshwar, Bharuch, India	34,400 sq. mt.	None	Vacant plot to be used for future expansion
16.	Plot No. 22/2 Panoli Industrial Estate, Kharod, Panoli, Baruch, India.	14,195 sq. mt.	None	Factory premises (Purchased from Glenmark)
17.	Plot No. CH/1 and CH/2 - Dahej Industrial Estate	6,50,000 sq. mt.	None	Vacant plot to be used for future expansion

Other properties taken on rent by our Company:

Sr. No.	Date of the Agreement and other Party	Location and Description of the Properties	Rent Paid	Usage	Term/Expiry
1.	September 27, 1995 And Mrs. Anjana Devi (First Party)	House number:279/2, Sector 45A, Chandigarh. 160047 The accommodation measures 1200 sq. ft. approximately	Rs.5,500/- per month, which will be increased by Rs.500 every year starting from October 1, 1996.	Residence of Dr. S.R. Gautam (Vice President Marketing-North)	The house rent will be leased on rent initially for a period of five years, which can be further extended on mutual understanding by both the parties.
2.	February 23, 2005 And Mr. Ram Prakash (owner)	Soni Complex, 4th Milestone, Near Babu Asa Ram Ashram, Sirsa Road, Hisar, 125001. The tenancy portions of the premises shall consist of one godown measuring approximately 35'x33' i.e. 1155 sq. ft. and office portion	Rs.4,620/-per month.	Godown-cum- dispatching office of our Company.	The tenancy shall commence from April 1, 2005 for a period of three years, i.e. up to March 31, 2008
3.	May 19, 2006 And Mr. Saurabh Karia (Owner)	Ganpati Agro Storage Complex, Malout Road, Bathinda	Rs.2,400/-per month	Godown-cum- dispatching office of our Company.	The tenancy shall commence from April 1, 2006 for a period of 3 years i.e. up till March 31, 2009
4.	May 1, 2002 And Mr. Natwarlal Shivalal Thakkar (Owner)	C-6, Mahalaxmi Estate, Opposite Bhagyoday Hotel, Sanand Road, Ahmedabad. The property in question admeasures 650 sq. ft. approximately.	Rs.2, 925/- per month.	Godown of our Company.	The Agreement shall remain valid for a period of two years from the date of signing. Thereafter, it shall be extended on the basis of mutual understanding between the parties.

Notes:

- Each of these properties are currently registered in the names of our Directors Mr Jayanti M Patel, Mr Ramesh M Patel and Mr Natwarlal M Patel. Pursuant to trust agreements dated 19 March 2004, our Directors, Mr Jayanti M Patel, Mr Ramesh M Patel and Mr Natwarlal M Patel, have declared that they are holding the agricultural land in their name in trust for our Company, and that our Company is the beneficial owner of the agricultural land.

The agricultural land surrounding our Chharodi Plant is currently used for growing various crops. We maintain the agricultural land for, inter alia, the following purposes:-

- to demonstrate the applicability of our products to our dealers and distributors when they visit our Chharodi Plant on a periodic basis;
- to demonstrate to the neighboring farming community as well as environment and health regulators the environmental friendliness of the products we manufacture;
- to deter frivolous complaints against our Company from the neighboring farming community regarding the effluents discharged by our Company; and
- to test current and new products manufactured by our Company.

2. Working capital facilities from State Bank of India, HDFC Bank Limited and ICICI Bank Limited (collectively known as Consortium of Bankers) are secured by:
 - (a) First Pari Passu charge to State Bank of India (with Corporation Bank and ICICI Bank Limited) by way of hypothecation on the entire stock of raw materials, work in process, finished goods, stores and spares and receivables.
 - (b) First Pari Passu charge on immovable properties to State Bank of India (with HDFC Bank Limited and ICICI Bank Limited) as collateral security for the working capital facilities aggregating Rs.1553.50 million .
 - (c) The indenture of the mortgage created on immovable properties are located at:
 - (i) Plot Number 168, 180, 183 and 184 of GIDC Industrial Estate Vatva Ahmedabad
 - (ii) Block Number 402, 403, 404 and 452 at Village Chharodi, Taluka Sanand, District Ahmedabad
 - (iii) Plot Number 21 & 21/1 of GIDC Industrial Estate Panoli, Taluka Ankleshwar
3. The charge created on the above immovable property is to the extent of Rs. 1553.50millions only as External Commercial Borrowing is for the replacement of part of working capital facilities. Our Company's fixed assets comprised property, plant and equipment with a total net book value of Rs.1, 173,741,069, as on March 31, 2006

Intellectual Property

We are not dependent upon any third party intellectual property, such as patents, patent rights, licences or other intangible assets.

We believe that our trademarks have significant value and are important to our brand-building efforts and the marketing of our products.

We have filed applications for the registration of the following trademarks in India as follows:

Sr. No.	TRADEMARK	APPLICATION NO.	CLASS	REGISTERED DATE	RENEWAL DATE	VALIDITY	DESCRIPTION OF GOODS
1.	Lance	706738	05	May 30, 1996	May 13, 2003	7 years	Pesticides
2.	Meghmani	1069929	02	December 28, 2001	October 25, 2005	10 Years	Logo Company Name
	MOL	1069930	05	December 28, 2001	October 25, 2005	10 Years	Logo Company Name
	MOL	1069931	02	December 28, 2001	October 19, 2005	10 Years	Logo Company Name
	Meghmani	1069932	05	December 28, 2001	October 25, 2005	10 Years	Logo Company Name
3	Megaendo	1108426	05	May 31, 2002	December 13, 2005	10 years	Pesticide
4.	Truzo	1093945	05	April 10, 2004	September 27, 2005	10 Years	Pesticide
5.	Meganeem	1093946	05	April 10, 2002	October 22, 2005	10 Years	Pesticide
6.	Megaban	1093948	05	April 10, 2004	December 12, 2005	10 Years	Pesticide
7.	Megaphate - 75	730953	05	January 20, 1997	July 22, 2005	10 Years	Pesticide
8.	Molthrin - 10	730955	05	January 20, 1997	December 20, 2003	10 Years	Pesticide
9.	Proquin	798281	05	April 13, 1998	December 29, 2003	10 Years	Pesticide
10.	Megafast	1270617	02	March 5, 2004	September 27, 2005	10 Years	Pigment
11.	Proven	1093944	05	April 10, 2002	October 22, 2005	10 Years	Pesticide

Trademarks Pending for Registration

Sr. No.	Trademark	Application Number	Application Date	Class	Description of Goods	Stage
1.	Courage (Label)	1108425	May 30, 2002	05	Pesticide.	Pending for Publication
2.	Megaquin (Label)	1108427	May 30, 2002	05	Pesticide	Pending for Registration Certificate.
3.	Legend (Label)	1108428	May 30, 2002	05	Pesticide	Pending for Examination Report.
4.	Dash (Label)	1108429	May 30, 2002	05	Pesticide	Pending for Publication
5.	Megafen	1093942	April 08, 2002	05	Pesticide	Matter withdrawn on November 29, 2005
6.	Synergy 505	1093947	April 08, 2002	05	Pesticide	Pending for Registration Certificate
7.	Megastar	772901	October 17, 1997	05	Pesticide	Pending for Publication
8.	Megacyper	772903	October 17, 1997	05	Pesticide	Pending for Publication
9.	Megathrin	772902	October 17, 1997	05	Pesticide	Pending for Acceptance Order.
10.	Innova (Label)	1428811	March 14, 2006	05	Pesticide	Pending for compliance.
11.	Legend Plus (Label)	1428812	March 14, 2006	05	Pesticide	Pending for compliance.
12.	Vat 50 (Label)	1428813	March 14, 2006	05	Pesticide	Pending for Publication
13.	Cyperton (Label)	1428814	March 14, 2006	05	Pesticide	Pending for compliance.
14.	Vat 4G (Label)	1428815	March 14, 2006	05	Pesticide	Pending for Publication.
15.	Correct (Label)	1428816	March 14, 2006	05	Pesticide	Pending for compliance.
16.	Truzo Super (Label)	1428817	March 14, 2006	05	Pesticide	Pending for compliance.
17.	Megamono	1093943	April 08, 2002	05	Pesticide	Pending for Registration Certificate

There are certain trademark oppositions, which we have filed, and which have been filed against us. For details regarding the same, please refer section titled "Outstanding Litigations, Material Developments and Other Disclosures" beginning on page no. 146 of this Red Herring Prospectus.

Name License Agreements

Use of our name and trademark "Meghmani"

The name "Meghmani" has been used by the Promoters since the Promoters started their businesses in Agrochemicals and Pigments. Our Company has registered the name "Meghmani" with the Trademarks Registry, Mumbai on October 25, 2005.

Our Company has entered into five name licence agreements with five different entities related to the name "Meghmani". For details regarding the same please refer section titled "History and Other Corporate Matters" beginning on page no. 76 of this Red Herring Prospectus.

Registrations

We have a number of registered trademarks in India, the United States and Australia, Brazil, Bangladesh, China, Mexico, Malaysia, Turkey, Taiwan, Uruguay USA etc. Being a manufacturer and distributor of existing molecules with expired patents for our agrochemical products, we consider registration as a crucial and considerable investments are focused on registration. We have a dedicated registration team, which works closely with registration authorities. Registration involves the preparation and submission of data dossiers to, and subsequent negotiations with, registration authorities in the intended markets with the aim of obtaining approval to market a new product in these markets. Studies on the chemistry, toxicology, residual effect, environmental effect, ecological effect and efficacy of the new product are generally required to be conducted in accordance with good laboratory practice standards and details of the results of these studies are submitted as part of the registration process. The registration process in India is generally the same as in the other markets

served by the Company, although the amount of data required to be submitted is generally less than in other markets. Following is a summary of our registrations:

Particulars	No. of registrations already obtained as on April 30, 2007	No. of registrations applied for as on April 30, 2007
Europe	3	20
North America	7	0
Asia (excluding India)	40	170
South America	13	82
Africa & Middle East	22	141
Australia	5	1
Sub Total	90	415

KEY INDUSTRY REGULATIONS AND POLICIES

Laws relating to excise, customs, sales tax, pollution control, factory and labour-related matters etc. are applicable to our Company, as they are applicable to other manufacturing establishments. However, pursuant to our business profile, there are specific set of legislations and regulations applicable to our Company. A summary of the regulations and policies currently applicable to our Company are as follows:

1. The Insecticides Act, 1968 ("Insecticides Act")

The Insecticides Act, 1968, is an Act to regulate import, manufacture, sale, transport, distribution and use of insecticides with a view to prevent risk to human beings or animals and other matters connected therewith. Any person desiring to import or manufacture any insecticide is required to apply to the Registration Committee for the registration of such insecticide and there shall be a separate application for each such insecticide. The registration needs to be under Section 9 (1) of the Insecticides Act, 1968. Any person desiring to manufacture or to sell, stock or exhibit for sale or distribute any insecticide may make an application to the licensing officer for the grant of license under Section 13(1) of the Insecticides Act. A license granted under the relevant provision shall be valid for the provision for the period specified therein and the same needs to be renewed from time to time. No person shall himself, or by any person on his behalf, import or manufacture any misbranded insecticide, any insecticide which for the time being has been prohibited under Section 27 of the Act, any insecticide except in accordance with the condition on which it was registered or in contravention of any other provision of this Act. As per the Insecticides Act, the insecticides, which are manufactured need to be packaged, labeled, transported and stored according to the procedure enumerated under the Act. Section 33 of this Act also provides provisions for offences by companies, and who would be the persons liable in case of offences by companies.

2. The Poisons Act, 1919 ("Poisons Act")

The Poisons Act, 1919 aims at amending the law regulating the importation, possession and the sale of poisons. As per Section 2 of the Poisons Act, 1919, the State Government may by rule regulate within the whole or any part of the territories under its administration, the possession for sale and the sale of any specified poison. In particular and without prejudice to the generality of the foregoing power, such rules, may provide for- the grant of licenses to possess any specified poison for sale, wholesale or retail and fixing of the fee (if any) to be charged for such licenses, the classes of persons to whom alone such licenses may be granted, the classes of persons to whom such poison may be sold, the maximum quantity of such poison may be sold, the maximum quantity of such poison, which may be sold to anyone person and the maintenance by vendors of any such poison of registers of sales, the particulars to be entered in such registers and the inspection of the same. Section 4 of the Act enumerates that the State Government may by rule regulate the possession of any specified poison in any local area which when used is perilous to the health and environment of both man and cattle. Further, any malicious intention prior to the usage of the poison has been made punishable under the Act. Extensive penalty provisions have been provided for breach of this Act or any rules thereunder or conditions of license for poison granted to any person.

3. The Explosives Act, 1884 ("Explosives Act")

The Explosives Act, 1884, regulates the manufacture, possession, use, sale, transport and importation of the explosives. As per Section 4 (h) "manufacture" in relation to an explosive includes the process of:

- (1) Dividing the explosive into its component parts or otherwise breaking up or unmaking the explosive, or making fit for use any damaged explosive; and
- (2) Re-making, altering or repairing the explosive.

The Central Government may, for any part of India make rules consistent with this Act to regulate or prohibit, except under and in accordance with the conditions of a license granted as provided by those rules, the manufacture, possession, use, sale, transport, import and export of explosives, or any specified class of explosives. Moreover, the Central Government may from time to time, by notification, prohibit, either absolutely or subject to conditions, the manufacture, possession or importation of any explosive which is of so dangerous a character that, in the opinion of the Central Government, is expedient for the public safety to issue the notification. Where a person makes an application for license under Section 5, the authority prescribed thereunder after making such inquiry, if any as it may consider necessary, shall, subject to the other provisions of this Act, by in order in writing either grant license or refuse to grant the same. The licensing authority shall grant a license, where it is required for the purpose of manufacture of explosives if the licensing authority is satisfied that the person by whom license is required possesses technical know-how and experience in the manufacture of explosives or where it is required for any other purpose, if the licensing authority is satisfied that the person by whom such license is required has a good reason for obtaining the same. Extensive penalty provisions have been provided for manufacture, import or export, possession, usage, selling or transportation of explosives in contravention of the Act. Section 9-C of this Act also provides provisions for offences by companies, and who would be the persons liable in case of offences by companies.

HISTORY AND OTHER CORPORATE MATTERS

HISTORY AND BACKGROUND OF OUR COMPANY

In the year 1986, Mr. Jayanti Patel, Mr. Ashish Soparkar, Mr. Natwarlal Patel, Mr. Ramesh Patel and Mr. Anand Patel formed a partnership firm, M/s Gujarat Industries, to produce pigment blue.

On January 2, 1995, M/s Gujarat Industries was converted into a company under Part IX of the Companies Act with the name "Meghmani Organics Limited". Equity Shares of our Company were allotted to the promoters / partners of the M/s. Gujarat Industries in lieu of the assets and liabilities of the partnership firm. Our Company was registered with Registrar of Companies, Gujarat at Ahmedabad on January 2, 1995. We obtained the certificate of commencement of business on January 4, 1995. Our Registered Office is situated at Plot No. 184, Phase II, G.I.D.C. Vatva, Ahmedabad -382 445, Gujarat, India.

The chronology of key corporate events since our incorporation in 1995 is as follows:

HISTORY AND MAJOR EVENTS:

Year	Event
1995	Our Company set up its facility at Chharodi, Ahmedabad, to manufacture insecticides, agrochemicals.
1996	J F Electra (Mauritius) Limited (JFE), now known as Electra Partners Mauritius Limited invested Rs. 200 million equivalent to S\$ 7.31 Million, along with Pisces Pte Limited (Pisces), (a Mauritius based company) investing Rs. 180 million equivalent to S\$ 6.92 Million and our Promoters investing Rs. 57 million equivalent to S \$ 2.19 Million.
1996	Company expanded its pigment business by purchasing land at GIDC, Panoli near Ankeleshwar.
1998	Commencement of commercial production of pigment blue at the Panoli plant.
1999	Our Company was awarded the ISO 9001-2000 certification for the achievement of quality assurance in production, purchasing, marketing and distribution in relation to Vatva, Panoli and Chharodi Plants.
2003	Our Company acquired assets of Unit II from Rallis India Limited, (Rallis) situated on Plot No. 5001/B at GIDC Ankleshwar for expansion of Agrochemical production and started commercial production of agrochemicals at the Ankleshwar.
2004	Our Company made an offer of SDSs in Singapore and listed our SDSs on the SGX - ST Main Board.
2006	Expansion of Cyper Methric Acid Chloride (CMAC) plant at the Ankleshwar unit with an investment of Rs. 180 millions and commencement of commercial operation of the plant.

List of Awards received by our Company.

1. Niryat Shree-Excellent Growth Certificate dated September 24, 1999 awarded to our Company by the Federation of Indian Export Organisations for excellent growth of our Company for the year 1996-1997.
2. Certificate of Merit awarded to our Company by the Secretary of the Ministry of Commerce, Government of India, for outstanding export performance for the year 1996-1997.
3. Award for export performance of more than Rs. 60 million for self manufactured direct exports by the President and Secretary of the Gujarat Dyestuffs Manufacturers' Association, Ahmedabad at their Annual General Meeting held on June 13, 1998 for the year 1996-1997.
4. Award for direct export of self manufactured dyes by the President and Secretary of the Gujarat Dyestuffs Manufacturers' Association, Ahmedabad at their Annual General Meeting held on June 12, 1999 for the year 1997-1998.
5. First Award for direct export of self manufactured dyes by the President and Secretary of the Gujarat Dyestuffs Manufacturers' Association, Ahmedabad at their Annual General Meeting held on June 15, 2002 for the year 2000-2001
6. Certificate of Merit dated June 15, 2002 awarded to our Company for export performance during the year 2000-2001 by the President and Secretary of the Gujarat Dyestuffs Manufacturers' Association, Ahmedabad.
7. First Award for outstanding export performance in dye and dye intermediates panel for the year 2002-2003 by the Chairman of the Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council Mumbai.
8. First Award for direct export of self manufactured dyes by the President and Secretary of the Gujarat Dyestuffs Manufacturers' Association, Ahmedabad at their 44th Annual General Meeting held on June 10, 2006 for the year 2004-2005.
9. First Award for indirect export of self manufactured dyes by the President and Secretary of the Gujarat Dyestuffs Manufacturers' Association, Ahmedabad at their 44th Annual General Meeting held on June 10, 2006 for the year 2004-2005.

10. Certificate of Merit dated February 25, 2005 awarded to our Company for noteworthy performance in the field of export of Pigments and Agro-Dyes by the President of the Gujarat Chamber of Commerce & Industry, Ahmedabad.
11. First Award for direct export of self manufactured dyes by the President and Secretary of the Gujarat Dyestuffs Manufacturers' Association, Ahmedabad at their 43rd Annual General Meeting held on June 11, 2005 for the year 2003-2004.
12. Second Award for indirect export of self manufactured dyes by the President and Secretary of the Gujarat Dyestuffs Manufacturers' Association, Ahmedabad at their 43rd Annual General Meeting held on June 11, 2005 for the year 2003-2004.
13. Our Company is the runner up in SIAS (Securities Investors Association on Singapore) Investor's choice Awards for "Most Transparent Company" for the FY 2005 in the category of Mainboard Small Caps (of up to S\$ 100 million) category.
14. Our Company is the runner up in SIAS (Securities Investors Association on Singapore) Investor's choice Awards for "Most Transparent Company" for the FY 2006 in the category of Mainboard Small Caps (of up to S\$ 100 million) category.
15. Meghmani was presented with the "Niryat Shree" award in the Chemicals, Drugs, Pharma and Allied products - Non-SSI Category, from the Federation of Indian Export Organisations ("FIEO") for its outstanding export performance for two consecutive years. For 2003-2004, our Company was awarded a Certificate of Excellence and the Silver Trophy for 2004-2005.
16. Meghmani also received the prestigious Gujarat State Safety Award/Certificate 2005. Our Company received the Certificate of Appreciation for Safety Records for its Ankleshwar production plant (agrochemicals manufacturing facility) from the Gujarat Safety Council.

CHANGES IN REGISTERED OFFICE OF OUR COMPANY

Our Company has not changed its Registered Office since inception.

MAIN OBJECTS OF OUR COMPANY

The main object of our Company, as stated in our MoA, is set forth below:

- To carry on the business as manufacturers, processors, importers, exporters, buyers, sellers, dealers, consignors, consignees, agent, stockist, suppliers, of all kinds, types and nature of pigments, dyes, chemicals, auxiliaries, intermediates Agro chemicals, including but without limiting the generality of foregoing heavy chemicals, fine chemicals, organic and inorganic chemicals and allied chemicals used in agriculture pesticides and paper made from any such substances.

The main objects clause of our MoA and the objects incidental or ancillary to the attainment of main objects enables us to undertake activities for which funds are being raised through this Issue. The existent activities of our Company are in accordance with the object clause of our MoA.

CHANGES IN MEMORANDUM OF ASSOCIATION

Date of Shareholders' Approval	Changes in the Memorandum of Association
August 14, 1995	Authorised capital of our Company was increased from Rs. 160 million divided into 16 million Equity Shares of Rs. 10 each to Rs. 250 million divided into 25 million Equity Shares of Rs. 10 each.
May 20, 1996	Authorised capital of our Company was increased from Rs. 250 million divided into 25 million Equity Shares of Rs. 10 each to Rs. 370 million divided into 37 million Equity Shares of Rs. 10 each.
November 9, 1996	Authorised share capital of Rs. 370 million divided into 37 million Equity Shares of Rs. 10 each was sub - divided into 15.15 million Equity Shares of Rs. 10 each aggregating to Rs. 151.50 million and 2.185 million Preference Shares of Rs. 100 each aggregating to Rs. 218.50 million.
October 13, 1997	Authorised share capital of Rs. 370 million sub divided into 15.15 million Equity Shares of Rs. 10 each aggregating to Rs. 151.50 million and 2.185 million Preference Shares of Rs. 100 aggregating to Rs. 218.50 million was again divided into 37 million Equity Shares of Rs. 10 each.
March 30, 2004	Authorised share capital of Rs. 370 million divided into 37 million Equity Shares of face value of Rs. 10 each was sub divided into 370 million Equity Shares of Re. 1 each.

SUBSIDIARIES

Meghmani Organics USA, Inc. ("Meghmani USA")

Meghmani USA was incorporated on January 24, 2005 having registered office at 1613, Coyote Ridge, Carrollton, Texas, USA 75010. The company has commenced its business on February 04, 2007.

Board of Directors

1. Mr. Jayanti Patel and
2. Mr. Ashish Soparkar.

Shareholding Pattern

The Equity Shares of Meghmani Organics USA are not listed on any of the Stock Exchange. The shareholding pattern of the Company as on date is as follows:

Name of Shareholder	No. of Shares (Face Value 1 US \$)	Percentage of share capital
Meghmani Organics Limited	12,500	100%
Total	12,500	100%

Financial Performance

As the company has commenced business on February 04, 2007, no financial statement has been prepared.

Meghmani Energy Limited

Meghmani Energy Limited was incorporated on August 29, 2006 having Corporate Identity Number U40105GJ200PLC048974. The company has started the implementation of captive power plant.

Board of Directors:

The first directors are:

1. Mr. Jayanti Patel
2. Mr. Natwar Patel
3. Mr. Ramesh Patel
4. Mr. Ashish Soparkar
5. Mr. Anand Patel
6. Mr. Lalit Patel

Shareholding Pattern

Name of Shareholders	No. of Shares (Face Value of Rs. 10)	Percentage of share capital
Meghmani Organics Limited	2,799,600	69.99%
Meghmani Industries Limited	1,199,800	30.00%
Others	600	0.01%
Total	4,000,000	100.00%

Financial Performance

The company is yet to commence operations.

SHAREHOLDERS AGREEMENT

There are no subsisting shareholders agreements among our shareholders in relation to our Company, to which our Company is a party or otherwise has notice of the same.

OTHER AGREEMENTS

Agreements entered into by our Company for the use of its trademark name "Meghmani" are as stated below:

1. Name Licence Agreement for use of trademark name "Meghmani" entered by Meghmani Organics Limited ("MOL", "Our Company") with Meghmani Chemicals Limited (Other Company) dated August 18, 2006.
2. Name Licence Agreement for use of trademark name "Meghmani" entered by Meghmani Organics Limited ("MOL", "Our Company") with Meghmani Dyes and Intermediates Limited (Other Company) dated August 18, 2006.
3. Name Licence Agreement for use of trademark name "Meghmani" entered by Meghmani Organics Limited ("MOL", "Our Company") with Meghmani Industries Limited ("Other Company") dated August 18, 2006.
4. Name Licence Agreement for use of trademark name "Meghmani" entered by Meghmani Organics Limited ("MOL", "Our Company") with Meghmani Chemicals ("Other Company") dated August 18, 2006.
5. Name Licence Agreement for use of trademark name "Meghmani" entered by Meghmani Organics Limited ("MOL", "Our Company") with Meghmani Agrodyne Private Limited ("Customer") dated August 18, 2006.

Under the terms of the aforesaid name licencing agreements, each of the Certain Group Companies and Ventures promoted by our Promoters and the Customer shall only use the "Meghmani" name precisely as approved by our Company, and shall comply with all the directions given by our Company as to colours and size and the representation of the "Meghmani" name and the manner and deposition thereof. Under each of the aforesaid name license agreements, the consideration payable by the Certain Promoter Group Entity/Customer (as the case may be) to our Company is Rs. 10,000/- (Rupees Ten Thousand Only) per annum on or before April 30 of each year. In addition, under the terms of the name licencing agreements, our Company has the right to terminate the right of any Certain Promoter Group Entities or the Customer (as the case may be) to use the "Meghmani" name in the event that any of the Certain Promoter Group Entities or the Customer (as the case may be):

- i. Fails to make payment of consideration within ninety days of the date of payment;
- ii. Makes any arrangement on composition with the general body of its creditors or has a winding up order passed against it, or is going into liquidation (voluntary or otherwise), or upon encumbrances taking possession of, or upon a receiver being appointed of, any of its assets;
- iii. Commits a breach of any of the terms of the name licencing agreement and fails to rectify such breach within sixty days of the notice of such breach given in writing;
- iv. Employees or agents conducting any business or operations in violation of the laws of India;
- v. Disposes of or is required to dispose of or is deprived of the whole or any substantial part of its assets, business or undertaking; or
- vi. Any of its shareholders is involved in any dispute, conflict of interest, or any other situation which jeopardises or adversely affects the "Meghmani" name.

In case of **Meghmani Agrodyne Private** additional termination clause: Upon MAPL using the name "Meghmani" for any purpose other than the activities as specified in the object clauses of its MOA.

We are not a party to, or have entered into, any other material contracts not being a contract:

- (i) entered into in the ordinary course of our business carried on, or intended to be carried on, by us; or
- (ii) entered into more than two years before the date of filing this Red Herring Prospectus with the RoC.

Power Purchase Agreement dated March 5, 2007 between Meghmani Organics Limited and Meghmani Energy Limited.

a. Purpose of Agreement

Agreement for supply of 2MW of power and associated energy to the manufacturing facilities of MOL located at Block No. 402, 403, 404, 452 and 455 Village Chharodi, Taluka Sanand and District Ahmedabad.

b. Period

The Agreement shall be for minimum initial period of 3 years from the 1st day of the month next to the commencement of supply. Extension / renewal / replacement of Agreement, if any is at discretion of Parties.

c. Salient terms and conditions

1. Meghmani Energy Limited to intimate within 15 days of completion of commissions of power plant to MOL;
2. MOL to commence taking supply of electrical energy latest by date of expiration of intimation period;

3. In case MOL is unable to commence to take supply for cause beyond its control, the date of commencement of supply may be extended mutually;
4. The supply of energy to MOL shall be in three phase alternating current subject to the tolerance limit permitted;
5. MOL shall install metering equipments at its premises,
6. MOL to maintain average power factor of not less than 85% in any month.
7. MOL will buy the power based on the tariff for the supply of electricity fixed by mutual agreement in accordance with the parameters specified in Schedule I of the agreement.
8. MOL cannot assign/ transfer or part with the benefit of this agreement nor shall in any manner part with or create any partial or separate interest in it, without the prior consent in writing of Meghmani Energy Limited.

d. Termination

1. If MOL passes a resolution for winding up or winding up order is passed by the court or in case of breach by any of the Parties to the agreement.

Non- Circumvention, Non-Disclosure and Working Agreement dated January 20, 2006 between Meghmani Organics Limited and Real Innovators Group

Purpose of the Agreement

The Agreement has been entered into between our Company and Real Innovators Group ("Parties") pursuant to their discussions regarding business and activities relating to finding a project in basic and fine chemicals sector. The Parties entered into this working business relationship to the mutual and common benefit of the Parties hereto, including their affiliates, subsidiaries, stockholders, partners, co-ventures, trading partners and other associated organizations (hereinafter referred to as "Affiliates").

Period

The duration of the agreement shall perpetuate for 5 years from date of signing of this agreement, that is January 20, 2007.

Salient terms and conditions

1. Each Party will not in any manner, solicit, nor accept any business in any manner from sources (not being their Affiliates), which sources were made available through this Agreement, without the express permission of the Party who made available the sources;
2. Each Party will maintain complete confidentiality regarding the other Party's (or its Affiliates) business sources and will disclose such business sources only to named Parties pursuant to the express written permission of the Party who made available the source;
3. The Parties have undertaken not to enter into business transaction with banks, investors, sources of funds or other bodies, the names of which have been provided by one of the Parties to this agreement, unless written permission has been obtained from the other Party/ies to do so;
4. The Party in breach of this contract shall be liable to all injured Parties for any and all damages resulting from the breach. If permitted, punitive damages shall be award to the aggrieved Party or Parties. In the event of circumvention of this Agreement by either Party, directly or indirectly, the circumvented Party shall be entitled to a legal monetary penalty equal to the maximum service it should realize from such a transaction plus any and all expenses, including but not limited to all legal costs and expenses incurred to recover the lost revenue;
5. The non-circumvention and non-disclosure clause shall be honored and maintained for three successively years from the date of the termination of this contract on account of , due to the termination of this contract by whatever reasons or causes;
6. All considerations, benefits, bonuses, participation fees and/or commissions received, as a result of the contributions of the Parties in the Agreement, relating to any and all transactions will be allocated as mutually agreed.

Termination

1. This agreement shall be terminated if performance by either Party is impossible, or upon the death or loss of competency, or the bankruptcy of either Party.
2. This agreement may also be terminated by revocation upon a substantial failure in execution by the other Party.

The aggrieved Party shall be entitled to compensation for damages/loss which may arise out of the faulting Party to meet his commitment according to the agreement or to business customs. The aggrieved Party may claim compensation from the defaulting Party for damage/loss as a result of the defaulting Party's abandoning or breach this agreement or other contract/s prior to the expiry of the agreement

Restrictive Covenants under Loan Agreements

Loan Agreements executed by our Company with various lenders contain certain restrictive covenants, which prohibit us from the following:

The Borrower (our Company) shall not remove or dismantle any of the assets to be comprised in the said security without consent in writing of the said Bank Consortium except on any case where such removal or dismantling, in the opinion of the Borrower, is necessary.

The Borrower shall not avail of any credit facility or accommodation from any other bank or financial institution or any person, firm or Company in any manner without the previous permission in writing of the Lead Bank nor shall deal with or through any other bank or financial institution without having obtained in this behalf the prior written approval of the Lead Bank.

The Borrower shall not, without prior permission in writing of the Lead Bank:

- a) Effect any change in the Borrower's capital structure.
- b) Formulate any scheme of amalgamation or reconstruction
- c) Implement any scheme of expansion/diversification/ modernization other than incurring routine capital expenditure.
- d) Make any corporate investments or investment by way of share capital or debentures or lend or advance funds to or place deposits with, any other concern except give normal course of business or make advances to employees. PROVIDED THAT, the Borrower may make such investments by way of deposits or advances that we are required statutorily to be made as per the existing laws of the country or the rules or regulations or guidelines issued from time to time by the authorities concerned.
- e) Undertake guarantee obligations on behalf of any third party or any other company.
- f) Declare any dividend on its share capital, if it fails to meet its obligations to pay the interest and/or commission and/or installment or installments and/or other moneys payable to the said Banks, so long as it is in such default

Moneys brought in by principal shareholders/directors/other associate firms/group companies for financing the programs and working capital requirements of the Borrower cannot be withdrawn without the permission of the Lead Bank in writing.

The said Bank Consortium shall have the absolute right to decide whether or not they will accept as security for the purpose of any/some/all of the said facilities any goods, book debts, movables, and other assets offered from time to time to be at liberty at their sole discretion at any time without previous notice and without assigning any reason whatsoever to cease to accept the security from the Borrower/and or to cease making advances thereagainst.

The Borrower shall not compound or release any of the book-debts nor do anything whereby the recovery of the same may be impeded, delayed or prevented without the consent in writing of the said Bank Consortium being obtained.

The Borrower shall not deal with the goods, movables and other assets and documents of title thereto or the goods, movables and other assets covered by the documents except under and in accordance with the written instructions.

Our Company, while lawfully in possession of the mortgaged premises and/or plant and machinery cannot, without the prior written approval of the Mortgagees, sell/lease the same, and and such sale/lease shall be such terms and conditions as the Mortgagees shall in its absolute discretion think proper

The power of leasing contained in Section 65A of the said Transfer of Property Act shall not be exercised by the Mortgagor without the written consent of the Mortgagees first being obtained.

So long as the mortgage debt or any part thereof remains unpaid, our Company cannot deal without otherwise dispose of any interest in the mortgaged premises or any part thereof in a manner prejudicial to the interest of the Mortgagees under these presents.

The Borrower is liable to indemnify the said Bank Consortium and keep the said Bank Consortium harmless, indemnified at all times against all losses, damages, actions, costs (between attorney and client), charges or expenses which may be made against or sustained or incurred by the said Bank Consortium (and whether paid by the said Banks or not) as a result of or in the consequence of the said Bank Consortium through any of their respective officers or correspondents in India and elsewhere guaranteeing any of irregularities or discrepancies that may be existing in the documents relating to the bills of exchange in connection therewith.

The Borrower is liable to indemnify the said Banks and keep the said Banks harmless, indemnified at all times against all losses, damages, actions, costs (between attorney and client), charges or expenses which may be made against or sustained or incurred by the said Banks (and whether paid by the said Banks or not) as a result of or in consequence of the said Banks having agreed to purchase/negotiate/discount/collect the bills receivable as also as a result of or in consequence of the said banks through any of their respective officers or correspondents in India and elsewhere guaranteeing any irregularities or discrepancies that may be existing in the documents relating to the said bills in connection therewith.

In respect of the facilities granted by the said Banks by issue of letters of credit/guarantees including deferred payment guarantees and indemnities whether in Indian or foreign currencies, the Borrower is liable to indemnify the Banks against any claim or claims, loss or damage actions costs (between attorney and client), charges and expenses whatsoever which may be brought or made against or sustained or incurred by the said Banks (whether paid by the said Banks or not) or which the said banks may become liable under or in respect of such letters of credit, guarantees and indemnities.

Our Company, as the Borrower, has further agreed to indemnify each of the said Banks:

- a) Against all losses, costs, damages, expenses whatsoever that the said Banks may incur or sustain by reason of the Borrower's act, default or omission or of the Borrower's servants or employees or other persons acting on behalf of the Borrower in respect of goods, movables and other assets pledged to the said banks and released to the Borrower on trust.
- b) Against all losses, costs, damages, expenses or consequences whatsoever that the said banks may incur or sustain as a results of the said bank, complying with the Borrower's instructions to deliver to the Borrower or to the Borrower's clearing agents the documents covering the goods, movables and other assets.
- c) Against all consequences, loses and damages that may arise as a result of the said banks complying with the Borrowers request to effect advance payment from time to time the supplier.

The Borrower will not compound or release any of the book debts nor do anything whereby the recovery of the same may be impeded, delayed or prevented without the consent of the said Bank Consortium.

The Borrower shall maintain such security margin as may be stipulated by the said banks. The current asset cover, unless otherwise agreed to, shall not be less than 1.33% times at any point of time. The Borrower shall at all times maintain a sufficient quantity of security to provide the asset cover to the original level or pay to the said banks the equivalent in cash in the event of additional securities not being available.

The security shall be a continuing security for the balance from time to time due to any bank in the Bank Consortium, and shall not be affected by winding up (voluntary or otherwise) or by any merger or amalgamation, reconstruction or otherwise of the Borrower with any other company or take over of the management or nationalization of the undertaking of the Borrower.

Approvals from bankers:

Pursuant to the aforesaid, we have received the following approvals from our bankers for the Issue:

Sr. No.	Name of bank	Letter date
1.	State Bank of India	September 14, 2006
2.	Corporation Bank	August 04, 2006
3.	ICICI Bank Limited	August 29, 2006
4.	HDFC Bank Limited	August 14, 2006

STRATEGIC PARTNERS

Our Company does not have any strategic partners.

FINANCIAL PARTNERS

Our Company does not have any financial partners.

OUR MANAGEMENT

BOARD OF DIRECTORS

Under the Articles of Association of our Company, we cannot have less than three and more than twelve directors. Presently, we have twelve directors on our Board.

Our Board of Directors as on date of filing this Red Herring Prospectus are as follows:

Name, Designation, Father's / Husband's Name, Address, Nationality, Occupation, Status	Age	Date of Appointment	Other Directorships/ Partnerships/ Trustees
Mr. Jayanti Patel Executive Chairman S/o Meghijbhai Patel, Bunglow No. 359, Lane No. 18, Satyagrah Chhavani Co-op Housing Society Limited Satellite Road, Ahmedabad 380 015 Nationality :Indian Occupation: Industrialist Status : Non- Independent	55 years	January 02, 1995 Re - Appointed as Executive Chairman for a period of five years from April 1, 2004 to March 31, 2009	Meghmani Chemicals Limited Fidelity Exports Private Limited Meghmani Organics USA Inc. Meghmani Energy Limited Partners M/s Ashish Chemicals M/s Alpanil Industries M/s Matangi Industries
Mr. Ashish Sopakar Managing Director S/o Natwarlal Soparkar, Lane number 13, Bunglow 246/A, Satyagarh Chhavani Society, Satellite Road, Ahmedabad 380 015 Nationality : Indian Occupation: Industrialist Status: Non- Independent	54 years	January 02, 1995 Re - Appointed as the Managing Director for a period of five years from April 1, 2004 to March 31, 2009	Meghmani Chemicals Limited, Fidelity Exports Private Limited, Meghmani Exports Limited, SADeCV Meghmani Organics USA Inc Meghmani Energy Limited Rajpath Club Limited Partners M/s Ashish Chemicals M/s Alpanil Industries M/s Matangi Industries
Mr. Natwarlal Patel Managing Director S/o Meghijbhai Patel, 6 B, Ashok Vatika No. 1, Opp. Ekta Farm, Ambli, Bopal Road, Bodakdev, Ahmedabad 380 058 Nationality :Indian Occupation: Industrialist Status :Non- Independent	53 years	January 02, 1995 Re - Appointed as the Managing Director for a period of five years from April 1, 2004 to March 31, 2009	Meghmani Chemicals Limited Fidelity Exports Private. Limited Meghmani Industries Limited Meghmani Dyes and Intermediates Limited Gujarat State Export Corporation Limited Finestreet Limited - Cyprus Meghmani Energy Limited Crop Care Federation Limited Partner M/s Tapsheel Enterprises
Mr. Ramesh Patel Executive Director S/o Meghijbhai Patel, 54, Shrinath Park Society, Behind Manekbaug Society, Ahmedabad 380 015 Nationality :Indian Occupation: Industrialist Status :Non- Independent	51 years	January 02, 1995 Re - Appointed as the Executive Director for a period of five years from April 1, 2004 to March 31, 2009	Meghmani Dyes and Intermediates Limited, Meghmani Industries Ltd. Fidelity Exports Private Limited Vanguard Overseas Limited Meghmani Energy Limited Partner M/s Patel Trading and Investment Company (erstwhile Patel Dyestuff Industries).

Name, Designation, Father's / Husband's Name, Address, Nationality, Occupation, Status	Age	Date of Appointment	Other Directorships/ Partnerships/ Trustees
Mr. Anand Patel Executive Director S/o Ishwarbhai Patel, 53, Shrinath Society, Behind Manekbaug, Ambawadi Ahmedabad 380 015 Nationality :Indian Occupation: Industrialist Status : Non- Independent	45 years	January 02, 1995 Re - Appointed as the Executive Director for a period of five years from April 1, 2004 to March 31, 2009	Meghmani Dyes and Intermediates Limited, Fidelity Exports Private Limited Meghmani Energy Limited Partner M/s Tapsheel Enterprises, M/s Patel Trading and Investment Company (erstwhile Patel Dyestuff Industries, M/s Matangi Industries
Mr. Ashvin Raythatha Executive Director (International Marketing) S/o Kantilal Kurji Raythatha, 66, 6th Floor, Prem Milan, 87-B, Nepean Sea Road, Mumbai 400 021 Nationality:Indian Occupation: Service Status : Non- Independent	62 years	December 01,1995 Appointed as the Executive Director (International Marketing) for a period of five years from April 1, 2004 to March 31, 2009	Inter Market Private Limited
Mr. Chinubhai Shah Director S/o Ramanlal Shah, 402, Heritage Crescent, B/H Prahladnagar Garden, Nr. Jain Derasar, S. G. Highway, Ahmedabad 380 051 Nationality :Indian Occupation: Management Consultant Status : Independent	69 years	April 13, 2000	Cadila Pharmaceuticals Limited, Cadila Pharmaceutical (Ethiopia Plc). Adani Enterprise Limited Gujarat Education and Training Company Private Limited H K Finchem Limited, Nirma Limited Gujarat NRE Coke Limited, Nefrom Limited, Apollo Hospital International Limited Arman Lease and Finance Limited, Gujarat State Export Corpo. Limited Tinplate Company of India Limited. Gulmohar Greens-Golf & Country Club Ltd. Saline Area Vitalization Enterprise Limited Sole Proprietor C. R. Shah Associates.
Mr. Balkrishna Thakkar Director S/o Tulsidas Thakkar, Lane-14/265, Satyagrah Chhavani Society, Satellite Road, Ahmedabad 380 015 Nationality :Indian Occupation: Chartered Accountant Status :Independent	60 years	April 13, 2000.	Sole Proprietor Balkrishna Thakkar & Co.

Name, Designation, Father's / Husband's Name, Address, Nationality, Occupation, Status	Age	Date of Appointment	Other Directorships/ Partnerships/ Trustees
Mr. Jayaraman Vishwanathan Director S/o N C Jayaraman, 3B, Krystal Apartment, 9A, 80 Feet Road, HAL, 3rd Stage, Indiranagar, Bangalore - 560075 Nationality : Indian Occupation: Company Director Status : Independent	49 years	July 29, 2005	Electra Partners Asia Limited Cedere Pte Limited
Mr. Pankaj Shah Director S/o Hiralal Shah, 345 Rockmeade Drive Wilmington, DE 19810 U.S.A Nationality: United States of America Occupation: Business Advisor Status : Independent	59 years	July 29, 2005	Nitrex Chemical Limited Elitecore Technologies
Mr. Foo Meng Tong Director S/o Foo Gee Yin, 12 A Jalan Labu Manis, Singapore-537999 Singaporean Nationality: Singaporean Occupation: Company Director Status :Independent	64 years	March 5, 2004	Ariane Crop Limited Fischer Tech Limited, DMX Technologies Group Limited, ChinaCast Communication Holdings Limited, Eastgate Technology Limited, Actatek Pte Limited,
Mr. K. N. Venkatasubramanian Director S/o R Natraja Aiyer D4/D5, Ashok Swetha 173, Avvai Shanmugam Salai (Llotds Road), Royapettah Chennai - 600 014, India. Nationality: Indian Occupation: Chemical Engineer Status: Independent	68 years	August 11, 2006	Time Technoplast Limited, Imperial Corporate Finance and Service Private Limited, Gulf Oil Corporation Limited, Adani Port & SEZ Limited, East India Petroleum Limited, Essar Oil Limited, E-Cube India Solutions Limited, GULF Carrosserie India Limited, Royal Chemie Corporation Limited, Rajula Limited. Savi Investments

All the directors of our Company are liable to retire by rotation.

BRIEF BIOGRAPHY OF OUR DIRECTORS

Mr. Jayanti Patel, 55 years, is the Executive Chairman of our Company. He was one of the co-founders and partners of M/s. Gujarat Industries, which was subsequently converted into our Company in 1995. He holds a Bachelor of Chemical Engineering degree from Maharaja Sayajirao University, Baroda. Prior to joining our Company, since 1977, he was managing manufacturing and commercial activities of Ashish Chemicals. He has more than 29 years experience in the dyes and pigments industry and more than 10 years of experience in the agrochemicals industry. He was our Chairman and Managing Director, and is currently redesignated as the Executive Chairman of our Company. He currently oversees the international marketing of our Company and is responsible for all the major policy decisions.

Mr. Ashish Soparkar, 54 years, is the Managing Director of our Company since incorporation of our Company in 1995. He was one of the co-founders and partners of M/s Gujarat Industries, which was subsequently converted into our Company in 1995. He holds a Bachelors of Chemical Engineering degree from Maharaja Sayajirao University of Baroda. Prior to joining our Company, since 1977, he was managing manufacturing and commercial activities of Ashish Chemicals. He has more than 29 years of experience in the dyes and pigments industry, and more than 10 years of experience in

the agrochemicals industry. He was responsible for pioneering the export division of our Company. He currently oversees the corporate affairs and finance related matters of our Company.

Mr. Natwarlal Patel, 53 years, is the Managing Director of our Company since incorporation of our Company in 1995. He was one of the co-founders and partners of M/s Gujarat Industries, which was subsequently converted into our Company in 1995. He holds a Masters of Science degree from Sardar Patel University, Gujarat. Prior to joining our Company, since 1979, he was managing manufacturing and commercial activities of Meghmani Dyes & Intermediates Limited. He has more than 27 years of experience in the dyes and pigments industry and more than 13 years experience in the agrochemicals industry. He currently oversees the technical matters of the agrochemical divisions, as well as the international and domestic marketing of the agrochemical products.

Mr. Ramesh Patel, 51 years, is the Executive Director of our Company. He was one of the co-founders and partners of the M/s Gujarat Industries, which was subsequently converted into our Company in 1995. He holds a Bachelor of Arts degree from Saurashtra University. Prior to joining our Company, since 1979, he was managing manufacturing and commercial activities of Meghmani Dyes & Intermediates Limited. He has more than 27 years of experience in the pigments industry and more than 13 years of experience in the agrochemicals industry. He has been our whole-time Director since the incorporation of our Company in 1995 and is currently designated as Executive Director. He is currently in charge of overseeing purchases made by our Company (including domestic purchases and global imports) and is responsible for all liaisons between our Company and government authorities or other regulatory bodies.

Mr. Anand Patel, 45 years, is the Executive Director of our Company. He was one of the co-founders and partners of M/s Gujarat Industries, which was subsequently converted into our Company in 1995. He holds a Bachelor of Science degree from the Gujarat University. Mr. Anand Patel has no prior working experience as he joined the M/s Gujarat Industry immediately on his graduation. He has more than 20 years of experience in the pigments industry and has been our whole-time Director since the incorporation of our Company in 1995 and is currently designated as Executive Director. He currently oversees the manufacturing of pigments as well as the domestic marketing of pigments.

Mr. Ashvin Raythatha, 62 years, is the Executive Director (International Marketing) of our Company. He was initially appointed as our Executive Director in the year 2000. He has had more than 32 years of experience in international marketing. Prior to joining our Company, he was the General Manager of International Marketing at Mafatlal Industries, a manufacturer of dyes and pigments, from May 1969 to October 1995. He holds a Bachelor of Science (Chemistry) degree from the Gujarat University and Master of Business Administration Degree from Indian Institute of Management, Ahmedabad. He currently oversees the international marketing of our Company.

Mr. Chinubhai Shah, 69 years, was appointed as a Director of our Company on April 13, 2000 and has been on our Board since then. He holds a Masters degree in Arts and a Masters degree in Law. He also has a Diploma in Labor Practice and Diploma in Taxation practice, both from Gujarat University. He is a fellow member of the Institute of Company Secretaries of India and fellow membership for life was also conferred on him by All India Management Association, New Delhi. Mr. Chinubhai Shah was twice elected as the President of the Institute of Companies Secretaries of India. He was also elected as the President of All India Management Association. He was a visiting professor and a member of the Board of Governors of the Indian Institute of Management, Ahmedabad. He was the President of the Gujarat Chamber of Commerce and Industry and was also a member of the Company Law Advisory Committee in the Government of India. He is presently a member of the Secondary Market Advisory Committee of SEBI. He has had more than 42 years experience in the areas of management, finance and accounting. Mr. Chinubhai Shah headed Torrent Pharmaceuticals and Torrent Exports Limited of Torrent Group as Executive Director incharge of finance and Corporate affairs from 1991 to 1998. From 1999 to 2000 he was the Managing Director of Ahmedabad Electricity Co. Limited (presently Torrent Power Limited). His last assignment was with Torrent Investment Limited as Executive Director in charge of finance matter. He is on the Board of Directors of leading business groups like Adani, Cadila, Nirma, Tata and others.

Mr. Balkrishna Thakkar, 69 years, was appointed as a Director of our Company on April 13, 2000. He holds a Bachelor of Commerce degree from Gujarat University and is also a fellow member of the Institute of Chartered Accountants of India. Since 1974, after qualifying as Chartered Accountant, he started his own practice. He is currently practicing as a Chartered Accountant in the name and style of Balkrishna Thakkar & Co., a sole proprietorship that he founded in 1975, and his primary practice areas are audit and taxation.

Mr. Jayaraman Vishwanathan, 49 years, was appointed as a Director of our Company on July 17, 2003. He has more than 22 years of experience in industry, banking, private equity and entrepreneurial related assignments, both in India as well as in other countries. He was the Director and the Head of Direct Investments in Jardine Fleming India Securities Limited ("JF Electra") (now Electra Partners Asia Limited "Electra Asia") from December 1995 to July 1999 and has rejoined Electra Partners in February 07, 2005. He holds a Bachelors of Commerce (Honours) degree from the University of Delhi, India. He is also a qualified Chartered Accountant and also a Management Accountant from the Chartered Institute of Management Accountants, London, United Kingdom.

Mr. Pankaj Shah, 59 years, was appointed on March 28, 2005, as an Additional Director on our Board. Prior to joining our Board, he served for 31 years primarily in the senior executive positions in business management, marketing and operations. He served as Chairman and Chief Executive of Du Pont India Limited from 1998-2004 and as Regional Managing Director of Du Pont Automotive business at Seoul, South Korea from 1996-1998. He holds a Bachelors of

Science (Chemical Engineering) degree from Banaras Hindu University, India. He also holds a Master of Science - (Chemical Engineering) degree from University of South Western Louisiana and also Masters in Business Administration from the University of Northeast Louisiana - USA.

Mr. Foo Meng Tong, 64 years, was appointed as a Director of our Company on March 5, 2004. Prior to joining the private sector in 1993, he was with the Economics Development Board ("EDB") for 26 years from 1963 to 1993. His last appointment was as Director (Industry) and concurrently General Manager, EDB Investment Pte. Limited where he was involved in industrial planning and development as well as venture capital investment. From 1994 to 1997, he served as the Ambassador in Paris, accredited to France and concurrently to Spain, Portugal, Switzerland (from 1994 to 1996) and Israel (from 1996 to 1997). He holds a Diploma in Electrical Engineering from Singapore Polytechnic. He was awarded the Public Administration Medal (Silver) in 1986 and the French Government conferred him as a Chevalier in the Order of the Palmes Academiques in 1998. He is a fellow member of the Institute of Engineers in Singapore.

Mr. K. N. Venkatasubramanian, 68 years, was appointed on August 11, 2006, as Additional Director on our Board. Mr. Venkatasubramanian has held several distinguished positions in his long career, and has been a member of several Government committees. He worked with major international oil companies like Standard Vacuum, EXXON, and Phillips Petroleum for over a decade, and, then in 1973 joined IPCL where he held several positions, including that of Director (Operations) handling Production, Engineering, Materials and Employee Relations. He was also a director on the Board of the State Trading Corporation of India Ltd. (STC) for 2 years from May 1982. He has served as a Convener of the Plastics working group on Petrochemicals established by the Department of Petroleum, Government of India for formulating the policy frame work for petrochemicals during the 7th five year plan. He was also the Chairman of the Sub-Committee on "Petrochemicals" constituted by the Department of Chemicals and Petrochemicals for formulating the perspective plan for petrochemicals during the 8th and 9th plan periods. He has also served as a Director on the board of public sector undertakings like Hindustan Organic Chemicals Ltd. and Hindustan Antibiotics Ltd. From April 1990 to March 1991, he was with Engineers India Ltd. (EIL) as Chairman and Managing Director. In March 1991 he became Chairman of Indian Oil Corporation Ltd. from where he retired. After retiring as Chairman from IOC, he worked as independent project consultant to many companies, and currently holds several board positions.

BORROWING POWERS OF DIRECTORS

Pursuant to an ordinary resolution passed at our Annual General Meeting held on March 28, 1995, our Directors were authorised to borrow money(s) on behalf of our Company in excess of aggregate amount of paid up share capital and free reserves of our Company from time to time subject to an amount not exceeding Rs. 850 millions.

For details regarding powers of our Board of Directors in this regard, please refer section titled "Main Provisions of the Articles of Association of our Company" beginning on page no. 209 of this Red Herring Prospectus.

REMUNERATION/COMPENSATION OF DIRECTORS

(i) Whole time/Executive Directors

1. Mr. Jayanti Patel (Executive Chairman)

Mr. Jayanti Patel was re-appointed as our Executive Chairman at our Extraordinary General Meeting held on July 8, 2004 w.e.f. April 1, 2004. As per the terms of the agreement, he was re-appointed and re-designated as Executive Chairman for a time period of five years, beginning from April 01, 2004 to March 31, 2009. The emoluments payable to him and perquisites he is entitled to, as per the aforesaid agreement and which were approved at the aforesaid EGM, are as follows:

Basic Salary: Rs. 400,000/- per month

Perquisites: In addition to the salary received by him, he shall be eligible for the following perquisites:

Category A

- (a) Medical Reimbursement: Expenses incurred for Executive Chairman and his family, subject to a ceiling of Rs. 60,000/- per annum.
- (b) Leave Travel Assistance: For Executive Chairman and his family once in a year, subject to a ceiling of Rs. 84,000/- per annum.
- (c) The Company shall make contribution to Provident Fund or Annuity fund under the Company's rule.

Category B

- (a) Club Fee: Fees of Club subject to a maximum of two clubs. This will not include admission and life Membership Fees.
- (b) The Company shall pay gratuity at the rate of half month's salary for each completed year of service to maximum amount permissible under the Gratuity Act from time to time.

Category C

- (a) The Company shall provide a car with driver at the entire cost of the Company for personal use and office use. The Company shall bill use of car for private purposes.
- (b) The Company shall provide telephone at the residence of the Executive Chairman at the entire cost of the Company. Personal long distance calls be billed by the Company.
- (c) The Executive Chairman shall be entitled to one month's privilege leave for every eleven month's service.

Performance based Bonus calculated on the basis of Net Profit at the end of each financial year and approved by the Board and that the payment of Performance based Bonus should not exceed the ceiling of remuneration prescribed under the Companies Act.

He shall also be entitled for reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

2. Mr. Ashish Soparkar

Mr. Ashish Soparkar was re-appointed as our Managing Director at our Extraordinary General Meeting held on July 8, 2004 w.e.f. April 1, 2004. As per the terms of the agreement, Mr. Ashish Soparkar, was appointed as the Managing Director of our Company for a period of five years beginning from April 01, 2004 to March 31, 2009. The emoluments he is entitled to and the perquisites payable to him as per the above mentioned agreement and which were approved at the aforesaid EGM are as follows:

Basic Salary: Rs. 400,000/- per month

Perquisites: In addition to his salary, he shall be entitled to the following perquisites

Category A

- (a) Medical Reimbursements: Expenses incurred by the Managing Director and his family, subject to a ceiling of Rs. 60,000/- per annum.
- (b) Leave Travel Assistance: For Managing Director and his family once in year, subject to a ceiling of Rs. 84,000/- per annum.
- (c) The Company shall make contribution to Provident Fund or Annuity Fund under the Company's rule.

Category B

- (a) Club Fee: Fees of Club subject to a maximum of two clubs. This will not include admission and life Membership Fees.
- (b) The Company shall pay gratuity at the rate of half month's salary for each completed year of service subject to maximum amount permissible under the Gratuity Act from time to time.

Category C

- (a) The Company shall provide a car with driver at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes.
- (b) The Company shall provide telephone at the residence of the Managing Director at the entire cost of the Company. Personal long distance calls be billed by the Company.
- (c) The Managing Director shall be entitled to one Month's privilege leave for every eleven month's service.

Performance based Bonus calculated on the basis of Net Profit at the end of each financial year and approved by the Board and that the payment of Performance based Bonus should not exceed the ceiling of remuneration prescribed under the Companies Act.

Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

3. Mr. Natwarlal Patel

Mr. Natwarlal Patel was re-appointed as our Managing Director at our Extraordinary General Meeting held on July 8, 2004 w.e.f. April 1, 2004. As per the agreement dated, Mr. Natwarlal Patel was appointed as our Managing Director for a period of five years beginning from April 01, 2004 till March 31, 2009. The emoluments he is entitled to and the perquisites payable to him as per the agreement and which were approved at the aforesaid EGM, are as follows:

Basic Salary: Rs. 400,000/- per month

Perquisites: In addition to the salary received by him, he shall be eligible for the following perquisites:

Category A

- (a) Medical Reimbursements: Expenses incurred for Managing Director and his family, subject to a ceiling of Rs. 60,000/- per annum.
- (b) Leave Travel Assistance: For Managing Director and his family once in a year, subject to a ceiling of Rs. 84,000/- per annum.
- (c) The Company shall make contribution to Provident Fund or Annuity fund under the Company's rule.

Category B

- (a) Club Fee: Fees of Club subject to a maximum of two clubs. This will not include admission and life Membership Fees.
- (b) The Company shall pay gratuity at the rate of half month's salary for each completed year of service subject to maximum amount permissible under the Gratuity Act from time to time.

Category C

- (a) The Company shall provide a car with a driver at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes.
- (b) The Company shall provide telephone at the residence of the Managing Director at the entire cost of the Company. Personal long distance calls be billed by the Company.
- (c) The Managing Director shall be entitled to one Month's privilege leave for every eleven-month's service.

Performance based bonus calculated on the basis of Net Profit at the end of each financial year and approved by the Board and that the payment of Performance based Bonus should not exceed the ceiling of remuneration prescribed under the Companies Act.

Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

4. Mr. Ramesh Patel

Mr. Ramesh Patel was re-appointed as our Executive Director at our Extraordinary General Meeting held on July 8, 2004 w.e.f. April 1, 2004. As per the terms of the agreement, Mr. Ramesh Patel was appointed as our Executive Director for a period of five years from April 01, 2004 till March 31, 2009. The emoluments he is entitled to and the perquisites payable to him as per the above mentioned agreement and which were approved at the aforesaid EGM are as follows:

Basic Salary: Rs. 352,000/- per month

Perquisites: In addition to salary he shall be eligible for perquisites as under:

Category A

- (a) Medical Reimbursements: Expenses incurred for Executive Director and his family, subject to a ceiling of Rs. 60,000/- per annum.
- (b) Leave Travel Assistance: For Executive Director and his family once in a year, subject to a ceiling of Rs. 72,000/- per annum.
- (c) Personal Accident Insurance: Premium not to exceed Rs. 4,120/- per annum.
- (d) The Company shall make contribution to Provident Fund or Annuity fund under the Company's rule.

Category B

- (a) Club Fee: Fees of Club subject to a maximum of two clubs. This will not include admission and life Membership Fees.
- (b) The Company shall pay gratuity at the rate of half month's salary for each completed year of service subject to a maximum amount permissible under the Gratuity Act from time to time.

Category C

- (a) The Company shall provide a car with driver at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes.
- (b) The Company shall provide telephone at the residence of the Executive Director at the entire cost of the Company. Personal long distance calls be billed by the Company.
- (c) The Executive Director shall be entitled to one Month's privilege leave for every eleven month's service.

Performance based Bonus calculated on the basis of Net Profit at the end of each financial year as approved by the Board and that the payment of Performance based Bonus should not exceed the ceiling of remuneration prescribed under the Companies Act.

Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

5. Mr. Anand Patel

Mr. Anand Patel was re-appointed as our Executive Director at our Extraordinary General Meeting held on July 8, 2004 w.e.f. April 1, 2004. As per the terms of the agreement, Mr. Anand Patel was appointed as our Executive Director for a period of five years, from April 01, 2004 till March 31, 2009. The emoluments he is entitled to and the perquisites payable to him as per the above mentioned agreement and which were approved at the aforesaid EGM are as follows:

Basic Salary: Rs. 352,000/- per month

Perquisites: In addition to the salary, he shall be eligible for perquisites as under:

Category A

- (a) Medical Reimbursement: Expenses incurred for Executive Director and his family, subject to a ceiling of Rs. 60,000/- per annum.
- (b) Leave Travel Assistance: For Executive Director and his family once in a year, subject to a ceiling of Rs. 72,000/- per annum.
- (c) The Company shall make contribution to Provident Fund or Annuity Fund under the Company's rule.
- (d) Personal Accident Insurance: Premium not to exceed Rs. 4120/- per annum

Category B

- (a) Club Fee: Fees of Club subject to a maximum of two clubs. This will not include admission and life Membership Fees.
- (b) The Company shall pay gratuity at the rate of half month's salary for each completed year of service subject to a maximum amount permissible under the Gratuity Act from time to time.

Category C

- (a) The Company shall provide a car with driver at the entire cost of the company for personal use and office work. The Company shall bill use of car for private purposes.
- (b) The Company shall provide telephone at the residence of the Executive Director at the entire cost of the Company. Personal long distance calls be billed by the Company.
- (c) The Executive Director shall be entitled to one Month's privilege leave for every eleven month's service.

Performance based Bonus calculated on the basis of Net Profit at the end of each financial year as approved by the Board and that the payment of Performance based Bonus should not exceed the ceiling of remuneration prescribed under the Companies Act.

Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

6. Mr. Ashvin Raythatha

Mr. Ashvin Raythatha was re-appointed as our Executive Director (International Marketing) at our Annual General Meeting held on July 8, 2004 w.e.f. April 1, 2004. As per the terms of the agreement, Mr. Ashvin Raythatha was appointed for a period of five years from April 01, 2004 till March 31, 2009. The emoluments, which he is entitled to, and the perquisites payable to him as per the above mentioned agreement and which were approved at the aforesaid EGM are as follows:

Basic Salary: Rs.95,000/- per month

Perquisites: In addition to salary he shall be eligible for perquisites as under:

Category A

- (a) Medical Reimbursements: Expenses incurred for Executive Director (International Marketing) and his family, subject to a ceiling of Rs. 60,000/- per annum.
- (b) Leave Travel Concession: For Executive Director (International Marketing) and his family once in a year, subject to a ceiling of Rs. 55,200/- per annum.
- (c) The Company shall make contribution to Provident Fund or Annuity Fund under the Company's rule.
- (d) The Company shall pay the Bonus under the Company's rule subject to a ceiling of 20% of the Annual Basic Salary.

Category B

- (a) Club Fee: Fee of one club. This will not include admission and life Membership Fee.
- (b) The Company shall pay gratuity at the rate of half month's salary for each completed year of service subject to amount permissible under the Gratuity Act from time to time.

Category C

- (a) The Company shall provide a car with driver at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes.
- (b) The Company shall provide telephone at the residence of the Executive Director (International Marketing) at the entire cost of the Company. Personal long distance calls be billed by the Company.
- (c) The Executive Director (International Marketing) shall be entitled to one Month's privilege leave for every eleven month's service.
- (d) Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

These perquisites will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act 1961.

(ii) Non-Executive Directors

Our non-executive Directors are currently paid a sitting fee of Rs. 10,000/- for every Board and Committee meeting and out of pocket expenses of Rs. 2,500/-, along with their traveling expenses.

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and SEBI's guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to listing. At present, our Company has constituted the following committees of the Board pursuant to the said clause 49.

Audit Committee

The Audit Committee of our Board was constituted at our Board meeting held on July 25, 2000. The Audit Committee currently consists of three Directors:

- 1. Mr. Balkrishna Thakkar - Independent Director - Chairman
- 2. Mr. Foo Meng Tong - Independent Director - Member
- 3. Mr. Chinubhai Shah - Independent Director - Member

The current terms of reference of the Audit Committee are as follows:

- (a) Review the audit plans of our Company's external auditors;
- (b) Review the external auditors' reports;
- (c) Review the co-operation given by our Company's officers to the external auditors;
- (d) Review the financial statements of our Company before their submission to the Board;
- (e) Review the scope and results of internal audit procedures;
- (f) Nominate external auditors for re-appointment;
- (g) Review interested person transactions; and
- (h) Generally undertake such other functions and duties as may be required by statute or by the Listing Manual, and by such amendments made thereto from time to time.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Company's operating results and/or financial position. Each member of the Audit Committee shall abstain from voting on any resolutions in respect of matters in which he is interested.

Shareholders' / Investors' Grievance, Share Allotment and Share Transfer Committee

The Shareholders' / Investors' Grievance, Share Allotment and Share Transfer Committee of our Board was constituted at our Board meeting held on August 11, 2006. The Committee currently consists of three Directors:

- 1. Mr. Balkrishna Thakkar - Independent Director - Chairman
- 2. Mr. Chinubhai Shah - Independent Director - Member
- 3. Mr. Ashish Soparkar - Managing Director - Member

The current terms of reference of the Committee are as follows:

To allot the equity shares of the Company, and to supervise and ensure:

- i. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- ii. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- iii. Issue of duplicate / split / consolidated share certificates;
- iv. Allotment and listing of shares;
- v. Review of cases for refusal of transfer / transmission of shares and debentures;
- vi. Reference to statutory and regulatory authorities regarding investor grievances;
- vii. And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

Remuneration Committee

The Remuneration Committee of our Board was constituted at our Board meeting held on July 25, 2000.

The Remuneration Committee currently consists of the following Directors:

1. Mr. Chinubhai Shah - Independent Director - Chairman
2. Mr. Natwarlal Patel -Managing Director - Member
3. Mr. Balkrishna Thakkar - Independent Director - Member

The terms of reference of the Remuneration Committee are as follows:

Our Remuneration Committee will recommend to our Board a framework of remuneration for the Directors and determine specific remuneration packages for each Director. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind shall be covered by our Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package.

In addition to the aforesaid, our Company has also constituted an IPO Committee of our Board at its meeting held on August 11, 2006 for monitoring use of Issue proceeds.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 prior to listing of our Equity Shares.

SHAREHOLDING OF OUR DIRECTORS

As per our Articles, our Directors are not required to hold any Equity Shares in our Company. Save and except as below, our Directors do not hold any Equity Shares in our Company as on the date of filing of this Red Herring Prospectus:

S. No.	Names of our Directors	No. of Equity Shares	% of pre issue capital
1.	Mr. Jayanti Patel	18,560,390	9.25%
2.	Mr. Ashish Soparkar	24,158,090	12.04%
3.	Mr. Natwarlal Patel	25,532,130	12.73%
4.	Mr. Ramesh Patel	16,354,120	8.15%
5.	Mr. Anand Patel	8,130,200	4.05%

INTEREST OF DIRECTORS

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association. All our directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

In relation to interest of our Directors, being Promoters of our Company, please refer section titled "Our Promoters and their Background" beginning on page no. 98 of this Red Herring Prospectus.

Our Directors are not interested in the appointment of or acting as Underwriters, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

Except as stated above on and except as stated in sections titled "Our Promoters" and transactions disclosed in Related Party Transactions under section titled "Financial Statements" beginning on page no. 116 of this Red Herring Prospectus, our Directors do not have any other interest in our Company.

Except as stated in the section titled "Our Management"; "Our Promoters and their Background" and "Financial Statements" beginning on page nos. 83; 98 and 116 respectively of this Red Herring Prospectus, otherwise in this Red Herring Prospectus and above, we have not entered into any contract, agreement or arrangement during the preceding 2 years from the date of this Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

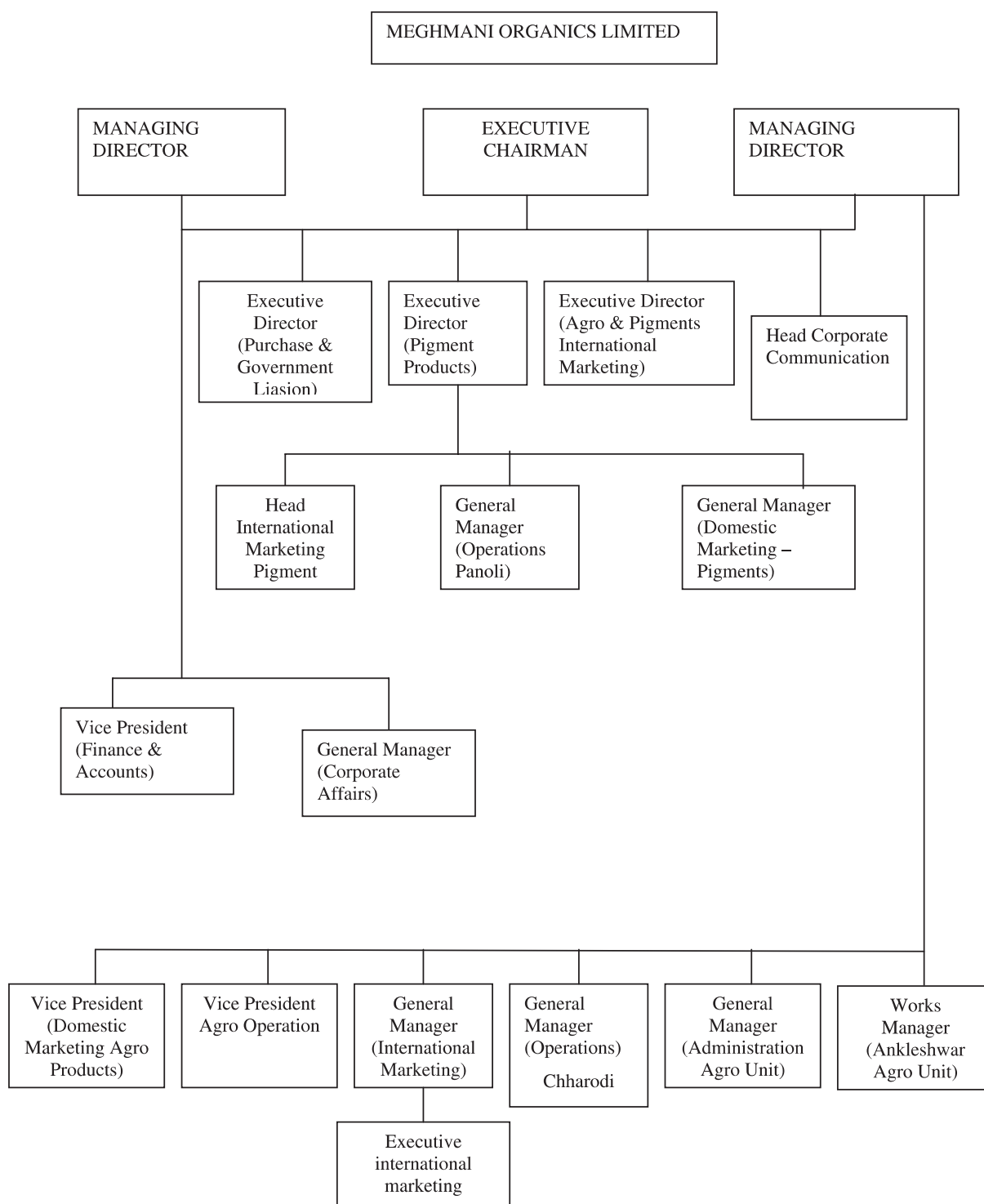
CHANGES IN DIRECTORS IN PAST THREE YEARS

Following are the details of the changes in our Board of Directors in the past three years:

Name	Date of Appointment	Date of Resignation	Reason
Mr. John Levack	January 21, 2003	February 07, 2005	Resigned
Mr. David Chia	January 06, 1997	September 09, 2004	Resigned
Mr. Foo Meng Tong	March 05, 2004	-	Appointed as an Additional Director
Mr. Pankaj Shah	March 28, 2005	-	Appointed as an Additional Director
Mr. K. N. Venkatasubramanian	August 11, 2006	-	Appointed as an Additional Director

MANAGEMENT ORGANIZATION STRUCTURE

The following chart depicts our management organization structure:



OUR KEY MANAGERIAL PERSONNEL

The brief profile of our key managerial personnel of our Company other than our whole time directors are as follows:

Ms. Deval Soparkar, 28 years, is the Head of Corporate Communication of our Company. She joined our Company on July 01, 2002 and is currently responsible for corporate communications of our Company. She holds a Bachelors of Business Administration degree from Gujarat University, and a Masters of Business Administration degree from Long Island University, New York. Remuneration paid by our Company to Ms. Deval Soparkar for FY 2006 - 2007 was Rs. 0.52 million.

Mr. Maulik Patel, 25 years, is the Head of International Marketing (Pigments) of our Company. He has joined our Company on January 17, 2006. He holds a Bachelor Degree in Engineering (Chemical) from Sardar Patel University, Vallabh Vidyanagar, Anand and a Masters of Science (Chemical Engineering) from University of Southern California, USA and a Masters of Business Administration from Long Island University, USA. Remuneration paid to Mr. Maulik Patel by our Company in FY 2006 - 2007 was Rs. 0.23 million.

Ms. Vaishakhi Patel, 23 years, is the International Marketing Executive of our Company. She has joined our Company on February 01, 2006. She holds a Bachelors Degree in Business Administration from Gujarat University, a Diploma in Human Resource Development from Ahmedabad Management Association and Master of Arts in Marketing with Human Resources from Middlesex University, London and has undergone summer vacation course in capital acquisition and investment banking at Harvard. Remuneration paid to Ms. Vaishakhi Patel by our Company in FY 2006 - 2007 was Rs. 0.23 million.

Mr. Karna Patel, 25 years, has joined as Manager (Operations) at our Agrochemical plant, Charrodi. He joined our Company on January 01, 2007. He holds a Diploma in Chemical Engineering from Nirma University and Bachelors Degree in Science in Chemical Engineering from Drexel University, Philadelphia. Remuneration paid to Mr. Karna Patel by our Company in FY 2006 - 2007 was Rs. 0.05 million.

Mr. Digambar Joshi, 53 years, is the Vice President (Operations) of our Company and is in overall charge of the operations of our Chharodi and Ankleshwar plants. He joined our Company on August 06, 1997 and was the General Manager (Operations) of our Company from 1997 to 2003 prior to his current appointment in 2003. From 1978 to 1996, he was the production manager of BASF India Limited, a manufacturer of agrochemicals. From 1996 to 1997, he was the General Manager of Vantech Industries Limited, a manufacturer of pesticides and pesticide formulations and was in charge of the plant operations at Vantech Industries Limited. He holds a Bachelors of Science (Chemistry) degree from Pune University and a Bachelors of Science (Technical) degree from Bombay University (Department of Chemical Technology). Remuneration paid by our Company to Mr. Digambar K. Joshi for FY 2006 - 2007 was Rs. 0.80 million.

Dr. Sahaj Gautam, 53 years, is the Vice President (Domestic Agrochemical Marketing) of our Company and is in charge of the domestic marketing of our Agrochemical products in North India. Prior to joining our Company on September 25, 1995, he worked for Gujarat Insecticides Limited, a manufacturer of pesticides and pesticide formulations, for a period of 13 years from 1982 to 1995, and was the Manager of their marketing department, in charge of marketing their pesticides products. Dr. Gautam holds a Bachelors of Science degree in Agriculture and a Masters of Science degree in Agriculture, both from HP University, Simla. He also holds a Ph.D. in plant pathology from the GV Pant University of Agriculture and Technology. Remuneration paid by our Company to Dr. Sahaj R. Gautam for FY 2006 - 2007 was Rs. 1.32 million.

Mr. Kamlesh Mehta, 53 years, is the General Manager (Corporate Affairs) and Company Secretary of our Company and is in charge of the corporate, secretarial and legal matters of our Company. He joined our Company on February 01, 1995. He also assists in the finance and accounting matters of our Company. From 1982 to 1992, Mr. Mehta was the Manager (Secretarial) of Atul Products Limited, a chemical manufacturer. Prior to joining our Company in 1995, he worked as the Company Secretary and Assistant General Manager in charge of corporate affairs of Gujarat Torrent Energy Corporation Limited, a company in the power sector industry. He worked with Torrent Group of Ahmedabad from 1992 to 1995.

Mr Mehta holds a Bachelors of Commerce degree from Gujarat University, as well as a Bachelors of Law degree (General and Special) from Gujarat University. In addition, Mr Mehta has been a Fellow member of the Institute of Company Secretaries of India since 1980. Remuneration paid by our Company to Mr. Kamlesh D Mehta for FY 2006 - 2007 was Rs. 0.82 million.

Mr. Milan K. Parikh, 45 years, is the General Manager (Operations - Chharodi) of our Company and is in charge of the operations of our Chharodi Plant. He joined our Company on November 05, 1994. Prior to his current appointment with our Company in 2003, he was the Deputy General Manager (Operations) of our Company from 1995 to 2003, also responsible for the operations of our Chharodi Plant. Prior to joining our Company, from 1992 to 1995, he was the Production Manager of Parul Chemicals, a manufacturer of pesticides, pesticide formulations and other industrial chemicals. He holds a Bachelors of Chemical Engineering degree from LD College of Engineering, Gujarat. Remuneration paid by our Company to Mr. Milan K Parikh for FY 2006 - 2007 was Rs. 0.64 million.

Mr. Manukumar Mori, 49 years, is the General Manager Administration (Agro Unit) of our Company. He joined our Company on November 09, 1995 and is currently responsible for entire administration at Chharodi unit of our Company. He holds a Bachelors of Commerce Degree from Gujarat University. He also holds Bachelors of Law degree from Gujarat University. Remuneration paid by our Company to Mr. Manukumar Mori for FY 2006-2007 was Rs. 0.66 million.

Mr. Manoj Bhatt, 53 years, is the General Manager (Domestic Marketing) of our Company and is in overall charge of the Domestic Sales of Pigments in India. He joined our Company on May 01, 1998. He was the Deputy General Manager (Marketing) of our Company from 1998 to 2005 prior to his current appointment in 2005. From 1984 to 1992, he was the Technical Manager in charge of production at Abir Chemicals Limited. From 1978 to 1984 he was working as chemist in production department (Vat Dyes) with Amar Dychem Limited, Mumbai. He holds a Master of Science (Organics Chemistry) degree from Sardar Patel University. Remuneration paid by our Company to Mr. Manoj Bhatt for FY 2006-2007 was Rs. 0.49 million.

Mr. Mukesh Jobanputra, 46 years, is the General Manager (Operations - Panoli) of our Company and is in charge of the operations of the Panoli Plant. He joined our Company on February 01, 1999. Prior to his current appointment in 2000, he was a Deputy General Manager of our Company from 1999 to 2000 and was in charge of production dispatch as well as the general administration of our Company. From 1990 to 1999, Mr. Jobanputra was the General Manager of Maradia Chemicals Limited, a manufacturer and supplier of dyes and dye intermediates, and was in charge of production dispatch and general administration. Mr. Jobanputra holds a Bachelors of Chemical Engineering degree from the D. D. Institute of Engineering, Gujarat. Remuneration paid by our Company to Mr. Mukesh H. Jobanputra for FY 2006 - 2007 was Rs. 0.56 million.

Mr. Gyan Prakash, 35 years, joined our Company as General Manager (Purchase) on November 29, 2004. Currently he is General Manager (International Marketing) with the additional responsibility of managing the implementation of SAP ERP solution at all levels. Mr. Prakash was employed in one of Group Ventures promoted by our Promoters M/s Ashish Chemicals from 1998 to 2000. In the interim period he was employed in Tata International Limited (Divisional Head) and PT Citra Abadi Sejati Overseas in the supply chain area. He has over 12 years cross industry exposure. Mr. Prakash holds a Bachelor Degree in Engineering from Indian Institute Technology (IIT), New Delhi and Post Graduate Diploma in Business Management from Indian Institute of Management (IIM) Ahmedabad, India. Remuneration paid by our Company to Mr. Gyan Prakash for FY 2006 - 2007 was Rs. 0.60 million.

Mr. Vasant Patel, 40 years, joined our Company as Works Manager (Ankleshwar Agro Unit) on August 12, 2005 and is in overall charge of the operations of our Ankleshwar plant. He was the Head of Technical Division at Cheminova India Limited, a manufacturer of agrochemicals. He holds a Bachelors of Engineering (Chemical) degree from Gujarat University. Remuneration paid by our Company to Mr. Vasant G. Patel for FY 2006-2007 was Rs. 0.48 million.

All the key managerial personnel as mentioned above are permanent employees of our Company.

None of the above mentioned key managerial personnel are related to each other in terms of the definition of the term "relative" in section 6 of the Companies Act, except, Mr. Natwarlal Patel, Mr. Jayanti Patel, Mr. Ramesh Patel, Mr. Anand Patel, Ms. Deval Soparkar, Mr. Maulik Patel, Ms. Vaishakhi Patel and Mr. Karna Patel.

The relations are:

- (i) Mr. Jayanti Patel, Mr. Natwarlal Patel and Mr. Ramesh Patel are brothers.
- (ii) Mr. Anand Patel is the nephew of Mr. Jayanti Patel, Mr. Natwarlal Patel and Mr. Ramesh Patel;
- (iii) Ms. Deval Soparkar is the daughter of Mr. Ashish Soparkar.
- (iv) Mr. Maulik Patel is the son of Mr. Jayanti Patel and nephew of Mr. Natwarlal Patel and Mr. Ramesh Patel.
- (v) Ms. Vaishakhi Patel is the daughter of Mr. Ramesh Patel and the niece of Mr. Jayanti Patel and Mr. Natwarlal Patel.
- (vi) Mr. Karna Patel is the son of Mr. Ramesh Patel and nephew of Mr. Jayanti Patel and Mr. Natwarlal Patel.

None of the key managerial personnel are appointed pursuant to any arrangement or understanding with major shareholders, customers or suppliers.

SHAREHOLDING OF OUR KEY MANAGERIAL PERSONNEL

None of our key managerial personnel other than whole time directors hold any Equity Shares in our Company, other than the following:

Sr. No.	Names of our Key Managerial Personnel	No. of Equity Shares
1.	Ms. Deval Soparkar	410,710
2.	Mr. Maulik Patel	1,270,000
3.	Ms. Vaishakhi Patel	1,000,000
4.	Mr. Karna Patel	1,000,000

BONUS OR PROFIT SHARING PLAN FOR OUR KEY MANAGERIAL PERSONNEL

Except for payment of bonus under the Payment of Bonus Act, there is no bonus or profit sharing plan with our Key Managerial Personnel.

CHANGES IN KEY MANAGERIAL PERSONNEL

Following are the changes in our key managerial personnel in the past three years:

Name and Designation	Date of Appointment	Date of Resignation	Reason
Mr. V. Shekhar, Vice President (International Marketing)	January 01, 1994	March 20, 2006	Resignation
Mr. Gyan Prakash	November 29, 2004	-	Appointment
Mr. Vasant Patel	August 12, 2005	-	Appointment
Mr. Maulik Patel	January 17, 2006	-	Appointment
Ms. Vaishakhi Patel	February 01, 2006	-	Appointment
Mr. Karna Patel	January 01, 2007	-	Appointment

INTEREST OF KEY MANAGERIAL PERSONNEL

Except as stated otherwise in this Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or are intended to be given to any of our Directors or key managerial personnel except to the extent of equity Shares if any held by them and the dividends paid thereon, the remuneration and other benefits in accordance with their terms of employment for services rendered as directors, officers or employees.

EMPLOYEES

Our key managerial personnel and our employees are entitled to receive benefits under the group gratuity scheme and the employee provident fund scheme.

EMPLOYEES STOCK OPTION SCHEME





Our Company currently does not have any employee stock option scheme.

OUR PROMOTERS AND THEIR BACKGROUND

Our Company has been promoted by the following five individual Promoters:

- (i) Mr. Jayanti Patel,
- (ii) Mr. Ashish Soparkar,
- (iii) Mr. Natwarlal Patel,
- (iv) Mr. Ramesh Patel, and,
- (v) Mr. Anand Patel,

Details of our Promoters are given in the following table:

	<p>Mr. Jayanti Patel</p> <p>Mr. Jayanti Patel, 55 years, is the Promoter and Executive Chairman of our Company. Mr. Jayanti Patel is brother of Mr. Natwarlal Patel and Mr. Ramesh Patel and uncle of Mr. Anand Patel. For details regarding his profile, please refer to section titled "Our Management" beginning on page no. 83 of this Red Herring Prospectus.</p> <p>His driver license number is GJ01/910681/02. He does not have a voter identification card.</p>
	<p>Mr. Ashish Soparkar</p> <p>Mr. Ashish Soparkar, 54 years, is the Promoter and Managing Director of our Company. He is not related to other Promoters of our Company. For the details regarding his profile, please refer to section titled "Our Management" beginning on page no. 83 of this Red Herring Prospectus.</p> <p>His driver license number is GJ01/075085/02. He does not have a voter identification card.</p>
	<p>Mr. Natwarlal Patel</p> <p>Mr. Natwarlal Patel, 53 years, is the Promoter and Managing Director of our Company. Mr. Natwarlal Patel is brother of Mr. Jayanti Patel and Mr. Ramesh Patel and uncle of Mr. Anand Patel. For details regarding his profile, please refer to the section titled "Our Management" beginning on page no. 83 of this Red Herring Prospectus.</p> <p>His driver license number is GJ01/9225270/02. He does not have a voter identification card.</p>
	<p>Mr. Ramesh Patel</p> <p>Mr. Ramesh Patel, 51 years, is the Promoter and Executive Director of our Company. Mr. Ramesh Patel is brother of Mr. Jayanti Patel and Mr. Natwarlal Patel and uncle of Mr. Anand Patel. For the details regarding his profile, please refer to section titled "Our Management" beginning on page no. 83 of this Red Herring Prospectus.</p> <p>His driver license number is GJ01/091496-04. He does not have a voter identification card.</p>
	<p>Mr. Anand Patel</p> <p>Mr. Anand Patel, 45 years, is the Promoter and Executive Director of our Company. Mr. Anand Patel is nephew of Mr. Jayanti Patel, Mr. Natwarlal Patel and Mr. Ramesh Patel. For details regarding his profile, please refer to the section titled "Our Management" beginning on page no. 83 of this Red Herring Prospectus.</p> <p>His driver license number is GJ01/010541/02. He does not have a voter identification card.</p>

We confirm that the Permanent Account Number, bank account number and Passport number of our Promoters has been submitted to BSE and NSE at the time of filing the Draft Red Herring Prospectus with these Stock Exchanges.

COMMON PURSUITS

For details regarding common pursuit/potential conflict of interest between us and our Promoters/Promoter Group Entities and agreements/undertakings executed pursuant to the same, please refer section titled "History and Other Corporate Matters" beginning on page no. 76 of this Red Herring Prospectus.

INTEREST OF PROMOTERS

Our Promoters do not have any interest:

- (i) to the promotion of our Company, save and except the shares of our Company allotted to them pursuant to conversion of our Company from a partnership firm to a company under part IX of the Companies Act, 1956; and
- (ii) in any property acquired by our Company in a period of two years before filing this Red Herring Prospectus with SEBI or proposed to be acquired by us as on date of filing this Red Herring Prospectus with SEBI.

PAYMENT OR BENEFIT TO OUR PROMOTERS

The Promoter Directors of our Company may be deemed to be interested to the extent of remuneration received by them in their respective capacities and reimbursement of expenses and to the extent of equity shares of our Company held by them. There is no interest of Promoters or any payment of benefit to Promoters/Directors other than as mentioned in the section titled "Our Management" beginning on page no. 83 of this Red Herring Prospectus.

RELATED PARTY TRANSACTIONS

For details on our related party transactions please refer section titled "Related Party Transactions" beginning on page no. 114 of this Red Herring Prospectus.

OUR PROMOTER GROUP ENTITIES

Details of the Individuals forming part of the Promoter Group:

Ishwarbhai Patel, Kunverben Patel, Kantibhai Patel, Ganpatbhai Patel, Popatbhai Patel, Haribhai Patel, Taraben Patel, Maulik Patel, Kruti Patel, Naynaben Soparkar, Deval Soparkar, Ruchi Soparkar, Bhartiben Patel, Disha Patel, Ankit Patel, Kalpanaben Patel, Karna Patel, Vaishakhi Patel, Naynaben Patel, Chintan Patel and Darshan Patel.

We have thirteen Promoter Group Entities, namely:

- (i) Meghmani Dyes and Intermediates Limited;
- (ii) Meghmani Industries Limited;
- (iii) Meghmani Chemicals Limited;
- (iv) Fidelity Exports Private Limited;
- (v) Vanguard Overseas Limited;
- (vi) Meghmani Europe BVBA;
- (vii) Meghmani Exports Limited, SAdECV
- (viii) M/s. Ashish Chemicals;
- (ix) M/s. Alpanil Industries;
- (x) M/s. Matangi Industries;
- (xi) M/s. Tapsheel Enterprises;
- (xii) M/s. Meghmani Chemicals;
- (xiii) M/s. Patel Trading and Investment Company (erstwhile Patel Dyestuff Industries)

1. Meghmani Dyes and Intermediates Limited (MDIL)

MDIL was incorporated on July 21, 1999 having Registration No. 04 - 36306 of 1999/2000. MDIL is currently engaged inter alia in the business of manufacture, import, export and sale of dyes and dye intermediates

Board of Directors:

As on date, MDIL has four Directors, as detailed herein below:

Name	Designation
Mr. Natwarlal Patel	Chairman
Mr. Ramesh Patel	Director
Mr. Anand Patel	Director
Mr. Lalit Patel	Director

Shareholding Pattern:

The equity shares of MDIL are not listed on any of the Stock Exchanges. The shareholding pattern of MDIL as on date is as follows

Name of Shareholders	Number of shares	Percentage of share capital
Mr. Natwarlal Patel	960,000	30.00
Mr. Ramesh Patel	640,000	20.00
Others / Relatives	1,600,000	50.00
Total	3,200,000	100.00

Financial Performance

Particulars	For the Financial Year ended March 31 (Rs. in million except per share data)		
	2006	2005	2004
Operating Income	779.84	569.02	494.32
Other Income	4.90	5.64	25.28
Stock Adjustment	36.10	25.50	8.62
Total Income	820.84	600.16	528.22
Profit After Tax	129.42	107.93	67.64
Equity Share Capital	32.00	32.00	30.00
Reserves (excluding revaluation reserve)	623.09	486.32	360.48
Net Worth	654.74	517.85	389.89
Earnings Per Share (face value of Rs. 10 each)	40.44	33.73	22.55
Net Asset Value per Share	204.61	161.83	129.96

2. Meghmani Industries Limited ("MIL")

MIL was incorporated as Patel Agrochem Limited on February 22, 1993 having Registration No. 19013/TA. The name of Patel Agrochem limited was changed to MIL vide fresh Incorporation Certificate consequent on change on name issued by the RoC, Gujarat dated March 31, 1994. MIL is currently engaged inter alia in the business of manufacture and sale of herbicides and fungicides.

Board of Directors:

As on date, MIL has three directors as detailed herein below.

Name	Position
Mr. Natwarlal Patel	Chairman & Managing Director
Mr. Ramesh Patel	Managing Director
Mr. Lalit Patel	Director

Shareholding Pattern

The equity shares of MIL are not listed on any of the Stock Exchanges. The Shareholding pattern of MIL as on date, is as follows:

Name of Shareholders	Number of shares	Percentage of share capital
Mr. Natwarlal Patel	514,900	28.61
Mr. Ramesh Patel	340,000	18.89
Others / Relatives	945,100	52.50
Total	1,800,000	100.00

Financial Performance

Particulars	For the Financial Year ended March 31 (Rs. In million except per share data)		
	2006	2005	2004
Operating Income	885.49	741.01	547.35
Other Income	2.32	1.54	3.22
Stock Adjustment	71.27	(6.43)	55.28
Total Income	959.07	736.11	605.85
Profit After Tax	152.87	135.34	102.03
Equity Share Capital	18.00	16.50	15.00
Reserves (excluding revaluation reserves)	632.91	433.73	279.71
Net Worth	650.91	450.22	294.71
Earnings Per Share (Face value of Rs. 10 each)	84.93	82.02	68.02
Net Asset Value per Share	361.62	272.86	196.47

3. Meghmani Chemicals Limited ("MCL")

MCL was incorporated on April 12, 1993 as Pacific Pigments Products Limited having Registration No. 04 - 19271 of 1993 - 94. The name of this company was changed from Pacific Pigments Products Limited to Meghmani Organics Limited vide a fresh certificate of incorporation consequent on change on name issued by the RoC, Gujarat dated May 27, 1994. The name of this Company was further changed from Meghmani Organics Limited to Meghmani Chemicals Limited vide fresh certificate of incorporation consequent on change on name issued by RoC, Gujarat dated December 23, 1994.

MCL is currently engaged inter alia in the business of trading in dyes & chemicals.

Board of Directors:

As on date, MCL has three directors as detailed herein below:

Name	Position
Mr. Jayanti Patel	Chairman
Mr. Ashish Soparkar	Director
Mr. Natwarlal Patel	Director

Shareholding Pattern:

The equity shares of MCL are not listed on any of the stock exchanges. The shareholding pattern of MCL as on date is as follows

Name of Shareholders	Number of shares	Percentage of share capital
Mr. Jayanti Patel	12,450	24.90
Mr. Ashish Soparkar	12,450	24.90
Mr. Natwarlal Patel	12,450	24.90
Mr. Ramesh Patel	7,470	14.90
Mr. Anand Patel	4,980	9.90
Mr. Saurabh Soparkar	100	0.25
Mr. Ishwar Patel	100	0.25
Total	50,000	100.00

Financial Performance

Particulars	For the Financial Year ended March 31 (Rs. In million except per share data)		
	2006	2005	2004
Operating Income	0.00	0.00	0.00
Other Income	0.00	0.00	0.00
Stock Adjustments	0.00	0.00	0.00
Total Income	0.00	0.00	0.00
Profit After Tax	(0.01)	(0.01)	(0.02)
Equity Share Capital	0.50	0.50	0.50
Reserves (excluding revaluation reserves)	0.46	0.47	0.48
Net Worth	0.95	0.94	0.94
Earnings Per Share (Face value of Rs. 10 each)	(0.20)	(0.19)	(0.34)
Net Asset Value per Share	18.93	18.79	18.84

4. Fidelity Exports Private Limited ("FEPL")

FEPL was incorporated on July 3, 1996 having Registration No. 04 - 30122 of 1996 - 97.

FEPL is currently engaged inter alia in the business of trading, importing, exporting, international trading and dealing in goods of all kinds and to transact or carry on agency business.

Board of Directors:

As on date, FEPL has five directors, as detailed herein below:

Name	Position
Mr. Ashish Soparkar	Chairman
Mr. Jayanti Patel	Director
Mr. Natwarlal Patel	Director
Mr. Ramesh Patel	Director
Mr. Anand Patel	Director

Shareholding Pattern:

The equity shares of FEPL are not listed on any of the stock exchanges.

The Shareholding pattern of FEPL as on date is as follows

Name of Shareholders	Number of shares	Percentage of share capital
Mr. Jayanti Patel	2500	25.00
Mr. Ashish Soparkar	2500	25.00
Mr. Natwarlal Patel	2500	25.00
Mr. Ramesh Patel	1500	15.00
Mr. Anand Patel	1000	10.00
Total	10,000	100.00

Financial Performance

Particulars	For the Financial Year ended March 31 (Rs. In million except per share data)		
	2006	2005	2004
Operating Income	0.00	0.00	0.00
Other Income	0.01	0.00	0.00
Stock Adjustments	0.00	0.00	0.00
Total Income	0.01	0.00	0.00
Profit After Tax	(0.24)	(0.34)	(0.15)
Equity Share Capital	0.10	0.10	0.10
Reserves (excluding revaluation reserves)	0.00	0.00	0.00
Net Worth	(0.49)	(0.26)	(0.23)
Earnings Per Share (face value of Rs. 10 each)	(23.70)	(3.12)	(15.34)
Net Asset Value per Share	(49.22)	(25.79)	(22.94)

5. Vanguard Overseas Limited ("VOL")

VOL was incorporated on November 25, 2002 having Registration No. U51909GJ2002PLC41575.

VOL is authorised by its main object clause to engage inter alia in the business of import, exporters, buyers, sellers, dealers, consignors, consignees, agent, stockiest, supplier of all kinds of goods, more specifically of pigments, dyes, chemicals, organics and inorganic chemicals, auxiliaries, intermediates agrochemicals and allied chemicals used in agriculture pesticides and to act as export house. VOL has not commenced any business activities.

Board of Directors:

As on date, VOL has three directors as detailed herein below:

Name	Position
Mr. Ramesh Patel	Chairman
Ms. Deval Soparkar	Director
Mr. Anand Patel	Director

Shareholding Pattern:

The equity shares of VOL are not listed in any of the stock exchanges.

The Shareholding pattern of VOL as on date is as follows:

Name of Shareholders	Number of shares	Percentage of share capital
Ms. Deval Soparkar	12,500	25.00
Mr. Maulik Patel	10,000	20.00
Ms. Bharati Patel	10,000	20.00
Mr. Ramesh Patel	7,500	15.00
Mr. Jayanti Patel	2,500	5.00
Mr. Natwarlal Patel	2,500	5.00
Ms. Nayana Patel	2,500	5.00
Mr. Anand Patel	2,500	5.00
Total	50,000	100.00

Financial Performance

Particulars	For the Financial Year ended March 31 (Rs. In million except per share data)		
	2006	2005	2004
Operating Income	0.00	0.00	0.00
Other Income	0.00	0.00	0.00
Stock Adjustments	0.00	0.00	0.00
Total income	0.00	0.00	0.00
Profit After Tax	(0.00)	(0.00)	(0.00)
Equity Share Capital	0.50	0.50	0.50
Reserves (excluding revaluation reserves)	0.00	0.00	0.00
Net Worth	0.35	0.35	0.35
Earnings Per Share (face value of Rs. 10 each)	(0.00)	0.00	0.00
Net Asset Value per Share	0.70	0.70	0.71

6. Meghmani Europe BVBA (Meghmani Europe)

Meghmani Europe was formed as a subsidiary of our Company in FY 2005 - 06. Meghmani Europe is into the business of trading in pigments and agro chemicals.

With effect from March 31, 2006, Meghmani Europe has, by virtue of additional issue of shares to persons other than our Company, ceased to be our subsidiary from that date, and is a part of our Group Companies and Ventures promoted by Promoters.

Meghmani Europe was incorporated on October 29, 2004 bearing registration number 86976386A in Belgium.

Board of Directors:

As on date, Meghmani Europe has 1 resident director as detailed herein below:

Name	Position
Mr. Ketan Mapara	Director

Shareholding Pattern:

The equity shares of Meghmani Europe are not registered under Indian Companies Act 1956 and are not listed in any of the stock exchanges. The equity share capital of Meghmani Europe as on date is € 6,200.

The Shareholding pattern of Meghmani Europe as on date is as follows:

Name of Shareholders	Percentage of share capital
Payam Properties (U.K.) Limited	50.00
Meghmani Organics Limited	49.00
Mr. Hardy Jean Claude	1.00
Total	100.00

Financial Performance

Particulars	For the Financial Year ending on December 31, 2006 (Euro. In million except per share data)	For the Financial Year ending on December 31, 2005 (Euro. In million except per share data)
Operating Income	4.63	2.83
Other Income	0.00	0.00
Total income	4.63	2.83
Profit After Tax	(0.14)	(0.18)
Equity Share Capital	0.01	0.01
Reserves (excluding revaluation reserves)	(0.32)	-
Net Worth	(0.29)	-

7. Meghmani Exports Limited, SADeCV ('MEL')

MEL was incorporated on June 11, 2002 in Mexico. MEL is set up to carry out the business of trading in pigments and agrochemicals.

Board of Directors:

As on date, MEL has three directors as detailed herein below:

Name	Position
Mr. Marcela Zepeda	Director
Mr. Ashish Soparkar	Director
Mr. Maulik Patel	Director

Shareholding Pattern:

The equity shares of MEL are not listed in any of the stock exchanges.

The Shareholding pattern of MEL as on date is as follows:

Name of Shareholders	Number of shares	Percentage of share capital
Fidelity Exports Private Limited	24,500	49.00
Finestreet Limited	500	1.00
Vangaurd Overseas Limited	25,000	50.00
Total	50,000	100.00

Financial Performance

MEL has not yet commenced any commercial activity.

8. M/s. Ashish Chemicals

M/s. Ashish Chemicals is a registered partnership firm formed under a partnership deed dated December 5, 1976. The partnership was reconstituted on April 01, 1992. M/s. Ashish Chemicals is currently engaged in the business of manufacturing and trading of dyes.

Partners of M/s. Ashish Chemicals

As on date, M/s. Ashish Chemicals has two partners and their profit sharing ratios are as follows:

Particulars	% Stake
Mr. Jayanti Patel	50.00
Mr. Ashish Soparkar	50.00
Total	100.00

Financial Performance

Particulars	For the Financial Year ended March 31 (Rs. In million)		
	2006	2005	2004
Operating Income	185.99	154.24	74.89
Other Income	2.07	1.87	2.31
Stock Adjustments	(15.31)	39.19	(2.44)
Total Income	172.75	195.30	74.76
Profit After Tax	34.58	37.19	5.17
Partners Capital	46.83*	83.59	57.24

*Decrease in Partners Capital due to withdrawal of capital by Partners.

9. M/s. Alpanil Industries

M/s. Alpanil Industries is a registered partnership firm formed under a partnership deed dated August 7, 1992. M/s. Alpanil Industries is currently engaged in the business of manufacturing, trading and sale of pigments.

Partners of M/s. Alpanil Industries

As on date, M/s. Alpanil Industries has six partners and their profit sharing ratios are as follows:

Particulars	% Stake
Jayanti Patel (HUF)	20.00
Ashish Soparkar (HUF)	20.00
Ms. Tara Patel	15.00
Ms. Nayna Soparkar	15.00
Mr. Maulik Patel	15.00
Mr. Kaushal Soparkar	15.00
Total	100.00

Financial Performance

Particulars	For the Financial Year ended March 31 (Rs. In million)		
	2006	2005	2004
Operating Income	52.74	113.89	132.34
Other Income	1.12	4.30	14.53
Stock Adjustments	35.77	(13.42)	7.57
Total Income	89.63	104.77	154.44
Profit After Tax	0.60	4.96	18.12
Partners Capital	118.70	56.20*	81.35

* Decrease in Partners Capital is due to withdrawal of capital by partners.

10. M/s. Matangi Industries

M/s. Matangi Industries is a registered partnership firm formed under a partnership deed dated July 22, 1993. M/s. Matangi Industries is currently engaged in the business of manufacturing and sale of vinyle sulphon, an intermediates required to manufacture dyes.

Partners of M/s. Matangi Industries

As on date, M/s. Matangi Industries has six partners and their profit sharing ratios are as follows:

Particulars	% Stake
Mr. Suryakant Jani	50.00
Mr. Jayanti Patel	12.50
Mr. Ashish Soparkar	12.50
Ms. Bharti Patel	12.50
Mrs. Kalpana Patel	7.50
Mr. Anand Patel	5.00
Total	100.00

Financial Performance

Particulars	For the Financial Year ended March 31 (Rs. In million)		
	2006	2005	2004
Operating Income	56.85	81.23	23.09
Other Income	1.83	2.62	4.06
Stock Adjustments	2.72	(5.98)	0.96
Total Income	61.40	77.87	28.11
Profit After Tax	0.14	11.22	6.27
Partners Capital	55.96	56.47	41.77

11. M/s. Tapsheel Enterprise

M/s. Tapsheel Enterprise is a registered partnership firm formed under a partnership deed dated January 16, 1989. M/s. Tapsheel Industries is currently engaged in the business of manufacturing and producing various kinds of dyes.

Partners of M/s. Tapsheel Enterprise

As on date, M/s. Tapsheel Enterprise has six partners and their profit sharing ratios are as follows:

Particulars	% Stake
Mr. Natwarlal Patel	30.00
Ms. Kalapna Patel	20.00
Ms. Amita Patel	23.00
Ms. Leela Patel	7.00
Mr. Gaurang Patel	12.00
Mr. Anand Patel	8.00
Total	100.00

Financial Performance

	For the Financial Year ended March 31 (Rs. In million)		
	2006	2005	2004
Operating Income	62.30	104.98	203.27
Other Income	1.91	1.61	1.13
Stock Adjustments	(0.83)	(3.74)	(0.27)
Total Income	63.38	102.85	204.13
Profit After Tax	0.11	2.82	30.67
Partners Capital	72.64	70.34	113.13

12. M/s. Meghmani Chemicals

M/s. Meghmani Chemicals is a registered partnership firm formed under a partnership deed dated April 1, 2002. M/s. Meghmani Chemicals is currently engaged in the business of trading of dyes and chemicals.

Partners of M/s. Meghmani Chemicals

As on date, M/s. Meghmani Chemicals has six partners and their profit sharing ratios are as follows:

Particulars	% Stake
Ms. Bharati Patel	30.00
Mr. Lalit Patel	23.00
Ramesh Patel HUF	20.00
Mr. Popat Patel	12.00
Anand Patel HUF	8.00
Mr. Praful Patel	7.00
Total	100.00

Financial Performance

Particulars	For the Financial Year ended March 31 (Rs. In million)		
	2006	2005	2004
Operating Income	87.24	52.14	54.06
Other Income	0.05	0.37	0.10
Stock Adjustments	0.67	0.83	(1.91)
Total Income	87.96	53.34	52.25
Profit After Tax	4.74	2.31	1.91
Partners Capital	31.14	25.13	20.52

13. M/s. Patel Trading & Investment Company (erstwhile Patel Dyestuff Industries)

M/s. Patel Dyestuff Trading & Investment Company is a registered partnership firm formed under a partnership deed dated December 11, 2006 wherein the name of the Partnership has been changed from Patel Dyestuff Industries to its present name. M/s. Patel Trading & Investment Company is engaged in the business of trading of all kinds of commodities, derivatives and other allied activities,.

Partners of M/s. Patel Dyestuff Industries

As on date, M/s. Patel Dyestuff has three partners and their profit sharing ratios are as follows:

Particulars	% Stake
Ms. Bharati Patel	30.00
Ms. Amita Patel	23.00
Mr Ramesh Patel	20.00
Mr. Anand Patel	8.00
Mr. Praful Patel	7.00
Mr. Guarang Patel	12.00
Total	100.00

Financial Performance

Particulars	For the Financial Year ended March 31 (Rs. In million)		
	2006	2005	2004
Operating Income	0.88	1.21	2.29
Other Income	0.01	0.05	0.05
Stock Increase/Decrease	0.00	(0.07)	(0.19)
Total Income	0.89	1.19	2.15
Profit After Tax	0.16	0.11	0.12
Partners Capital	3.60	3.87	4.40

DETAILS OF COMPANIES / FIRMS FROM WHICH PROMOTERS HAVE DISASSOCIATED

During the last three years, our Promoters have not disassociated themselves from any companies/partnership firms, except for the following:

1. Vangaurd Technologies India (Private) Limited - Pursuant to sale of Investment by all our Promoters in September 2005.

DETAILS OF GROUP COMPANIES WHOSE NAMES HAVE BEEN STRUCK OFF FROM RoCs

None of the companies promoted by our Promoter have been struck off the record of Registrar of Companies.

PROMOTER GROUP REFERRED TO BIFR/ UNDER WINDING UP/HAVING NEGATIVE NET WORTH

None of our Promoter Group Companies have been referred to BIFR or are under winding up. Except for Fidelity Exports Pvt. Limited and Meghmani Europe BVBA none of our Promoter Group Companies have a negative network.

COMMON PURSUITS/CONFLICT OF INTEREST

Some of our Promoters, either by themselves or through their relatives, have, either through equity interest held in companies forming a part of our Promoter Group or partnership interest in partnership firms forming a part of our Promoter Group, (collectively the "Certain Promoter Group Entities") which are engaged in the manufacture of certain products which may present potential conflict of interests situations. For further details please refer chapter titled "History and Other Corporate Matters" beginning on page no. 76 of this Red Herring Prospectus.

Our Directors are of the view that the products of these Certain Promoter Group Entities are not substitutes for and do not compete with our Company's products. However, there may be potential conflicts of interests in two main areas, which are as follows.

(a) Pigment Business

Currently, our Company manufactures Pigment Blue and Pigment Green and Certain Promoter Group Entities manufacture Pigment Violet or dyes. Our Directors are of the view that Pigment Violet and dyes are not substitutes and do not compete with Pigment Blue or Pigment Green.

The facilities used for the manufacture of Pigment Green, Pigment Blue and Pigment Violet cannot be used interchangeably, and different types of chemical compounds are used to manufacture Pigment Green, Pigment Blue and Pigment Violet. In addition, stage reactions involved in the manufacturing process for the various Pigments are different. As such, the technology and manufacturing equipment used for each different colour Pigment would vary.

Pigments and dyes have different applications, colour actions and manufacturing processes, and the main differences between Pigments and dyes are set out as follows:-

Description	Pigments	Dyes
Applications	Mainly used in products such as printing inks, plastics, rubber, paints, paper and leather	Mainly used in textiles
Colouring action	Pigments are insoluble in water. Pigments attach to the surface of the application through chemical reaction which does not involve dissolution in water	Dyes are normally applied to fabrics by dissolving in water. Dyes attach to the fibres of fabrics through chemical reaction or trapped with the fibres.

Description	Pigments	Dyes
Manufacturing process	<p>Normally, two broad manufacturing processes take place, namely:- (1) Chemical Reaction; and (2) Pigmentation</p> <p>Pigmentation is the most important process, and is required to modify the pigment particles to effect colouring properties.</p> <p>Pigmentation may take place by various methods such as dispersion, surface treatment, coating of additives and crystallization</p> <p>The specifics of the manufacturing process are dependent on the class of pigments manufactured.</p>	<p>Dyes require chemicals to produce colours. Normally, the manufacturing process involves two stages of chemical reactions, namely:- (1) Dye azotisation; and (2) Coupling with couplers.</p> <p>The manufacturing process does not entail pigmentation.</p>

To resolve any potential conflict of interest, each of the Certain Promoter Group Entities (who are engaged in the manufacture and sale of Pigment Violet and/or dyes), and their respective controlling shareholders or partners, as the case may be (including our Promoter Directors), have undertaken not to manufacture any other Pigments (other than Pigment Violet and dyes), vide the following several Deeds of Declaration and Undertaking (the "Deeds"):

I. Promoter Directors:

1. Deed of Declaration and Undertaking dated August 18, 2006 by Mr. Jayanti Patel;
2. Deed of Declaration and Undertaking dated August 18, 2006 by Mr. Ashish Soparkar;
3. Deed of Declaration and Undertaking dated August 18, 2006 by Mr. Natwarlal Patel;
4. Deed of Declaration and Undertaking dated August 18, 2006 by Mr. Ramesh Patel;
5. Deed of Declaration and Undertaking dated August 18, 2006 by Mr. Anand Patel;

II. Promoter Group entities

6. Deed of Declaration and Undertaking dated August 18, 2006 by Mr. Jayanti Patel, Mr. Ashish Soparkar (as partners of M/s. Ashish Chemicals) and M/s. Ashish Chemicals;
7. Deed of Declaration and Undertaking dated August 18, 2006 by Mr. Jayanti Patel, Mr. Ashish Soparkar (as partners of M/s. Alpanil Industries), other partners of M/s. Alpanil Industries and M/s. Alpanil Industries;
8. Deed of Declaration and Undertaking dated August 18, 2006 by Mr. Natwarlal Patel, Mr. Ramesh Patel and Mr. Anand Patel (as shareholders of Meghmani Dyes & Intermediaries Limited), and Meghmani Dyes & Intermediaries Limited and Meghmani Dyes & Intermediaries Limited;
9. Deed of Declaration and Undertaking dated August 18, 2006 by Mr. Jayanti Patel, Mr. Ashish Soparkar, Mr. Natwarlal Patel, Mr. Ramesh Patel and Mr. Anand Patel (as shareholders of Meghmani Chemicals Limited) and Meghmani Chemicals Limited;
10. Deed of Declaration and Undertaking dated August 18, 2006 by Mr. Ramesh Patel and Mr. Anand Patel (as partners of M/s. Meghmani Chemicals), other partners of M/s. Meghmani Chemicals and M/s. Meghmani Chemicals;
11. Deed of Declaration and Undertaking dated August 18, 2006 by Mr. Jayanti Patel, Mr. Ashish Soparkar and Mr. Anand Patel (as partners of M/s. Matangi Industries), other partners of M/s. Matangi Industries and M/s. Matangi Industries;
12. Deed of Declaration and Undertaking dated August 18, 2006 by Mr. Natwarlal Patel and Mr. Anand Patel (as partners of M/s. Tapsheel Enterprise), other partners of M/s. Tapsheel Enterprise and M/s. Tapsheel Enterprise.

To resolve any potential conflict of interest, the Deeds as stated in Serial Nos. 1 to 5 above executed by our Promoter Directors in their individual capacity, and through these Deeds have undertaken, inter alia, that so long as each of them remains a Director or each of them together with their associates, either individually or collectively, have an interest of not less than 5% of the issued share capital of our Company:

- (a) he will not be interested (directly or indirectly) on his own account either alone or as a director, shareholder, partner, beneficiary or the like in any business similar to our Company's business (other than Pigment Violet, dyes, herbicides and fungicides, as the case may be);

- (b) he will first offer any business opportunity in the nature of expansion, acquisition or the like, received or perceived by any entity or entities in which he may be interested (directly or indirectly) on his own account either alone or as a director, shareholder, partner, beneficiary or the like, to our Company, and unless such business opportunity has been declined by our Company, he shall not use and/or exploit such business opportunity; and
- (c) in the event any resolution is proposed by any entity or entities in which he may be interested (directly or indirectly) on his own account either alone or as a director, shareholder, partner, beneficiary or the like, which could result in a potential conflict of interest arising between our Company and such entity or entities, he shall, and he shall procure his associates shall, subject to applicable laws, exercise his/ their voting rights in such entity or entities to vote against such resolution.

Even the service agreements as executed by all the five aforesaid Promoter Directors dated June 25, 2004 with our Company have non-compete clauses.

Separate survival periods have also prescribed for other Deeds aforesaid.

In addition to the aforesaid, M/s. Alpanil Industries, which is engaged in the manufacture and sale of Pigment Violet and its partners have, pursuant to the aforesaid Deed of Declaration and Undertaking dated August 18, 2006, further undertaken to first offer any business opportunity in the nature of expansion, acquisition or the like in the manufacture and sale of Pigments, received or perceived by them to our Company, and unless such business opportunity had been declined by our Company, M/s. Alpanil Industries shall not use and/or exploit such business opportunity. In addition, in the event that M/s. Alpanil Industries intends to transfer, sell or otherwise dispose of its business and/or assets (including its Pigments plant) (the "Business Assets") to an unrelated third party, M/s. Alpanil Industries shall first offer such opportunity to our Company by giving notice in writing to our Company of such intention and our Company shall within a period of 3 months elect to either purchase or not purchase the Business Assets. In the event that our Company elects not to purchase the Business Assets, M/s. Alpanil Industries shall be entitled to dispose the Business Assets to an unrelated third party.

(b) Agrochemicals Business

Currently, our Company manufactures Pesticides while Meghmani Industries Ltd. ("MIL") manufactures herbicides and fungicides.

Pesticides are substances used for destroying various pests on crops. Generally, pests are unwanted organisms that cause problems in the agricultural process and include insects, weeds, bacteria or fungus. Insecticides, herbicides and fungicides are sub-categories of Pesticides. Each product category has differing applications and cannot be substituted by another product category. The main differences between insecticides, herbicides and fungicides are set out as follows:

Product Category	Application
Insecticides	For control of insect pests in agriculture. Such insect pests include caterpillars and aphids and can reduce crop yields and quality through their feeding.
Herbicides	For prevention or elimination of weeds, replacing or reducing manual and mechanical weeding.
Fungicides	For prevention and cure of plant diseases (including growth of fungus) which can have severe adverse effects on crop yields and quality.

Our Directors are of the view that the manufacture of herbicides and fungicides do not present any direct competition to the Pesticides business of our Company as herbicides and fungicides have different applications from Pesticides.

To resolve any potential conflict of interest, Meghmani Industries Limited and its controlling shareholders have, pursuant to a Deed of Declaration and Undertaking dated August 18, 2006, undertaken not to manufacture Pesticides (other than herbicides and fungicides).

(c) Use Of "Meghmani" Name

In addition to our subsidiaries, there are Certain Promoter Group Entities who use the "Meghmani" name in branding their products and/or as part of their corporate name, namely:

- (a) Meghmani Industries Limited;
- (b) M/s. Meghmani Chemicals;
- (c) Meghmani Chemicals Limited;
- (d) Meghmani Dyes & Intermediates Limited;
- (e) Meghmani Europe BVBA (Meghmani Europe);
- (f) Meghmani Exports Limited, SADeCV.

In addition, to the best of our Company's knowledge, one of our customers, Meghmani Agrodyne Pvt. Ltd. (the "Customer") also uses the "Meghmani" name as part of their corporate name.

The name "Meghmani" has been used by the Certain Promoter Group Entities controlled by our Promoters and their family members since our Promoters started the businesses of Certain Promoter Group Entities. The "Meghmani" name was derived from the names of the parents of some of our Promoters and therefore has certain sentimental value.

Our Company registered the trademark "Meghmani". Four of the certain Promoter Group Entities namely Meghmani Industries Limited; M/s. Meghmani Chemicals; Meghmani Chemicals Limited; and Meghmani Dyes & Intermediates Limited and the Customer who use the "Meghmani" name in branding their products and/or as part of their corporate name have entered into separate name licencing agreements with our Company for the use of the "Meghmani" name. However Meghmani Europe BVBA (Meghmani Europe), Meghmani Exports Limited, SADeCV have not entered into any name licencing agreement with our Company.

For further details on the name license agreements, please refer to chapter titled "History and Other Corporate Matters" beginning on page no. 76 of this Red Herring Prospectus.

However, there are no sales or purchases between our Company and any company in the Promoter Group exceeding 10% of the sales or purchases of our Company, except as mentioned in the Section titled "Financial Statement" beginning on page no. 116 of this Red Herring Prospectus.

RELATED PARTY TRANSACTIONS

There have been no sales or purchases between our Company and companies in the Promoter Group exceeding in value in the aggregate 10% of the total sales or purchases of our Company, except those transactions mentioned under the section titled "Financial Statements" beginning on page no. 116 of this Red Herring Prospectus.

For further details of our related party transactions, please see section titled "Financial Statements" beginning on page no. 116 of this Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements, and overall financial requirements. The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

(Rs. in mn.)

Particulars	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002
No. of Equity Shares of Re. 1 each (in million)	200.63	200.63	165.93	165.93	165.93
Rate of Dividend (%)	35%	30%	24%	22%	40%
Total Dividend Paid (Rs. in million)	70.22	60.19	39.82	36.50	66.37
Dividend Tax paid (Rs. in million)	9.85	7.86	5.10	4.68	6.77

SECTION V - FINANCIAL STATEMENTS

31.03.2007

The Board of Directors
Meghmani Organics Limited
184, Phase II, GIDC Industrial Estate,
Vatva,
Ahmedabad -382445

Dear Sirs,

1. We have examined the books and accounts of Meghmani Organics Limited for five financial years/period ended on December 31, 2006, March 31, 2006, 2005, 2004, 2003, 2002, and the statement of adjusted assets and liabilities as on those dates forming Part of the "Financial Information" dealt with by this report detailed below both read together with notes thereon, which are the responsibilities of the company's management have been audited by us and made up in terms of requirements of :-

- (a) paragraph B in (1 of Part II) of Schedule II to the companies Act, 1956.
- (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, (the "SEBI Guidelines"); and related clarifications issued by Securities and Exchange Board of India (SEBI) on January 19, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.
- (c) The terms of reference received from the Company requesting us to carry out the work, proposed to be included in the offer documents of the company, in connection with its proposed Initial Public Offer (IPO).

The Company proposes to make an IPO for the fresh issue of Equity shares amounting to Rs. 1020 millions at an issued price to be arrived at by Book building process. (referred to as "the Offer").

- (d) The guidance note on report in company's prospectus and guidance note on audit report / certificate on financial information in offer documents Issued by the institute of Chartered Accountants of India

2. We report as under:

- i. The Statements of adjusted Profits and Losses and the Assets and Liabilities of the company as at the end of each of the five financial years ended 31st March, 2002 to 2006 reflect the profits and losses and assets and liabilities extracted from the Profit and Loss account and Balance Sheet for those years, audited by us, after making such adjustments regrouping and disclosures as were, in our opinion, appropriate and required have been prepared out of audited financial statements for the years.
- ii. In our opinion, read with the respective significant accounting policies and subject to/read together with the notes thereon and after making such adjustments, regrouping and disclosures as were, in our opinion appropriate and required, have been prepared in accordance with part-II of Schedule-II of the Companies Act, 1956 and the SEBI Guidelines.
- iii. This report is being provided solely for the use of Meghmani Organics Ltd, for the purpose of inclusion in the Red herring prospectus of the company and filing with Registrar of Companies.
- iv. This report may not be used or relied upon by, or disclosed, referred to or communicated by yourself (in whole or in part) to, any third party for any purpose other than the stated use, except with our written consent in each instance, and which consent may be given, only after full consideration of the circumstances at that time.

PLACE:- AHMEDABAD
DATE:- 31.03.2007

FOR M/S PATEL & KHANDWALA
CHARTERED ACCOUNTANTS

SD/-

(M M KHANDWALA)
PARTNER
MEMBERSHIP NO. 32472

"Financial Information" dealt with by this report:

PART- A

Annexure - I	Statement of Assets and Liabilities as at December 31, 2006, March 31, 2006, 2005, 2004, 2003, 2002
Annexure -II	Statement on Profit & Loss Account for the years/period ended on December 31, 2006, March 31, 2006, 2005, 2004, 2003, 2002
Annexure -III	Cash Flow Statement
Annexure - IV	Significant Accounting Policies and Notes to accounts for FY 31.03.2002 to 31.03.2006
Annexure - V	Statement of Accounting Ratios
Annexure - VI	Statement of change in Share Capital
Annexure- VII	Statement of Change in reserves.
Annexure - VIII	Statement of Secured loan as at December 31, 2006, March 31, 2006, 2005, 2004, 2003, 2002
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Annexure - X	Capitalization Statement
Annexure - XI	Statement showing Age-wise analysis of Sundry Debtors
Annexure - XII	Statement showing loan and advances
Annexure - XIII	Statement of Contingent liability
Annexure -XIV	Statement of other income
Annexure - XV	Statement of tax shelter
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Annexure - XVIII	Statement of Earning Per Share [EPS] calculation

ANNEXURE - I

Summary Of Assets And Liabilities-Restated

(Rs. In Million)

DETAILS	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
Fixed Assets						
Gross Block (including Capital WIP)	2126.65	1961.07	1648.25	1456.36	1182.21	991.65
LESS: Depreciation	824.15	725.81	612.69	501.78	408.39	331.97
Net Block(A)	1302.50	1235.26	1035.56	954.58	773.82	659.68
B. Investments	6.48	6.13	5.21	4.84	2.50	2.20
Current Assets, Loans & Advances						
Inventories	950.51	773.45	524.04	398.15	307.63	212.68
Sundry Debtors	2303.59	1731.57	1427.41	1249.78	908.74	864.22
Cash and Bank balances	58.20	50.34	51.02	119.39	67.88	64.49
Loans and Advances	528.50	788.96	643.65	449.66	395.46	303.94
Sub Total (C)	3840.80	3344.32	2646.12	2216.98	1679.71	1445.33
Less : Loans and Liabilities						
Secured Loans	770.46	684.65	492.50	894.15	442.43	480.49
Unsecured Loans	913.14	344.92	6.31	1.58	44.35	22.80
Current Liabilities and Provisions	530.42	936.51	885.92	688.20	644.99	483.02
Sub Total (D)	2214.02	1966.08	1384.73	1583.93	1131.77	986.31
Deferred Tax (E)	113.29	119.32	103.64	104.09	88.11	0.00
Net Worth (A+B+C-D-E)	2822.47	2500.31	2198.52	1488.38	1236.15	1120.90
Represented by						
Share Capital	200.63	200.63	200.63	165.93	165.93	165.93
Reserves & Surplus	2626.51	2305.74	1999.54	1325.63	1075.36	963.45
less: Miscellaneous Expenditure	4.67	6.06	1.65	3.18	5.14	8.48
Net Worth	2822.47	2500.31	2198.52	1488.38	1236.15	1120.90

ANNEXURE - II
Statement of Profit And Loss (Restated)

(Rs. In Million)

DETAILS	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
Income						
Net Sales of products manufactured by the company	3497.93	3808.92	3150.95	2348.21	1917.14	1670.90
Net Sales-Trading	55.47	82.69	211.84	71.11	106.89	101.80
Other Income	19.94	55.34	68.51	66.30	107.13	109.65
Increase / (Decrease) in Stock	116.65	212.74	84.64	34.60	67.17	14.56
Total	3689.99	4159.69	3515.94	2520.22	2198.33	1896.91
Expenditure						
Raw material consumed	2235.37	2438.07	1926.18	1251.06	994.68	825.55
Trading Purchase	52.79	39.38	189.81	70.29	96.62	91.39
Employees cost	86.94	91.86	78.79	66.64	56.00	49.33
Power & Fuel	255.46	294.75	260.93	231.54	181.65	166.08
Other manufacturing cost	120.83	161.26	144.88	129.35	98.56	83.82
Administration Expenses	103.74	137.15	127.30	72.18	93.37	94.03
Selling & Distribution Expenses	294.19	333.06	220.43	174.71	253.75	206.21
Interest (Financial Expenses)	84.26	79.20	45.22	57.48	46.14	23.99
Depreciation	100.46	114.84	111.86	94.39	77.90	67.31
Total	3334.04	3689.57	3105.40	2147.64	1898.67	1607.71
Net profit before extra ordinary Items &Tax	355.95	470.12	410.54	372.57	299.65	289.20
Extra Ordinary Item :-						
Loss on Fire	0.00	0.00	0.00	0.00	(1.80)	0.00
Subsidy Received	0.00	0.00	0.00	0.20	0.00	0.00
Dividend from Mutual Fund (Temp Invest. of IPO Fund)	0.00	0.00	2.90	0.00	0.00	0.00
Current tax (Provision and Payment)	41.21	71.06	100.20	58.68	60.15	53.28
Deferred tax	(6.03)	15.68	(0.44)	15.98	(1.38)	0.00
Prior Period Expenses	0.00	0.00	0.00	0.72	0.11	0.73
Net Profit after Tax	320.77	383.38	307.88	296.99	242.57	235.19
Amount available for appropriation	320.77	383.38	307.88	296.99	242.57	235.19
APPROPRIATION						
Provision for Dividend	0.00	70.22	60.18	39.83	36.50	66.37
Provision for Tax on Dividend	0.00	9.85	7.86	5.10	4.68	6.77
Transfer to General Reserve	0.00	40.00	40.00	40.00	90.30	50.00
Balance carried over to Balance sheet	320.77	263.31	199.84	212.06	111.09	112.05

ANNEXURE - III
Cash Flow Statement prepared from the restated Financial Statements

(Rs. In Million)

PARTICULARS	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
CASH FROM OPERATING ACTIVITIES						
Net profit before taxation & Extraordinary items	355.95	470.12	410.55	372.57	299.55	288.47
Adjustments for:						
Depreciation	100.46	114.84	111.89	94.39	77.91	67.31
Preliminary Exp W/O	0.00	0.00	0.00	0.05	0.05	0.05
Deferred Revenue Expenses W/O	1.49	2.41	1.53	1.92	3.28	5.06
Unrealised Foreign Exchange Gain	(20.78)	(3.01)	0.00	0.00	0.00	0.00
Interest Income	(0.19)	(0.98)	0.00	0.00	0.00	0.00
Dividend Income	(0.03)	(0.18)	(2.90)	0.00	0.00	0.00
Interest Expense	84.26	79.20	45.22	57.48	46.14	24.26
Profit / Loss on sale of asset	0.66	0.73	0.58	0.74	0.93	7.06
Loss on Sale of Investment	0.00	0.03	0.00	0.00	0.00	0.00
fixed assets Write off	0.00	0.00	0.90	0.00	0.00	0.00
subsidy from Government	0.00	0.00	0.00	(0.20)	0.00	0.00
Loss on fire	0.00	0.00	0.00	0.00	1.80	0.00
Operating profit before working capital changes	521.82	663.16	567.77	526.95	429.66	392.21
Adjustment for Changes in working capital						
Debtors	(572.02)	(304.16)	(177.63)	(338.83)	(44.52)	(142.83)
Inventories	(177.06)	(249.41)	(125.89)	(92.32)	(94.95)	(29.47)
Other Current Assets & Loans & advances	(116.20)	(49.28)	(88.12)	11.20	0.73	(20.21)
Current Liabilities	87.88	(32.27)	74.59	(18.94)	84.33	61.13
Cash generation from operations	(255.58)	28.04	250.72	88.06	375.25	260.83
Less: Income tax paid	(57.67)	(93.24)	(106.07)	(67.95)	(92.41)	(44.88)
Net cash from Operations (A)	(313.25)	(65.20)	144.65	20.11	282.84	215.95
CASH FROM INVESTING ACTIVITIES						
Purchase of Fixed assets	(169.26)	(316.47)	(197.37)	(277.92)	(195.48)	(108.63)
Proceeds from sale of assets	0.91	1.19	3.02	1.31	2.52	1.80
Purchases of Investment (HDFC Cash Management)	0.00	(60.15)	0.00	0.00	0.00	0.00
Sales of Investment (HDFC Cash Management)	0.00	60.13	0.00	0.00	0.00	0.00
Interest Income	0.19	0.98	0.00	0.00	0.00	0.00
Dividend Income	0.03	0.18	0.00	0.00	0.00	0.00
Deferred Revenue Expenses	(0.10)	(6.82)	0.00	0.00	0.00	(2.02)
Investments	(0.35)	(0.92)	(0.38)	(2.34)	(0.30)	(1.60)
Net cash from Investing Activities (B)	(168.58)	(321.88)	(194.73)	(278.95)	(193.26)	(110.45)

(Rs. In Million)

PARTICULARS	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
CASH FROM FINANCING ACTIVITIES						
Increase in long term borrowings (USL)	0.00	0.00	0.00	0.00	0.00	0.00
Increase in short term borrowings	0.00	0.00	(175.35)	142.68	0.00	0.00
Borrowings / Repayment of Loans	(85.81)	192.14	(226.29)	310.62	(38.07)	159.87
Interest Paid	(84.26)	(79.20)	(45.23)	(57.48)	(46.14)	(24.26)
Dividend Paid	(70.22)	(60.19)	(39.82)	(36.50)	(16.75)	(86.49)
Tax on dividend	(9.85)	(7.87)	(5.10)	(4.68)	(6.77)	(3.76)
Equity Share Bought Back	0.00	0.00	0.00	0.00	0.00	(156.68)
Proceeds from other Bank Borrowing	568.22	338.61	4.73	(44.35)	21.55	22.80
Increase in Share Capital	0.00	0.00	34.70	0.00	0.00	0.00
Increase in Share Premium	0.00	0.00	433.87	0.00	0.00	0.00
Net cash from Financing Activities (C)	489.70	383.49	(18.49)	310.29	(86.18)	(88.52)
Net Increase / (decrease) in cash & cash equivalents(A+B+C)	7.87	(3.59)	(68.57)	51.45	3.40	16.98
Cash and Cash Equivalents at beginning of the year	50.33	53.92	119.59	67.94	64.48	47.50
Cash and Cash Equivalents at the end of the year	58.20	50.33	51.02	119.39	67.88	64.48

ANNEXURE - IV**SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT NOTES TO ACCOUNTS FOR FY 31.03.2002 TO 31.03.2006 AND FOR PERIOD ENDED ON 31 DECEMBER, 2006****1. SIGNIFICANT ACCOUNTING POLICIES - FY 31.03.2002 TO 31.03.2006 AND FOR PERIOD ENDED ON 31 DECEMBER, 2006****a) REVENUE RECOGNITION**

- 1) In appropriate circumstances, Revenue is recognised on accrual basis when no significant uncertainty as to determination or realization exists.
- 2) Sales
Sale of power is accounted on the basis of power units sold to other division of the Company.
Domestic Sales are accounted exclusive of excise, net of sales tax, sales return and rate difference if any. Exports sales are accounted on the basis of dates of Bill of Lading and including exchange rate differences arising in export sales transaction. Sales do not include Inter Division transfer of finished goods and other materials.
- 3) Accounting for claims
Insurance claims are recognised on the basis of approval of claim by insurance company.
- 4) Export Benefits
Incomes in respect of Duty Drawback and Duty Entitlement Pass Book Scheme (DEPB) in respect of exports made during the period are accounted on accrual basis. Profit or losses on transfer of DEPB licenses are accounted in year of the sales. Duty free imports of material under Advance License matched with the export made against the said licenses
- 5) Dividend income is recognised on the basis of dividend declared by the companies and mutual fund in which company has made investment.

b) FOREIGN CURRENCY TRANSACTION

Transactions in foreign currencies are recorded in Indian Rupees using the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, recorded monetary balances, except for hedged items, are reported in Indian Rupees at the rates of exchange prevailing at the balance sheet date.

All realised and unrealised exchange adjustment gains and losses are dealt with in the profit and loss account. In order to hedge its exposure to foreign exchange risks arising from certain foreign currency bank borrowings and trade receivables, the Company enters into forward contracts.

The accounting for the hedged item and hedging instrument are as follows:

- (i) Specific hedging is performed for certain foreign currency denominated bank borrowings, which are recorded at the respective forward rates at inception date. The exchange difference between the forward rate and the exchange rate at the date of transaction is recognised as income or expense over the period of the forward contract.
- (ii) Partial hedging is performed at a macro level for foreign currency trade receivables. Such receivables are recorded at the respective exchange rates prevailing at transaction dates and re-valued periodically. The exchange difference between the forward rate and the exchange rate prevailing at the forward contract's maturity date is recognised as income or expense upon maturity of the forward contract.
- (iii) Non monetary items other than fixed assets, which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) FIXED ASSETS

- i. Fixed assets are stated at cost of acquisition or construction less accumulated depreciation, including financial cost till such assets are ready for its intended use, less specific grants received and Cenvat Credit availed.
- ii. Fixed assets in the course of work-in-progress for production or administrative purposes are carried at cost less any impairment loss.
Cost includes land and building improvement costs, related acquisition expenses and construction costs incurred during the period of construction. Depreciation of these assets, on the same basis as the other property assets, commences when the assets are ready for their intended use.
- iii. The exchange rate gain or loss relating to acquisition of capital assets is adjusted to the cost of fixed assets.
- iv. The cost of self-constructed assets includes cost of materials plus any other directly attributable costs of bringing the assets to working condition for its intended use.
- v. Pre-operative expenditure/income relating to Basic Chemical Project is pending for capitalisation as the installation of fixed assets is not in progress.

d) IMPAIRMENT OF ASSETS

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

e) DEPRECIATION

Except for freehold land, leasehold land and Capital work-in-progress, depreciation is charged on straight line method (SLM) as per rate prescribed under schedule XIV of the Companies Act 1956.

Intangible assets are amortized over useful life of assets as per management perception.

Leasehold land is amortized over the available balance lease period.

Depreciation is not provided on freehold land and capital work-in-progress.

When assets are disposed or retired, their cost and accumulated depreciation are removed from the financial statements. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit and loss account for the relevant financial year.

f) INVESTMENTS

Long term investments are stated at cost. Gain or loss arising from sale or disposal of such investments is accounted at the time of actual sale or disposal.

g) INVENTORIES

Inventories are stated at the lower of cost and net realizable value.

Cost of Raw Material is determined on a monthly moving weighted average on FIFO basis. Previously the cost was determined on FIFO basis. The company has effected the change on account of SAP system implemented by the company during the year 2005-06.

Stores and consumables are valued at cost (net of CENVAT) or net realizable value whichever is less.

Finished goods are valued at cost or net realizable value whichever is lower. Cost comprises direct materials and, where applicable, direct labour costs, those overheads that have been incurred in bringing the inventories to their present location and condition and excise duty payable on finished goods.

For finished goods of Export oriented units (EOUs) where prima facie finished goods of EOUs are meant for export and no excise duty is leviable, therefore no excise duty is added in finished goods valuation. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Work in progress is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs, manufacturing overheads and depreciation.

h) BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets, wherever applicable. A qualifying asset is one which is that necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue account. Capitalisation of borrowing cost suspended when active development is interrupted.

i) PRIOR YEAR EXPENSES AND INCOME

Transactions pertaining to period prior to Current Accounting Year are adjusted through prior year adjustments, if any.

j) RESEARCH AND DEVELOPMENT EXPENSES

Revenue expenditure pertaining to Research and Development is normally charged to Profit and Loss Account.

k) EMPLOYEE BENEFIT

In view of revised AS 15, the Company has made provision for employee's benefits as under:

- (i) Company's contribution paid/payable during the year to Provident Fund, ESI and Labour Welfare Fund are accounted on accrual basis and charged to Profit and Loss account.
- (ii) The gratuity scheme is administered by the Life Insurance Corporation of India. Annual contributions as determined by the LIC are charged to the Profit and Loss Account. However the Company makes additional provision for the difference between fund available in gratuity fund and present value of accrued liabilities. This difference is based on actuarial valuation made by Life Insurance Corporation of India.
- (iii) Provision for Leave Travel Allowance and Leave Encashment is charged to Profit and Loss account.

l) EXCISE DUTY

Excise duty including (Education cess) on Finished Goods are shown separately in Manufacturing and other expenses and included in the valuation of finished goods.

m) CENVAT

CENVAT Credit of raw materials and other consumables is accounted at the time of purchase and the same is being adjusted to the cost of raw materials and other consumables.

n) DEFERRED TAXATION

Deferred Tax is recognised, subject to the consideration of prudence, on timing difference being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising from the timing difference are recognised to the extent that there is virtual certainty that there would be adequate future taxable income available against which such deferred tax assets can be realized.

SIGNIFICANT NOTES TO ACCOUNTS FOR FY 31.03.2002 TO 31.12.2006

1. SHARE CAPITAL

FY 2002-2003

Buy Back of Equity Shares

In terms of resolution passed by the shareholders at the Extra Ordinary General Meeting held on 15th February 2002 authorising the Company to Buy Back its own Equity Shares under buyback programme, the Company has brought back 1843298 equity shares of Rs. 10/- each at an average price of Rs. 85/- per share aggregating Rs. 156.68 millions.

The nominal value of Equity Shares Capital of Rs. 18432980 brought back has been reduced from the paid up capital and premium paid on buyback shares has been appropriated from the Share Premium Account. The Company has created Capital Redemption Reserve account of Rs. 18.43 millions on Buy back of Equity Shares.

Fy 2003-2004

SHARE CAPITAL

During the year the Company has splitted its equity share from Rs. 10/- each in to Rs. 1/- per share each. The consequently the numbers of shares issued and paid up increased from 16,593,000 to 165,930,000

Fy 2004-2005

SHARE CAPITAL

- a) On July 30, 2004, the Company offered 100,400,000 Singapore Depository Shares ("SDSs") each representing one half of one ordinary share of Rs 1 each, comprising of 69,400,000 new SDS and 31,000,000 SDSs by existing investors at a price of S\$0.28 (equivalent to Rs 7.41) per SDS.

On account of above, issued and paid up share capital of the Company increased by 34,700,000 shares of Rs. 1 each i.e. from 165,930,000 of Rs 1 each to 200,630,000 of Rs. 1 each.

- b) At present total share capital of the Company Rs. 200,630,000 is represented through 124,047,350 equity share of Rs. 1/- each and balance 76,582,650 equity shares through Singapore Depository Shares ("SDSs").
- c) According to the information and explanation given to us, the Company has raised an amount of Rs. 468.57 million by way of Public Issue during the year ended on 31 March, 2005.
- d) The unutilized fund as of now is utilized for working capital requirement as per the terms of prospectus "Pending the specific deployment of funds, the proceeds may be placed as deposits with financial institutions or added to our working capital or used for investment in short-term money market instruments as may be determined by our Directors in their absolute discretion".

2. RETIREMENT BENEFIT

Contribution to Provident Fund is accounted on accrual basis with corresponding contribution to recognized fund.

The gratuity scheme is administered by the Life Insurance Corporation of India. Annual contributions as determined by the LIC are charged to the Profit and Loss Account.

From Fy 2002-2003, the Company has discontinued the practice of making provision for employees liability of leave encashment benefit as retirement benefit. The Company has made the payment of leave encashment to the employees for the current year as well as accumulated benefit of the earlier years.

3. CONTINGENT LIABILITIES

- a. Contingent liabilities in respect of Bank Guarantee of Rs. 41.46 million (P.Y. Rs. 45.05 million) and in respect of Letter of Credit opened and outstanding with Bank Rs. 51.73 million (P.Y. Rs. 140.60 million) is not provided for in the accounts.
- b. The Company has Given Guarantee to ABN Amro Bank in respect of Loan taken by Meghmani Europe BVBA of Rs. 115.30 million.
- c. The income tax assessment for the Asst. Year 2003-04 has been completed. Income Tax Department has raised demands along with interest for Rs. 11.98 million, against which the Company had preferred appeal. The CIT (Appeals) Ahmedabad VII have disposed off appeal partly in favour of company. The Company has preferred an appeal before ITAT Ahmedabad against the order of CIT (Appeal) VII Ahmedabad which is pending for hearing. The Company has paid disputed tax liability under protest.

In view of retrospective amendment of Section 80 HHC of Income Tax Act, the department have issued Notice under Section 148 of the Income Tax Act for Assessment year 1999-2000 and 2000-2001. The Company has filed the revised return of income.

The assessment of A.Y. 1999-2000 is completed and the Income Tax Department has raised the additional demand of Rs. 16.74 million. The company has fully paid such demand and has preferred an appeal before commissioner of Income Tax (Appeals) Ahmedabad, which is pending for hearing. The assesment proceedings for Assessment year 2000-2001 is pending.

Further on account of dispute, cumulative probable liability for all earlier assessment years would be Rs. 66.78 million (P.Y. Rs. 29.65 million). The Company has preferred appeals against the said orders, which are still pending before ITAT and/or Commissioner of Appeals. Against the above demand, the Company has already paid substantial amount under protest.

The Company has also received notice under section 153 C of the Income Tax Act requiring it to file its returns of income for Assessment Years 2000-01 to 2005-06. According to the Company issuance of such notice is illegal. The Company has objected to said notice and its objections are as yet not adjudicated upon.

- d. A show cause notice dated 28 June, 2005 issued by The Commissioner of Central Excise , Surat - II for differential duty of Rs. 2.08 million was served to the Company. In the said show cause notice the demand of Custom duty of Rs. 3.58 million has been made and there is also a proposal for imposing penalty and demand of interest on duty.

The Company has replied to show cause and the personal hearing was given by the Commissioner. The matter has been transferred to call book in view of the similar matters are pending before judicial authority for their decision. Hence the Commissioner will decide the issue on the line of the decision of judicial authority.

The Company has right to appeal against the adverse decision of the authority, if any, to CESTAT. Hence the company has not made provision for the liability.

- e. The show cause notice bearing no. DGCEI /AZU /36 -82/ 04 dated 29 December,2004 was served by The Director General of Central Excise Intelligence , Baroda for demand of duty of Rs. 24.33 million.

The Show cause notice was decided by the Commissioner (ADG), Surat and the demand was confirmed with equal penalty to the duty is imposed and the interest on duty has also been demanded. The personal penalty is also imposed on one of the Directors and Officers of the Company

As the order is not acceptable, the company is in the process of filing appeal against the order of Commissioner (ADG) to the competent authority.

- f. Two show cause notices bearing no. V.73 /15 - 58 /Offence/ OA1/ ITISHA/ 05-06 dated 31 March ,2006 and V (28) / 15 - 24 /OA/ 2006/ dated 18 May,2006 were served by The Commissioner Central Excise Ahmedabad -1 and Ahmedabad - 2 respectively for demand of duty of Rs. 6.32 million. In the said show cause notices there is a proposal for imposition of penalty and demand for interest on duty. The personal penalty is also proposed on two Directors and Officers of the Company

Both the show cause notices are in the process of being replied in detail. The Company has given interim reply and requested for extension in submitting final reply.

The Company has already paid Rs. 5.66 million against the demand under protest.

- g. The show cause notice bearing F. No. V(Ch.28)3-28/Dem/2003/Addl. Dt. 03.03.2004 was served by Audit Team of Excise Dept. for demand of duty of Rs. 2.75 million. On the said notice there is a proposal for imposition of interest and penalty also.

The Company has filed reply to the office of the Additional Commissioner Surat II.

- h. Various employee/ex-employee of the Company, has filed different legal suits in labour court against the Company. The total claim amount is Rs. 110.43 million plus interest wherever applicable. The said claims are not accepted by the Company and the proceedings are pending.

4. INTER DIVISION TRANSFER

Sales and Purchases are shown net of Inter Divisional Transfer amounting to Rs. 311.84 million (Previous year Rs. 252.94 million). Other income and manufacturing expenses are shown net of Interdivisional Job work charges income Rs. 6.32 million (Previous year Rs. 2.43 million)

During the year 2005-06, the company has installed captive power plants and create separate business area to avail benefit of infrastructure u/s 80IB of the Income Tax Act, 1961. From the same units the Company has sold power to the tune of Rs. 30.39 million (Previous year Rs. 11.11 million) to its other units. The same is knocked off from sales.

5. FOREIGN EXCHANGE RATE DIFFERENCE

31 December 2006

The Net Foreign Exchange Rate difference pertaining to Export realisation amounting to Rs. 12.90 million (Previous year Rs. 12.67 million) have been credited to Sales in Profit and loss Account.

Rs. 2.31 million (Previous Year Rs. 0.85 million) towards Net Exchange Rate difference pertaining to Import Purchases have been debited to Purchases in Profit & Loss account.

Exchange rate differences amounting to Rs. 1.61 million (Previous year Rs. 11.62 million) towards loan fund in foreign currency have been debited to bank interest in profit and loss account.

Further, Rs. 1.02 million (Previous Year Rs. 1.79 million) towards Net Exchange Rate difference pertaining to others transactions have been debited to Administrative Expenses in Profit & Loss account.

Exchange rate difference Rs. Nil (Previous Year Rs. 0.16 million) have been credited to the carrying amount of fixed assets related to foreign currency loan borrowed for creation of assets.

As at balance sheet date, the profit of Rs. 3.15 million (Previous year Profit of Rs. 1.58 million) is not accounted for towards unsettled forward exchange contract to hedge the Company's export exposure at a fair value method of foreign exchange forward contracts. To that extent the profit of the Company is understated.

6. IMPAIRMENT OF ASSETS

During the year, the Company has impaired its assets to the tune of Rs. Nil (Previous year Rs. Nil) in respect of dead stock and Rs. Nil (Previous year Rs. Nil) in respect of plant and machineries. The same is charged to the profit and loss account.

7. CESSATION OF SUBSIDIARY

Meghmani Europe BVBA has ceased to be wholly owned subsidiary of the Company on account of fresh investment made by foreign company in Meghmani Europe BVBA and thereby the shareholding of Company is diluted.

8. MANAGERIAL REMUNERATION

Managerial remuneration U/S 198 of the Companies Act 1956 paid or payable during the financial year to the Directors and Computation of Net Profit in accordance with section 198(1) and section 349 of the Companies Act, 1956 are as under :-

Rs in millions		
	31.12.2006	2005-06
A. Profit as per Profit and Loss Account	320.77	383.38
B. Add :		
Managing Directors' Remuneration (including perquisites)	25.65	25.52
Whole time Directors' Remuneration (including perquisite)	11.62	12.71
Executive Director Remuneration (including perquisite)	1.56	1.77
Depreciation	100.46	114.84
Loss on sale of Fixed Assets	0.65	0.75
Provision for Taxation (including FBT)	41.22	71.07
Provision for Deferred tax	(6.03)	15.68
Expenses in respect of previous year	0.00	0.00
Sub Total	495.90	625.72
C. Less: Depreciation under section 350	100.46	114.84
Profit on which commission is payable (A+B-C)	395.44	510.88

Details of Directors remuneration

Rs. In millions				
	Managing Directors	Whole-time Directors	Executive Director	Total
1. Salary	10.80	6.34	0.86	18.00
2. P.F Contribution	1.30	0.76	0.10	2.16
3. Perfor. Bonus	13.50	4.50	0.34	18.34
4. Perquisites	0.05	0.02	0.27	0.34
Total	25.65	11.62	1.57	38.84

9. PROVISION FOR TAXATION

The Company has made Income Tax provision of Rs.38.85 million for the period ended on 31 st December 2006 after taking into consideration the Export Oriented units u/s 10 B of Income Tax 1961.

10. DEFERRED TAX

	Rs. in millions	Rs. in millions
	December 31, 2006	March 31, 2006
Deferred tax liabilities	118.34	124.37
Deferred tax assets	(5.05)	(5.05)
Net position	113.29	119.32

The movement for the relevant periods in the Company's deferred tax position is as follows:

	Rs. in millions	Rs. In millions
	December 31, 2006	March 31, 2006
At beginning of period	119.32	103.64
Charge to P & L Account for the period	(6.03)	15.68
At end of period	113.29	119.32

Deferred tax liabilities are mainly represented by the tax effect of the excess of net book value over tax written down value of certain qualifying assets. The movement for the relevant periods in the Company's deferred tax liabilities is as follows:

	Rs. in millions		
	Tax depreciation	Others	Totals
At April 1, 2006	124.37	0.00	124.37
Charge to income for the year	(6.03)	0.00	(6.03)
At December 31, 2006	118.34	0.00	118.34

Deferred tax assets are mainly represented by the tax effect of provision for doubtful trade receivables/bad debts written off. The movement for the relevant periods in the Company's deferred tax assets is as follows:

	Rs. in millions		
	Provision For doubtful Debts	Others	Total
At April 1 2006	(5.05)	0.00	(5.05)
Charge to income for the year	0.00	0.00	0.00
At December 31 2006	(5.05)	0.00	(5.05)

11. The estimated amount of contracts remaining to be executed on capital accounts of Rs. 40.14 million (P.Y. Rs. 65.47 million) is not provided for.
12. Sundry Creditors (Schedule-11) include Rs. 25.56 million (P.Y. 26.89 million) due to Small-Scale and Ancillary undertakings as per separate annexure enclosed. This disclosure is based on the information available with the Company regarding the status of the suppliers.
13. Current audit period consist of 9 months (April 2006 to December 2006) only. However the figures of previous year consist of 12 months (April 2005 to March 2006). Hence the figures of previous years are not comparable.
14. The company has introduced SAP Software in a phase manner. This is the initial period of implementation of SAP.

Annexure - V

STATEMENT OF ACCOUNTING RATIO

	PARTICULARS	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
	RETURN ON NETWORTH						
A	Profit after Tax (Rs.in million)	320.77	383.38	307.88	296.99	242.57	235.19
B	Net Worth (Rs.in million)	2822.47	2500.31	2198.52	1488.38	1236.15	1120.90
C	RETURN ON NETWORTH-% (A)/(B)	11%	15%	14%	20%	20%	21%
	NET ASSETS VALUE PER SHARE						
D	Total Assets (Rs. In million)	5149.77	4585.70	3689.79	3176.61	2454.22	2107.22
E	Total Liabilities (Rs. In million)	2327.30	2085.39	1488.38	1688.02	1219.87	986.32
F	Assets Value (D)-(E)(Rs. In million)	2822.47	2500.31	2201.42	1488.59	1234.35	1120.90
G	Less:Share Application	0.00	0.00	0.00	0.00	0.00	0.00
	Money received						
H	Net Assets Value (F)-(G)(Rs.in million)	2822.47	2500.31	2201.42	1488.59	1234.35	1120.90
	Less:Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
I	Net Assets Value excluding						
	revaluation reserve (H) - (I)	2822.47	2500.31	2201.42	1488.59	1234.35	1120.90
J	No of Shares(in million)	200.63	200.63	200.63	165.93	16.59	16.59
K	Net Assets Value						
	Per Share(Rs.)(I) / (J)	14.07	12.46	10.97	8.97	74.39	67.55

Annexure - VI

Statement of Change in share Capital

Particulars	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
Share Capital						
Authorised Share Capital						
No of Shares of Rs. 10/- each	-	-	-	-	37,000,000	37,000,000
Amount (Rs. In Millions)					370.00	370.00
No. of shares of Rs.1/- each	370,000,000	370,000,000	370,000,000	370,000,000	-	-
Amount (Rs. In Millions)	370.00	370.00	370.00	370.00	-	-
Issued / Subscribed and Paid Up						
No of Shares of Rs. 10/- each	-	-	-	-	16,593,000	16,593,000
Amount (Rs. In Millions)	-	-	-	-	165.93	165.93
No. of shares of Rs.1/- each	200,630,000	200,630,000	200,630,000	165,930,000	-	-
Amount (Rs. In Millions)	200.63	200.63	200.63	165.93	-	-

ANNEXURE - VII

Statement of Change in Reserves And Surplus

(Rs. In Million)

Details	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
Share Premium Account	663.26	663.26	663.26	229.39	229.39	229.39
Capital Reserve	3.12	3.12	3.12	3.12	3.12	3.12
General Reserve	351.53	351.53	311.53	271.53	231.53	230.71
Capital Redemption Reserve	18.43	18.43	18.43	18.43	18.43	18.43
Profit & Loss Account	1590.17	1269.40	1003.20	803.16	592.89	481.80
Total	2626.51	2305.74	1999.54	1325.63	1075.36	963.45

ANNEXURE -VIII

Statement of Secured Loans

(Rs. In million)

Details	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02	Dec-06 Rate	Security	Repay-ment Terms	Prepay-ment Clause
Term Loan										
Term Loan- US \$(HDFC Bank Ltd)	0.00	0.00	0.00	142.69	0.00	0.00				
Working Capital Facilities from Banks										
Working Capital Demand Loan	0.00	0.00	0.00	0.00	14.19	22.87	12.10%	Note 1 & 2	ON DEMAND	N.A.
Cash Credit	171.54	0.02	0.00	0.00	28.04	2.86	12.25%	Note 1&2	ON DEMAND	N.A.
Export Packing Credit	247.73	170.33	0.00	125.60	99.32	140.28	8.25%	Note 1&2	ON DEMAND	N.A.
Export Bills Purchase	351.19	194.93	150.78	255.75	185.22	207.41	8.25%	Note 1&2	ON DEMAND	N.A.
FCNRB	0.00	153.42	82.20	80.55	114.25	107.07	L+0.75P	Note 1&2	ON DEMAND	N.A.
Car Loan	0.00	0.00	0.00	0.00	1.41	0.00				
Others										
ECB-US \$ (ICICI Bank Ltd-Singapore)	0.00	113.97	222.38	223.18	0.00	0.00	L+1.5	Note 1&2	due on 26.12.2006	N.A.
Short Term Loan	0.00	0.00	0.00	32.66	0.00	0.00	7.25%	CLEAN	ON DEMAND	N.A.
Suppliers Credit (HDFC Bank Ltd)	0.00	0.00	0.00	15.88	0.00	0.00	0.00			
Buyers Credit -(ICICI Bank Ltd)	0.00	51.98	37.14	17.84	0.00	0.00	L+0.50	L.C.	ON DUE OF BILL	
TOTAL	770.46	684.65	492.50	894.15	442.43	480.49				

NOTE-1=Working capital facilities from State Bank of India, HDFC Bank Limited and ICICI Bank Limited (Collectively known as Consortium Bankers) are secured by

(a)-First Pari Passu charge to State Bank of India (with Corporation Bank and ICICI Bank Ltd.) for Rs. 1553.50 million by way of hypothecation on the entire stock of raw material, work in process, finished goods, stores and spares and receivables now stands modified and increased to Rs. 2106.50 million in favour of State Bank of India (Rs. 1369.20 million), HDFC Bank Limited (Rs. 379.10 million) and ICICI Bank Limited (Rs. 358.20 million)

(b)-First Pari Passu charge on immovable properties to State Bank of India (with HDFC Bank Limited and ICICI Bank Ltd.) as collateral security for the working capital facilities aggregating Rs. 1553.50 Million will be extended to secure working capital facility up to Rs. 2106.50 million.

(c)-The indenture of the mortgage created on immovable properties are located at:

(i) Plot No. 168,180,183 and 184 of GIDC Industrial Estate Vatva Ahmedabad;

(ii) Block No. 402,403,404 and 452 at Village Chharodi, Taluka Sanand, District Ahmedabad;

(iii) Plot No. 21 & 21/1 of GIDC Industrial Estate Panoli, Taluka Ankleshwar,

(iv) Plot No. 5001/B of GIDC Industrial Estate, Ankleshwar.

NOTE 2=Corporation Bank has ceased to be the member of consortium banks.

NOTE 3 = The charge created on the above immovable property is to the extent of Rs. 1553.50 Million only as External Commercial Borrowing is for the replacement of part of working capital facilities.

Annexure-IX

Statement of Unsecured Loans

(Rs. In million)

Details	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
From Bank -In Foreign Currency	613.14	42.82	0.00	0.00	0.00	0.00
From Bank -In INR	300.00	301.85	0.00	0.00	0.00	0.00
From Holding Company	0.00	0.00	0.00	0.00	0.00	0.00
Buyers Credit - HSBC Bank Ltd	0.00	0.00	5.13	0.00	0.00	0.00
Car Loan	0.00	0.24	1.17	1.57	0.00	0.00
From Directors	0.00	0.00	0.00	0.00	40.85	22.80
From Corporate	0.00	0.00	0.00	0.00	3.50	0.00
Total	913.14	344.91	6.30	1.57	44.35	22.80

Terms & Condition

Details (Loans as on 31.12.2006)	Currency	Amount	Rate Of Interest	Date of Repayment
From Bank -In Foreign Currency	USD	3.00 mns	6.50%	11.06.2007
From Bank -In Foreign Currency	USD	3.45 mns	6.54%	15.06.2007
From Bank -In Foreign Currency	USD	3.22 mns	6.54%	18.06.2007
From Bank -In Foreign Currency	USD	1.33 mns	6.54%	18.06.2007
From Bank - In Foreign Currency	USD	2.78 mns	6.42%	11.06.2007
From Bank -In INR	INR	100.00 mns	8.15%	21.04.2007
From Bank -In INR	INR	50.00 mns	8.15%	23.04.2007
From Bank -In INR	INR	15.00 mns	8.60%	25.07.2007

ANNEXURE -X

Capitalisation Statement

Particulars	Dec-06	Post Issue*
Borrowings:		
Short Term Debts (Refer Note 1 below)	1683.60	[●]
Long Term Debts (A)	0.00	[●]
Total Debts--Z	1683.60	[●]
Shareholders' Funds		
Equity share Capital	200.63	[●]
Reserve & Surplus	2626.51	[●]
Total Shareholders' Funds(B)	2822.47	[●]
Total Capitalisation--Z+B	4506.07	[●]
Long Term Debts (A)/Equity Ratio(A)/(B)	0.00	

Note 1: Short Term Debts are repayable within one year from the date of the above statement

*The information pertaining to share capital and reserves post issue can be ascertained only after completion of Book Building process.

ANNEXURE - XI**Statement of Sundry Debtors
(Unsecured Considered good)****(Rs. In Million)**

Particulars	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
Debtors outstanding for a period more than 6 months	187.74	167.28	210.13	225.25	249.31	156.08
Other debtors	2130.85	1579.28	1222.28	1029.52	664.43	713.14
Less provision for doubtful debts.	(15.00)	(15.00)	(5.00)	(5.00)	0.00	0.00
Total	2303.59	1731.56	1427.41	1249.77	913.74	869.22

ANNEXURE - XII**Statement of Loans and Advances
(Recoverable considered good, Recoverable in cash or kind)****(Rs. In Million)**

Particulars	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
Export benefit receivable	38.20	97.37	53.40	0.00	0.00	0.00
Balance with Central Excise	58.61	65.77	68.68	28.58	22.69	19.13
Deposits	20.96	19.44	20.84	23.65	15.12	16.61
Staff Loans and Advances	5.56	4.47	3.20	3.14	0.85	0.49
Advance payment of Income Tax(Net)	65.76	465.39	374.97	269.11	201.34	109.09
Advance payment for Capital Goods, Expenses and Raw Material	256.15	50.69	51.60	15.15	14.52	20.14
Other Advances	0.00	0.00	0.70	0.05	0.09	0.04
Other Current Assets	78.47	83.22	70.25	109.98	140.85	138.43
Advance payment of FBT	4.79	2.60	0.00	0.00	0.00	0.00
Total	528.50	788.95	643.64	449.66	395.46	303.93

Note : The beneficiaries are not in any way related to Promoters / Directors.

ANNEXURE - XIII**Commitments and Contingent Liabilities****(Rs. In Million)**

Particulars	As at					
	Dec-06	Mar- 06	Mar-05	Mar-04	Mar-03	Mar-02
COMMITMENTS						
Estimated amount of Contacts remaining to be executed on capital account and not provided for	40.14	65.47	76.50	11.15	15.83	27.74
CONTINGENT LIABILITIES						
Bank Guarantee not provided for	156.76	45.05	30.97	13.97	40.48	2.47
Letter of Credit opened and outstanding not provided for	51.73	140.60	210.74	83.92	51.75	23.84
Income Tax Department has issued Notice u/s. 148 for retrospective amendments of Sec. 80 HHC. The Company has challenged the constitutional validity. The company has preferred appeals against the other regular orders, which is pending against ITAT and/or CIT (Appeals).	66.78	29.65	18.54	18.54	10.57	16.60
A show cause notice has been issued by the Commissioner of Central Excise Surat II for demand of differential duty of Rs. 2.08 million and Rs. 3.59 Mn for Custom duty along with proposal of penalty with interest on duty has been raised. The company has replied the notice and the matter transferred to call book in view of similar matters are pending before judicial authority for their decision.	5.67	5.67	-	-	-	-

(Rs. In Million)

PARTICULARS	As at					
	Dec-06	Mar- 06	Mar-05	Mar-04	Mar-03	Mar-02
Two show cause notices served by The Commissioner Central Excise Ahmedabad 1 & 2 for demand of duty of Rs. 63.18 lacs against which company has given interim reply and already paid Rs. 56.56 lacs.	6.32	6.32	-	-	-	-
A show cause notice was served by The Director General of Central Excise Intelligence, Baroda and was decided by the Commissioner (ADG), Surat against which the company is in the process of filing appeal against the order the the competent authority.	24.33	24.33	-	-	-	-
A show cause notice served by Audit Team of Excise Department with proposal for imposition interest and penalty for which the company has filed reply to The Addl. Commissioner, Surat II	2.75	2.75	-	-	-	-
A show cause notice received from Excise Authorities regarding classification of manufactured goods for which similar case decided in favour of the Pesticides Industry by the Delhi High Court.	-	-	-	-	-	97.60
Commissioner of Custom has raised demand for differential valuation of goods against which company has preferred appeal and likely to get favourable decision.	-	-	-	0.20	0.20	0.20
Various employee/ex-employee of the company has filed different legal suits in labour court against company. The total claim amount is Rs. 110.43 million plus interest wherever applicable. The said claims are not accepted by the Company and proceedings are pending.	110.43	0.07	0.07	-	-	-
Uncalled amount on Share of Bharuch Eco Aqua Infrastructure Ltd.	-	-	-	-	2.40	-

Appendix

The details of the Bank guarantees as mentioned above are as follows:

Sr. No	Beneficiary	Purpose	Amount (Rs. In million)	
			31.12.2006	31.03.2006
1	Excise & Taxation Officer, Derabassi, Punjab	For VAT at Punjab	0.17	0.08
2	Commissioner Of Customs- Mumbai	Against case of Differential Duty	0.74	0.97
3	Dy .Comm of Central Excise & Customs - Ankleshwar	Security for Excise	30.80	34.55
4	The Gujarat Gas Co Ltd	Security against bills payment under the Contract-Panoli	8.08	8.62
5	The Director, Central Medical Stores- Gandhi Nagar	Security Deposit- Tender, contract	1.17	0.84
6	GPCB	Against Notice Water Act	0.50	-
7	ABM Amro	For Meghmani Europe BVBA	115.30	-
	Total		156.76	45.05

ANNEXURE - XIV

Statement of Other Income

(Rs. In Million)

Particulars	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
Interest Receipts on fixed deposits	0.19	0.99	0.66	0.93	0.00	0.00
Interest receipts from others	0.42	0.69	1.07	0.05	0.00	0.00
Electricity deposit	0.00	0.00	0.00	0.00	0.00	0.00
Dividend receipts	0.03	0.18	2.96	0.03	0.02	0.00
Insurance claim received	0.00	0.11	0.00	0.00	0.00	0.00
Discount received	0.24	0.00	0.00	0.00	0.00	0.00
Brokerage	0.00	0.00	0.08	0.00	0.00	0.00
Premium on Exim Scrip	0.00	0.00	0.00	0.00	0.00	0.00
realised gain on Foreign Exchange	0.00	0.35	0.00	0.00	0.00	0.00
Profit on sale of fixed asset	0.00	0.00	0.00	0.00	0.00	0.00
provision no longer required	0.00	0.00	0.64	0.00	0.00	0.00
Miscellaneous Sales / Receipts	0.00	0.64	0.21	0.38	0.00	0.00
Recover of amt.prev. written off	0.00	0.00	0.00	0.00	0.30	0.00
Rent received	0.13	0.16	0.16	0.15	0.11	0.00
Sales tax refund	0.00	0.00	0.73	0.00	0.04	0.00
Duty Drawback	0.16	0.75	0.55	0.90	1.25	0.73
Premium on Sales of Import Licenses	0.00	0.00	0.00	0.00	0.00	0.01
Subsidy Received from Govt.	0.00	0.00	0.00	0.20	0.00	0.00
Sales Commission	0.00	0.00	0.00	0.00	0.00	0.00
D E P B Benefit	18.78	51.47	61.45	63.66	105.41	108.91
Job work charges	0.00	0.00	0.00	0.00	0.00	0.00
Total	19.95	55.34	68.51	66.30	107.13	109.65

ANNEXURE-XV

Tax Shelter Statement

(Rs. In million)

DETAILS	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
Net Profit (Loss) before Tax and Exceptional Items(A)	355.95	470.12	410.54	371.86	299.66	289.21
Income Tax Rates Applicable	33.66%	33.66%	36.59%	35.88%	36.75%	35.70%
Minimum Alternative Tax (MAT)						
Book Profit	355.95	470.34	410.55	346.70	239.82	155.89
Rates Applicable u/s 115 JA/JB(%) [Including surcharge if applicable]	8.42%	8.42%	7.84%	7.69%	7.88%	7.50%
Tax at Normal Income Tax Rates	119.81	158.24	150.22	133.40	110.13	103.25
Tax at Mat Rates(B)	29.95	39.58	32.19	26.65	18.89	11.69
Adjustments						
Permanent Differences						
Expenses Disallowed / Exemptions	12.29	16.57	6.41	8.18	3.62	8.88
Export benefit u/s 80HHC	0.00	0.00	0.00	(25.16)	(61.21)	(133.32)
Exemption u/s 10B	(238.06)	(224.59)	(121.84)	(174.75)	(62.51)	0.00
Benefit u/s 80IA/IB	0.00	0.00	0.00	0.00	0.00	(19.82)
Dividend Income Exempt u/s 10(35)	0.00	(0.15)	(2.96)	(0.03)	(0.02)	0.00
Donation u/s 80G	(0.75)	(1.85)	(2.02)	(0.45)	(0.06)	(0.05)
Amount given & claimed u/s 35(1)(ii) allowable @ 150%	0.00	(0.38)	(0.75)	0.00	(0.13)	(0.06)
Deduction u/s 35AC	0.00	0.00	0.00	0.00	(0.03)	(0.11)
Total Permanent Differences	(226.52)	(210.40)	(121.15)	(192.22)	(120.33)	(144.48)
Timing Differences						
Difference between Book and Tax Depreciation	(7.03)	(64.32)	(38.43)	(40.33)	(23.14)	2.24
Adjustment u/s 145A	0.00	0.00	0.00	0.00	0.00	0.00
Adjustment of brought forward loss	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments u/s 43B	(6.96)	0.00	0.00	0.00	0.00	0.00
Total Timing Differences(D)	(13.99)	(64.32)	(38.43)	(40.33)	(23.14)	2.24
Net Adjustments(C+D)	(240.51)	(274.72)	(159.58)	(232.55)	(143.47)	(142.24)
Tax saving thereon	(80.96)	(92.47)	(58.39)	(83.43)	(52.73)	(50.78)
Total tax provision at normal income tax rates for the year(E)	38.86	65.77	91.82	49.98	57.40	52.47
Tax Payable (Higher of B or E)	38.86	65.77	91.82	49.98	57.40	52.47
Tax Provision as per Books	39.17	67.72	100.20	58.68	60.15	53.28
Differences Excess / (Short)	0.31	1.95	8.38	8.70	2.75	0.81

ANNEXURE - XVI**Statement of Dividend Paid / Proposed****(Rs. In million)**

Details	Dec-06	Mar-06	Mar-05	Mar-04	Mar-03	Mar-02
Face Value per Equity Share (Rs)	1.00	1.00	1.00	1.00	10.00	10.00
Paid -up Equity Share capital	200.63	200.63	200.63	165.93	165.93	165.93
Interim Dividend per share(Rs)	0.00	0.00	0.00	2.40	0.00	4.00
Final Dividend per share(Rs)	0.00	0.35	0.30	0.00	2.20	0.00
Total Interim Dividend Paid (Rs Million)	0.00	0.00	0.00	39.82	0.00	66.37
Total Final Dividend Paid (Rs Million)	0.00	70.22	60.19	0.00	36.50	0.00
Tax on Total Dividend	0.00	9.85	7.86	5.10	4.68	6.77

ANNEXURE - XVII**Related Party Transactions**

Managerial Remuneration	31.12.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.03	Relationship
Beneficiary	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	
Mr. Jayanti M Patel	8.55	8.51	5.40	3.54	2.52	0.98	Executive Chairman
Mr. Ashish Soparkar	8.55	8.51	5.40	3.53	2.52	0.98	Managing Director
Mr. Natu M Patel	8.55	8.51	5.40	3.50	2.52	0.98	Managing Director
Mr. R M Patel	6.26	6.66	5.00	3.07	2.11	0.86	Executive Director
Mr. Anand I Patel	5.36	6.05	5.00	3.04	2.11	0.86	Executive Director
Mr Ashvin Raythatha	1.57	1.76	1.80	1.46	1.21	1.17	Executive Director - (Int. Mkt)
	38.84	40.00	28.00	18.14	12.99	5.83	

Salary

Beneficiary	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Relationship
Ms. Deval Soparkar	0.37	0.48	0.45	0.40	0.17	0.00	Daughter of Mr. Ashish Soparkar
Mr Maulik J Patel	0.14	0.04	0.00	0.00	0.000	0.00	Son of Mr. Jayanti Patel
Ms. Vaishakhi R Patel	0.15	0.04	0.00	0.00	0.00	0.00	Daughter of Mr. Ramesh Patel
	0.66	0.56	0.45	0.40	0.17	0.00	

Professional Fees

Beneficiary	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Relationship
Mr. K M Patel	0.18	0.50	0.40	0.25	0.29	0.35	Brother of Mr. J M Patel, Mr. N M Patel and Mr. R M Patel
Mr. Pankaj Shah	0.00	0.09	0.00	0.00	0.00	0.00	Director
Mr. Foo Meng Tong	0.00	1.53	0.00	0.00	0.00	0.00	Director
Mr J. Vishwanathan	0.00	0.00	2.47	0.00	0.00	0.00	Director
Vanguard Technologies Pvt. Ltd	0.00	0.00	0.00	1.50	0.00	0.00	Associates
	0.18	2.12	2.87	1.75	0.29	0.35	

Purchase of Goods(including Capital goods, job works & Licenses)

Beneficiary	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Relationship
Matangi Industries	0.05	0.03	0.08	0.11	0.21	0.34	Associates
Alpanil Industries	16.46	8.84	6.18	11.29	21.89	11.81	Associates
Ashish Chemicals	1.37	1.91	2.18	1.16	2.86	1.01	Associates
Meghmani Dyes and Intermediates Ltd.	0.00	0.03	2.85	3.16	2.45	3.63	Associates
Meghmani Europe BVBA (Ceased to be a subsidiary from March 2006)	0.00	0.24	0.23	0.00	0.00	0.00	Subsidiary
Fidelity Exports Private Liited	0.00	0.00	0.07	0.00	0.00	0.00	Associates
Meghmani Chemicals Limited	0.00	0.00	0.00	0.00	23.32	60.99	Associates
Meghmani Industries Limited	0.04	0.00	0.00	0.11	1.63	0.39	Associates
	17.92	11.05	11.59	15.83	52.36	78.17	

Sales of Goods and Licenses

Beneficiary	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Relationship
Alpanil Industries	0.00	0.00	0.00	0.00	0.00	0.07	Associates
Ashish Chemicals	24.08	17.63	27.14	14.56	13.07	10.80	Associates
Meghmani Dyes and Intermediates Ltd.	0.33	1.27	1.02	2.02	35.91	0.77	Associates
Meghmani Industries Limited	0.00	4.87	0.84	0.47	2.70	2.24	Associates
Meghmani Europe BVBA (Ceased to be a subsidiary from March 2006)	134.25	234.96	73.52	0.00	0.00	0.00	Subsidiary
Fidelity Exports Private Limited	15.22	0.00	0.00	0.00	1.18	2.52	Associates
Tapsheel Enterprise	0.00	0.00	0.37	0.30	0.00	0.00	Associates
Matangi Industries	0.00	0.00	0.00	0.00	0.13	0.00	Associates
Meghmani Chemicals Limited	0.00	0.00	0.00	0.00	0.00	60.25	Associates
	173.88	258.73	102.89	17.35	52.99	76.65	

Interest on Loan (from Directors and Inter Company Deposit)

Beneficiary	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Rs. In Mn	Relationship
Mr. Jayanti M Patel	0.00	0.00	0.00	0.12	0.80	0.00	Director
Mr. Ashish Soparkar	0.00	0.00	0.00	0.51	1.47	0.00	Director
Mr. Natu M Patel	0.00	0.00	0.00	1.70	2.45	0.00	Director
Mr. R M Patel	0.00	0.00	0.00	0.76	1.03	0.00	Director
Mr. Anand I Patel	0.00	0.00	0.00	0.39	0.68	0.00	Director
Vanguard Technologies Pvt. Ltd. (Upto March 2005)	0.00	0.00	0.00	0.10	0.85	0.00	Associates
	0.00	0.00	0.00	3.58	7.28	0.00	
Grand Total	231.48	312.46	145.80	57.05	126.08	161.00	

ANNEXURE - XVIII

Earning per Share

Particulars	31/12/2006	2005-06	2004-05	2003-04	2002-03	2001-02
Face Value of Share (Rs. Per Share)	1	1	1	1	10	10
Balance at the beginning of year	200,630,000	200,630,000	165,930,000	165,930,000	16,593,000	18,436,298
Issue / (Buyback) of Shares for Cash	-	-	34,700,000	-	-	(1,843,298)
Balance at end of year	200,630,000	200,630,000	200,630,000	165,930,000	16,593,000	16,593,000
Computation of weighted average shares	200,630,000	200,630,000	188,176,027	165,930,000	16,593,000	17,514,649
Net Profit (Rs. In Million)	320,767,010	383,376,083	310,790,083	297,193,958	240,778,721	235,195,954
Earning Per Share (Rs. Per Share)	1.60	1.91	1.65	1.79	14.51	13.43
Earning Per Share (Rs. Per Share) 31.12.2006-- Annualised	2.13					

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited financial statements (as restated) for the five financial years ended March 31, 2006, and for the period ended December 2006, including the Schedules, Annexure and Notes thereto and the Reports thereon, which appear in the section titled "Financial Statements" beginning on page no. 116 of this Red Herring Prospectus. You are also advised to read the section titled "Risk Factors" beginning on page no. xii of this Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. These financial statements are prepared in accordance with Indian GAAP, the Companies Act and the SEBI (DIP) Guidelines and restated as described in Auditors' Report of March 31, 2007.

The following discussions is based on our restated financial statements for the five financial years ended March 31, 2006 which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (DIP) Guidelines and on information available from other sources. Our fiscal year ends on March 31 each year, so all references to a particular year are to the twelve-month period ended on March 31 of that year.

BUSINESS OVERVIEW:

We were founded in 1986 as a partnership firm, under the name M/s. Gujarat Industries, to manufacture Pigments by our Executive Chairman Mr. Jayanti Patel, together with our Managing Directors, Mr. Ashish Soparkar and Mr. Natwarlal Patel, as well as two of our Executive Directors Mr. Ramesh Patel and Mr. Anand Patel. We operate in the following two broad business segments:

- a) Pigments and
- b) Agrochemicals
- a) Pigment

Our pigment manufacturing plants are located in Vatva and Panoli in Gujarat and are ISO 9001-2000 certified. Our pigment division specializes in green and blue pigments:

- CPC Blue Crude - Upstream product for Pigment Blue and Pigment Green products
- Pigment Blue - Pigment Blue 15
- Pigment Green - Pigment Green 7
- High Performance Pigments - Pigment Green 36 and Pigment Blue 60

CPC Blue Crude is a cyclic product of copper and reaction between phthalic anhydride and urea. CPC Blue is an upstream product and is a raw material used for the manufacture of our Pigment Blue and Pigment Green products. CPC Blue is also sold to manufacturers of Pigments and textile dyestuffs.

b) Agrochemicals

We have two multifunctional agrochemicals manufacturing plants located in Chharodi and Ankleshwar, one of which is ISO 9001-2000 Certified. These facilities are used to manufacture pesticides and agro chemicals. The main product categories that we deal in are:

- Pesticide intermediates
- Technical grade pesticides
- Pesticide formulations (sold in bulk and small packs)

The pesticides are used for crop protection and non-crop applications such as public health, termite, insect control and veterinary applications.

Significant factors affecting operations

The main factors affecting our operations are as follows:

- a) Fluctuations in raw material prices
- b) Fluctuations in the foreign exchange currency
- c) Changes in the agricultural or other policies of Governments of India and the other federal governments across the globe.
- d) Agrochemical business is subject to seasonal and weather factors, which make its operation relatively unpredictable.
- e) Compliance with necessary regulatory norms, failure of which would restrict our ability to sell such products.
- f) Ability to obtain/maintain Registrations and/or Licenses in all our Existing and Proposed markets for our Agrochemical products.

- g) Ability to maintain product quality consistently and offer same at a competitive pricing
h) Ability to succeed in enhancing brands of our agrochemical products.

Comparison of various items of Income and expenditure between financial statements for FY 2006 over FY 2005 and FY 2005 over FY 2004.

Particulars	9 months ended December 31, 2006		FY 2006		FY 2005		FY 2004	
	Rs mn	%	Rs mn	%	Rs mn	%	Rs mn	%
Net Sales	3497.93	97.89%	3,808.92	96.50%	3,150.95	91.83%	2,348.21	94.47%
Trading Sales	55.47	1.55%	82.69	2.10%	211.84	6.18%	71.11	2.86%
Other Income	19.94	0.56%	55.34	1.40%	68.51	2.00%	66.30	2.67%
Total Income	3573.34	100.00%	3,946.95	100.00%	3,431.30	100.00%	2,485.62	100.00%
Raw Material Consumed	2235.37	62.56%	2,438.07	61.77%	1,926.18	56.14%	1,251.06	50.33%
Trading Purchases	52.79	1.48%	39.38	1.00%	189.81	5.53%	70.29	2.83%
Employee Cost	86.94	2.43%	91.86	2.33%	78.79	2.30%	66.64	2.68%
Power & Fuel	255.46	7.15%	294.75	7.47%	260.93	7.60%	231.54	9.32%
Other Manufacturing Cost	120.83	3.38%	161.26	4.09%	144.88	4.22%	129.35	5.20%
Administration Expenses	103.74	2.90%	137.15	3.47%	127.30	3.71%	72.18	2.90%
Selling & Distribution Expenses	294.19	8.23%	333.06	8.44%	220.43	6.42%	174.71	7.03%
Increase / (Decrease) in Stock	(116.65)	-3.16%	(212.74)	-5.39%	(84.64)	-2.47%	(34.60)	-1.39%
Total Expenses	3032.67	84.87%	3,282.79	83.17%	2,863.68	83.46%	1,961.17	78.91%
EBIDTA	540.67	15.13%	664.16	16.83%	567.62	16.54%	524.45	21.09%

Revenues from Operations

The following table sets forth the information with respect to our income as a percentage to total income for the period indicated below:

Particulars	9 months ended December 31 2006		Mar-06		Mar-05		Mar-04	
	Rs mn	%	Rs mn	%	Rs mn	%	Rs mn	%
Pigments	1710.46	47.87%	1,638.16	41.50%	1,511.62	44.05%	1,293.95	52.06%
Agrochemical	1806.59	50.56%	2,209.17	55.97%	1,698.89	49.51%	1,077.19	43.34%
Trading	36.35	1.02%	44.28	1.12%	152.28	4.44%	48.18	1.94%
Other Income	19.95	0.56%	55.34	1.40%	68.51	2.00%	66.30	2.67%
Total Income	3573.35	100.00	3,946.95	100.00	3,431.30	100.00	2,485.62	100.00

Our income consists of income from sale of pigments and agrochemicals. Income from sale of pigments grew at a CAGR of 26.60% from 1293.90 mn in FY 2004 to Rs 1638.10 mn in FY 2006. Income from sale of agrochemicals grew at a CAGR of 105.09% from Rs 1077.2 mn in FY 2004 to Rs 2209.20 mn in FY 2006.

The trading turnover represents the merchant exports effected by us to meet the requirements of our customers with regard to certain products that are not manufactured by us

Our other income mainly consists of operating income on account of export benefits and subsidies. Interest and dividend income has been earned on investment of surplus funds in short term instruments.

The table below sets forth the segment wise break-up of sales turnover between domestic and export revenue. Domestic Sales are accounted exclusive of excise, net of sales tax, sales return and rate difference if any. Exports sales are accounted on the basis of dates of bill of lading and are adjusted for exchange rate differences arising in export sales transaction.

Pigments

Rs. in mn

Particulars	9 months ended 31 December - 2006		FY 2006		FY 2005		FY 2004	
	Rs mn	%	Rs mn	%	Rs mn	%	Rs mn	%
Exports	1383.77	80.90	1359.32	82.98	1286.49	85.11	1150.83	88.94
Domestic	326.69	19.10	278.83	17.02	225.23	14.89	143.12	11.06
Total	1710.46	100.00	1638.16	100.00	1511.72	100.00	1293.95	100.00

Agrochemicals

Rs. in mn

Particulars	9 months ended 31 December - 2006		FY 2006		FY 2005		FY 2004	
	Rs mn	%	Rs mn	%	Rs mn	%	Rs mn	%
Exports	949.02	52.53	1481.56	67.07	1008.26	59.35	513.22	47.64
Domestic	857.57	47.47	727.62	32.93	690.53	40.65	563.97	52.36
Total	1806.59	100.00	2209.2	100.00	1698.79	100.00	1077.2	100.00

Quantitative analysis of our Revenues

Quantities in MT, Value in mn

Product	for the 9 months ended 31 December, 2006			FY 2006			FY 2005			FY 2004		
	Quantity	Value	Average realization (Rs./Kg)	Quantity	Value	Average realization (Rs./Kg)	Quantity	Value	Average realisation	Quantity	Value	Average realisation
Pigments	8053.32	1781.78	221.24	9092.88	1710.88	188.16	8841.60	1608.73	181.95	7100.79	1288.05	181.40
Volume Growth (%)	28.4	24.52										
Agrochemicals												
Technical	3180.58	1045.75	328.79	4413.24	1529.22	346.51	3776.76	1253.94	332.01	1744.89	648.22	371.50
Volume Growth (%)	16.85	116.45										
Intermediate	463.22	150.53	324.96	345.38	129.34	374.51	268.17	93.88	350.09	429.10	148.39	345.83
Volume Growth (%)	28.79	(37.50)										
Formulations (small pack)	3167.82	546.03	172.37	2537.77	490.82	193.41	1383.29	317.92	229.83	1086.27	247.00	227.39
Volume Growth (%)	83.46	27.34										
Formulations (bulk pack)	1751.24	305.01	174.71	890.06	210.54	236.55	506.41	126.08	248.97	646.27	169.68	262.56
Volume Growth (%)	75.76	(21.64)										

The total revenue from Pigment division increased from Rs. 1288.04 mn in FY 2004 to Rs. 1710.88 mn in FY 2006. The growth in revenue was on account of a 28% growth in volume and 3.73 % increase in average price realizations during the period.

The total revenue from Agrochemicals increased from Rs. 1213.29 mn in FY 2004 to Rs. 2359.91 mn in FY 2006. We recorded a 153% increase in the sales of our technical grade pesticide from 1744.89 MT in 2004 to 4413.23 MT in 2006. Despite a fall in average realization from Rs 371.50 per tonne in 2004 to Rs 346.51 per tonne in 2006, our turnover from technical grade pesticide increased from Rs 648.22 mn in 2004 to Rs 1529.21 mn in 2006.

There has been a reduction in the sales of pesticide intermediates from 429.09 MT in 2004 to 345.37 MT in 2006. Despite an increase in average realization from Rs 345.83 per kg in 2004 to Rs 374.51 per kg in 2006, there has been a marginal fall in the turnover from Rs 148.39 mn in 2004 to Rs 129.34 mn in 2006.

We recorded a 133% increase in the sale of small packs of formulations from 1086.27 MT in 2004 to 2537.76 MT in 2006. Despite a fall in average realization from Rs 227.39 per kg in 2004 to Rs 193.41 per kg in 2006, our turnover from small packs of formulations increased from Rs 247.00 mn in 2004 to Rs 490.82 mn in 2006.

We recorded a 37.72% increase in the sale of bulk packs of formulations from 646.27 MT in 2004 to 890.05 MT in 2006. There was a marginal fall in average realization from Rs 262.56 per kg in 2004 to Rs 236.55 per kg in 2006. Our turnover from bulk packs of formulations increased from Rs 169.68 mn in 2004 to Rs 210.54 mn in 2006.

Expenditure

Although raw material constitutes large part of our costs there are other expense heads viz., power and fuel, selling and distribution etc.

Raw Material consumed : Our main raw materials for pigment are copper and phthalic anhydride, a derivative of crude oil whereas DMPTA, Thionynlchloride and others are primary raw materials used for producing Agrochemicals. Our cost of raw material expenses amounted to Rs.1251.06 mn, Rs. 1926.18 mn and Rs. 2438.07 mn in FY 2004, FY 2005 and FY 2006 respectively. Raw material consumed for both the divisions as a percentage of total income has increased from 50.34% in FY 2004 to 61.77 % in FY 2006.

Power & Fuel : Gas is our principal source of energy. We use gas to generate electricity through our Captive Power Plant. We use electricity supply of the Ahmedabad Electricity Company Limited and/or the Gujarat Electricity Board to meet standby energy requirements We have incurred expenses for power and fuel amounting to Rs.231.54 mn, Rs. 260.93 mn and Rs. 294.75 mn in FY 2004, FY 2005 and FY 2006 respectively. Power and fuel expenses as a percentage of total income reduced from 9.32% in FY 2004 to 7.47 % in FY 2006.

Other Manufacturing Cost : Our other manufacturing costs includes repairs and maintenance, pollution control expenses, laboratory testing chargers, labour contract and factory expenses. Our other manufacturing expenses amounted to Rs.129.35 mn, Rs. 144.88 mn and Rs. 161.26 mn in FY 2004, FY 2005 and FY 2006 respectively. The other manufacturing expenses as a percentage of total income reduced from 5.20% in FY 2004 to 4.09 % in FY 2006.

Administrative Expenses: The administrative cost relate to expenses incurred for general administration. These include staff welfare, advertisement, legal and professional charges, directors remuneration etc. We have incurred expenses Rs.72.18 mn, Rs. 127.30 mn and Rs. 137.15 mn in FY 2004, FY 2005 and FY 2006 respectively towards administration expenses. The expenses as a percentage of total income increased from 2.90% in FY 2004 to 3.47 % in FY 2006.

Selling & Distribution Expenses: Selling and Distribution expenses include export clearing and forwarding expenses, packing material, transportation expenses, etc. We have incurred expenses Rs.174.71 mn, Rs. 220.43 mn and Rs. 333.06 mn in FY 2004, FY 2005 and FY 2006 respectively towards selling & distribution expenses. The expenses as a percentage of total income increased from 7.03% in FY 2004 to 8.44 % in FY 2006.

Finance charges : The finance charges incurred by us include interest charges payable by us for short term and the long term loans including working capital loans and financial charges like processing fess for loans and bank charges. We have incurred Rs. 57.48 mn, Rs. 45.22 mn and Rs. 79.20 mn in FY 2004, FY 2005 and FY 2006 respectively.

Depreciation : Except for freehold land, leasehold land capital work in progress, depreciation is charged on Straight Line method as per rate prescribed under Schedule XIV of the Companies Act. Depreciation on land, building, plant and machinery, furnitures and fixtures, etc amounted to Rs. 94.39 mn, Rs. 111.86 mn and Rs. 114.84 mn in FY 2004, FY 2005 and FY 2006 respectively.

Comparison of FY 2006 with FY 2005

Turnover

Our turnover comprising of export and domestic sales including goods traded by us after adjustment for Excise duty registered a growth of 15.73% from Rs. 3362.79 mn in FY2005 to Rs. 3891.61 mn in FY2006. This was mainly on account of volume growth.

Other Income

The other income decreased by 19% from Rs.68.51 mn in FY 2005 to Rs.55.34 mn in FY 2006. This was account of the conversion of our two units Viz., Pigment Panoli and Agro-I in to Export Oriented Units (EOU), which are not entitled for DEPB benefit. There was an over all reduction of DEPB rates of Pigments and Agrochemicals in FY2006 by 1% and 2% respectively which also contributed to reduction in other income.

Expenditure

Our expenditure on raw material consumption increased by 26.58% from Rs.1926.18 mn in FY 2005 to Rs. 2438.07 mn in FY 2006. This increase was partly due to increase in turnover by 15.73% in FY 2006 as compared to the FY2005 and also due to the increase in the raw material costs.

The operating and other expenses increased by 22.3% from Rs. 832.33 mn in the FY 2005 to Rs. 1018.08 mn in FY 2006. There has been marginal increase in the operating and other expenses due to the increase in the administrative selling and distribution expenses incurred by the company in the FY 2006.

Earnings before Interest Depreciation Tax and Amortization (EBIDTA)

Our EBIDTA increased by 17.01% from Rs.567.62 mn in FY 2005 to Rs. 664.16 mn in FY 2006. The increase in EBIDTA was due to marginal reduction in operating and other expenses and increase in sales volume.

Finance Charges

Finance charges increased by 75.14% from Rs. 45.22 mn in FY 2005 to Rs.79.20 mn in FY 2006. This was mainly due to higher utilization of working capital limits by us.

Depreciation

Depreciation increased marginally by 2.66% from Rs.111.86 mn in FY 2005 to Rs.114.84 mn in FY 2006. This increase was on account of an increase in gross block of fixed assets due to the expansion undertaken by the company of Agrochemical Plant at Ankleshwar.

Profit after tax

The profit after tax increased by 24.52% from Rs. 307.88 mn in FY 2005 to Rs. 383.38 mn in FY 2006.

Comparison of FY 2005 with FY 2004**Turnover**

Our turnover comprising of export and domestic sales including goods traded by us after adjustment for Excise Duty registered a growth of 39% from Rs. 2419.32 mn in the FY 2004 to Rs. 3362.80 mn in FY 2005. The growth was on account of increase in the agrochemical sales, good monsoon season and increase in the production capacity of Chlorpyrifos to 1500 Mt. per annum.

Other Income

The other income increased by around 3.33% from Rs. 66.30 mn in FY 2004 to Rs. 68.51 mn in FY 2005. The increase was on account of increase in dividend income earned from investment of surplus funds in short term instruments.

Expenditure

Our expenditure on raw material consumption increased from Rs.1251.06 mn in FY 2004 to Rs.1926.18 mn in FY 2005. This increase was partly due to increase in turnover by 39% in FY 2005 as compared to the FY2004 and also due to the increase in the raw material costs. The operating and other expenses increased by 23.41% from Rs. 674.42 mn in the FY 2004 to Rs. 832.33 mn in FY 2005.

Earnings before Interest Depreciation Tax and Amortization (EBIDTA)

Our EBIDTA increased marginally by 8.23% from Rs. 524.45 mn in FY 2004 to Rs. 567.62 mn in FY 2005. There was marginal increase in EBIDTA due to substantial increase in the raw material costs in the FY 2005.

Finance Charges

Finance charges decreased by 27.11 % from Rs. 57.48 mn in FY 2004 to Rs. 45.22 mn in FY 2005. This reduction was on account of reduction in the secured loans from Rs. 894.15 mn in FY 2004 to Rs. 492.50 mn in FY 2005

Depreciation

Depreciation increased by 18.51% from Rs. 94.39 mn in FY 2004 to Rs. 111.86 mn in FY 2005, corresponding to the increase in gross block of fixed assets from Rs. 1456.36 mn in FY 2004 to Rs. 1648.25 mn in FY 2005.

Profit after tax

The profit after tax was Rs. 307.88 mn in FY 2005 as compared to profit after tax of Rs. 296.99 mn in FY 2004.

Comparison of FY 2004 with FY 2003**Turnover**

Our turnover comprising of export and domestic sales including goods traded by us after adjustment for Excise Duty registered a growth of 19.53% from Rs. 2024.03 mn in the FY 2003 to Rs. 2419.32 mn in FY 2004. The growth was on account of increase in the domestic sales.

Other Income

The other income decreased by around 38.11% from Rs.107.13 mn in FY 2003 to Rs. 66.30 mn in FY 2004. Our, Panoli Pigment division was converted into 100% EOU, which was not entitled for DEPB benefit and hence there was decrease in premium of export entitlement. Further, DEPB rates in fiscal year 2004 have been reduced by around 1% for Pigments and 2% for Agrochemical. from fiscal year 2003.

Expenditure

Our expenditure on raw material consumption increased by 25.78% from Rs. 994.68 mn in FY 2003 to Rs. 1251.06 mn in FY 2004. This increase in consumption was partly on account of increase in turnover by 16.63 % in FY 2004 as compared to the FY 2003 and also due to the increase in the raw material costs.

The operating and other expenses decreased by 1.3% from Rs.683.33 mn in the FY 2003 to Rs.674.43 mn in FY 2004.

Earnings before Interest Depreciation Tax and Amortization (EBIDTA)

Our EBIDTA increased by 23.78% from Rs. 423.69 mn in FY 2003 to Rs.524.45 mn in FY 2004. The increase was due to better production efficiencies.

Finance Charges

Finance charges increased by 24.58% from Rs. 46.14 mn in FY 2003 to Rs. 57.48 mn in FY 2004. This was mainly due to growth in revenue resulting into higher utilization of working capital and other non-fund based finance facilities.

Depreciation

Depreciation increased by 21.17% from Rs. 77.90 mn in FY 2003 to Rs. 94.39 mn in FY 2004, corresponding to the increase in gross block of fixed assets by 23.19 % from Rs. 1182.21 mn in fiscal year 2003 to Rs. 1456.36 mn in FY 2004.

Profit after tax

The profit after tax increased by 22.43% from Rs. 242.57 mn in FY 2003 to Rs.296.99 mn in FY 2004. The profit after tax as a percentage to net sales increased.

Information required as per Clause 6.10.5.5 of SEBI Guidelines

1. Unusual or infrequent events or transactions

They were no unusual or infrequent events or transaction that would have any material impact on the operations or the performance of the company

2. Significant economic/regulatory changes

There are no significant economic or regulatory changes which would have any material impact on our operations.

3. Known trends or Uncertainties

Our Agrochemical products are used for crop protection as well as for non crop based applications. The crop protection use is dependent on monsoon, which is again susceptible to uncertainties. To that extent the said business is prone to uncertainties. However, we supply our agro chemical products to more than 55 countries across the world. Hence, there is natural hedge available due to the geographical de-risking of our business.

4. Future relationship between costs and revenues.

Other than as described in the section titled "Risk Factors" and "Management Discussion & analysis of Financial Conditions and the Result of Operations on Pages no. xii and no. 138 of this RHP to our knowledge there are no future relationship between costs and income that have or had or are expected to have a material adverse impact on our operation and finances.

5. Total turnover of each major industry segment

We operate in two segments namely Agro chemicals and Pigments. Our turnover during past four financial years respectively ending on March 31, 2006, 2005 and 2004 in each of the above two segments was as under:

(Rs. in mn)

Segments	2006	2005	2004
TURNOVER			
Agro chemicals	2209.17	1698.79	1077.19
Pigments	1638.16	1511.72	1293.95
Other	44.28	152.28	48.18
Total	3891.61	3362.79	2419.32
PBT			
Agrochemicals	278.30	222.37	135.32
Pigments	197.74	183.02	239.18
Other	(5.92)	5.15	(1.93)

6. New Products or business segments.

As explained in "Products in Pipeline" on page no. 50 of this RHP, in both the above segments we are striving to introduce new products or increase newer market segments. Thus, in our pigment division, we are in the process of introducing high performance pigments. Similarly in our agro division, we are going for registration of our products in various markets across the world.

7. Seasonality of business

As explained above, our agro chemical business can be regarded as seasonal depending upon the number of crops that are being taken in various markets worldwide. Thus, during monsoon seasons, the demand for our agro chemical products is on the rise. However, different countries across the world have monsoon at different periods and this helps us in effectively mitigating the seasonality of our business.

8. Dependence on single or few suppliers / customers

We are fairly diversified in terms of the customers, as can be seen from the following break-up of our customers:

Top five customers and their contribution to income for the last 2 years

Year 2006

Name of the Party	% of Total Sales
MICRO FLO COMPANY L.L.C.	
VALENT USA CORPORATION	27.68%
MEGHMANI AGRODYNE (P) LTD - HYDERAB	
DRUCKFARBENFABRIK GEBR.SCHMIDT GMBH	
FMC AGRICULTURAL PRODUCTS	

Year 2005

Name of the Party	% of Total Sales
MICRO FLO COMPANY	
CDR PIGMENTS & DISPERSIONS	
MEGHMANI AGRODYNE (P) LTD.- HYDERAB	24.99%
VALENT U.S.A. CORPORATION	
DRUCKFARBENFABRIK GEBR.SCHMIDT GMB	

9. Competitive Conditions

Please refer to section "Our Business" on page no 48 of this Red Herring Prospectus

10. Significant developments after fiscal 2006 that may affect our future results of operations

To our knowledge, no circumstances have arisen since the date of the last financial statement as disclosed in the Red Herring Prospectus which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liability within the next twelve months.

Save as stated elsewhere in the Prospectus, there is no subsequent development after the date of the auditors' report, which will have a material impact on reserves, profits, earnings per share and book value of the company.

Liquidity and Capital Resources

Cash Flows

(Rs. in mn)

Particulars	9 months period ended 31 December 2006	FY 2006	FY 2005	FY 2004
Net cash flow from Operating activities (A)	(313.25)	(65.20)	144.65	20.11
Net cash from Investing Activities (B)	(168.58)	(321.88)	(194.73)	(278.95)
Net cash from Financing Activities (C)	489.70	383.49	(18.49)	310.29
Net Increase / (decrease) in cash & cash equivalents(A+B+C)	7.87	(3.59)	(68.57)	51.45
Cash and Cash Equivalents at beginning of the year	50.33	53.92	119.59	67.94
Cash and Cash Equivalents at the end of the year	58.20	50.33	51.02	119.39

The net cash flow from operating activities declined in FY 2006 on account of deployment of operating funds towards meeting short term working capital requirements of our company. The net cash flow from investment activities is negative as we have consistently invested in fixed assets over the years. These investments have been funded through a mix of medium to long term debt and equity infusions.

Working Capital

(Rs. In Mn)

Particulars	December 31, 2006	FY 2006	FY 2005	FY 2004
(A) CURRENT ASSETS				
Inventory	950.51	773.45	524.04	398.15
Sundry Debtors	2303.59	1731.56	1427.41	1249.78
Cash and Bank Balance	58.20	50.33	51.02	119.39
Loans & Advances	528.50	788.95	643.65	449.66
Total Current Assets (A)	3840.80	3344.31	2646.12	2216.98
(B) CURRENT LIABILITIES				
Liabilities	523.03	437.15	469.42	394.83
Provisions	5.40	499.36	416.50	293.37
Bank Borrowings	1683.59	1029.57	498.81.	895.73
Total Current Liabilities (B)	2214.02	1966.08	1384.73	1583.93
Net Working Capital	1626.78	1378.23	1261.39	633.05
Current Ratio	1.73	1.70	1.91	1.4

Indebtedness

Our total indebtedness as of December 31, 2006 was Rs. 1683.60 million. The total borrowings as on December 31,2006 included the following:

- Borrowings for working capital finance amounting to Rs. 770.46 million consisting of fund based and non fund based facilities from Banks.
- Unsecured Loans from Banks in Indian and Foreign currency amounting to Rs. 913.14 million

SECTION VI: LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

There are no outstanding litigations, suits or criminal or civil prosecutions against our Company, our Subsidiary, our Directors, our Promoters and our Promoter group or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Subsidiary, our Directors and our Promoters, except the following:

I. Outstanding litigation and contingent liabilities of our Company

A. Contingent Liabilities as on December 31, 2006

(Rs. in millions)

Particulars	December 31, 2006	March 31, 2006
Bank Guarantee not provided for	156.76	45.05
Letter of Credit opened and outstanding not provided for	51.73	140.60
Income Tax Department has issued Notice u/s. 148 for retrospective amendments of Sec. 80 HHC. The Company has challenged the constitutional validity. Further the company has preferred appeals against the said orders, which is pending against ITAT and/or CIT (Appeals).	66.78	29.65
A show cause notice has been issued by the Commissioner of Central Excise Surat II for demand of differential duty of Rs. 2.07 million and Rs. 3.6 million for Custom duty along with proposal of penalty with interest on duty has been raised. The company has replied the notice and the matter transferred to call book in view of similar matters are pending before judicial authority for their decision.	5.67	5.67
A show cause notice was served by The Director General of Central Excise Intelligence, Baroda and was decided by the Commissioner (ADG), Surat against which the company is in the process of filing appeal against the order the the competent authority.	24.33	24.33
Two show cause notices served by The Commissioner Central Excise Ahmedabad 1 & 2 for demand of duty of Rs. 6.32 million against which company has given interim reply and already paid Rs. 5.7 million.	6.32	6.32
A show cause notice served by Audit Team of Excise Department with proposal for imposition interest and penalty for which the company has filed reply to The Addl. Commissioner, Surat II	2.75	2.75
Various employee/ex-employee of the company has filed different legal suits in labour court against company. The total claim amount is Rs. 110.43 million plus interest wherever applicable. The said claims are not accepted by the Company and proceedings are pending.	110.43	0.07

CASES AGAINST OUR COMPANY

B. Excise and Custom Cases

Show Cause Notice No. F. No. V(Ch. 32)03-03/Dem/2005 dated June 28, 2005 issued by the Commissioner of Central Excise and Customs, Surat-II

This show cause notice was issued to our Company for our Panoli Unit alleging that 46,550 Kgs. of a product "S-Methyl-N-Acetyl-Phosphorimida-Thiote-Ammonium-Salt" ("SAPT Salt") has been cleared in the DTA (Domestic Tariff Area) at payment of concessional duty, which is allegedly not in accordance with the Foreign Trade Policy and relevant excise notifications. The SAPT salt was manufactured using 48,000 Kgs. of a raw material, which was imported and warehoused without payment of duty as specified in the notice and the clearance of finished goods in DTA also allegedly violated conditions relating to duty-free import of raw materials.

Differential central excise duty amounting to Rs. 2.07 million is demanded under Section-11A (1) of Central Excise Act, 1944 alongwith interest and penalty thereon.

Our Company was further asked to show cause as to why:

Customs duty amounting to Rs. 3.59 million should not be levied on imported raw material; 48,000 Kgs of raw materials for manufacturing SAPT Salt valued at Rs. 9.15 million should not be confiscated under 111(o) of Customs Act, 1962; and a redemption fine should not be imposed under Section 125 of Customs Act, 1962 and be recovered by enforcing the terms of bond and bank guarantee; alongwith penalty under Section 72 read with Section 112(a) of the Customs Act, 1962.

Our Company has replied to this notice vide our letter dated November 21, 2005 and are awaiting further proceedings, if any, in this regard.

Show Cause Notice No. F. No. V28/15-24/OA/2006/222 dated May 18, 2006 issued by the Joint Commissioner, Central Excise Ahmedabad-II

This show cause notice was issued to our Company with reference to Chharodi Unit. It was alleged that Cenvat credit was availed on basis of allegedly forged/fake invoices issued by M/s. Itisha Alu-Chem Industries. It is further alleged that our Company did not follow certain procedures laid down in the Cenvat Credit Rules, which also makes Mr. Ramesh Patel, our Director, liable to penalty under Rule 26 of Central Excise Rules, 2002.

Cenvat Credit of Rs.0.68 million was demanded under Rule 13 of Cenvat Credit Rules ('CCR'), 2002 and Rule 15 of CCR, 2004 read with proviso to Section 11-A of the Central Excise Act, 1944 alongwith penalty under Rule 13 of CCR, 2002 and Rule 15 of CCR, 2004 read with Section 11-AC of the Central Excise Act, 1944 and interest at the appropriate rate under Section 11AB of Central Excise Act, 1944. Mr. Ramesh Patel, our Executive Director, has also been asked to show cause as to why penalty should not be imposed on him under Rule 26 of the Central Excise Rules, 2002 for acquiring possession of and being concerned in purchasing excisable goods which were liable for confiscation under the Central Excise Act, 1944 and the Rules framed thereunder.

Our Company has replied to this notice vide its letter dated May 26, 2006 while our Director Mr. Ramesh Patel has replied to this notice vide letter dated May 26, 2006. Further proceedings if any, in the matter are awaited.

Show Cause Notice No. F. No.: V73/15-58/Offence/OA-I/Itisha/05-06 dated March 31, 2006 issued by the Commissioner, Central Excise Ahmedabad-I

This show cause notice was issued to our Company with reference to our Vatva unit. It was alleged that Cenvat credit was availed by our aforesaid unit on basis of alleged forged/fake invoices issued by M/s. Itisha Alu-Chem Industries.

Central Excise duty in the form of Cenvat Credit availed of Rs. 5.66 million and Education Cess of Rs. 0.004 million was demanded; alongwith penalty under Section 11AC of the Central Excise Act, 1944 read with Rule 25 of the Central Excise Rules, 2002 and Rule 15 of the CCR, 2004; along with interest under Section 11B of the Central Excise Act, 1944. Amount of Rs. 4 million and Rs. 1.4 million was paid by our Company under protest on March 31, 2005 and April 20, 2005 which was to be appropriated against the duty demanded.

Mr. Ashish Soparkar, our Managing Director, Mr. Anand Patel, our Executive Director and two other employees of our Company have also been asked to show cause as to why penalty should not be imposed on each of them under Rule 26 of the Central Excise Rules, 2002 as they were allegedly concerned in the manufacture, sale and transportation of excisable goods which they knew and had reason to believe were liable to confiscation under the provisions of central excise law.

Our Company has replied to this notice vide its letter dated May 29, 2006 while Mr. Ashish Soparkar and Mr. Anand Patel, our Managing Director and Executive Director respectively have replied to this notice vide letters dated July 12, 2006. Further proceedings if any, in the matter are awaited.

Show Cause Notice No. F. No. V(Ch.28)3-28/Dem/2003/Addl March 03, 2004 issued by the Additional Commissioner, Central Excise Surat-II.

This show cause notice is issued against Panoli Unit of the Company calling upon to show cause as to why:

1. The central excise duty amounting Rs. 1.87 millions should not be leviable on finished goods;
2. The Cenvat credit of duty amounting to Rs. 0.87 million should not be levied on stock of raw materials;
3. Interest u/s 11 AB of Central Excise Act, 1944 should not be recovered;
4. Interest under rule 12 of the Cenvat credit rules, read with s 11 AB of Central Excise Rules, 1944 should not be recovered;
5. Penalty under rule 25 under Central Excise Rules, 2002 should not be imposed; and
6. Penalty under rule 13 under Central Excise Rules, 2002 should not be imposed.

The matter is pending for hearing.

Appeal filed before CESTAT, Ahmedabad against the order dated October 31, 2006 of the Commissioner (Appeals) - originating from Show Cause Notice no. V(Ch.29)15-18/OA/98/Addl dated December 19, 2002

Show Cause Notice no. V(Ch.29)15-18/OA/98/Addl issued by the Commissioner Central Excise & Customs, Surat - II dated December 19, 2002 to show cause as to why:

1. Central excise duty amounting to Rs. 0.13 million leviable on alleged illicit clearance of 4015 kgs of Alpha Blue, CPC Crude, Beta Blue valued at Rs. 0.71 million (amount of Rs. 0.127 million subsequently debited on July 2, 1998 through RG23A Pt. II E. No. 238) is required to be confirmed/ demanded from us under the proviso to Section 11A(1) of Central Excise Act, 1944.
2. Penalty should not be imposed on them erstwhile Rule 173Q(1) of Central Excise Rules, 1944 read with section 11AC of the Central Excise Act, 1944.
3. interest at an appropriate rate on the duty so allegedly evaded should not be recovered from us under Section 11AB of the Central Excise Act, 1944.

Our Company replied to the aforesaid show cause notice vide its written submissions dated December 17, 2003. The Deputy Commissioner vide order dated January 7, 2004 confirmed the duty demand of Rs. 0.13 million and also imposed penalty of Rs. 50,000/- on our company and demanded interest @24% on Rs. 0.13 million ("Deputy Commissioner's Order). Our Company filed an appeal against the Deputy Commissioner's Order before the Commissioner (Appeals), which was not allowed and the Deputy Commissioner's Order was upheld vide order of Commissioner (Appeals) dated February 22, 2006.

Further, against the Deputy Commissioner's Order, the Department filed an appeal before the Commissioner (Appeals) with a request to impose penalty equal to evaded duty amounting to Rs. 0.13 million. The Commissioner (Appeals), vide order dated October 31, 2006 dismissed the appeal. Department has now filed an appeal before the CESTAT, Ahmedabad for setting aside the order of the Commissioner (Appeals) and to grant stay on the operation of impugned order of the Commissioner (Appeals). The said appeal is pending before CESTAT.

C. Income Tax Cases

Notices bearing No. DCIT /Cir-4/148/2005-2006 dated March 30, 2006 issued by Deputy Commissioner of Income Tax, Circle -4), Ahmedabad under section 148 of the Income Tax Act and Appeal filed before Commissioner of Income Tax (Appeals) for Assessment Year 1999-2000 .

Our Company has received the aforesaid notices asking our Company to furnish return of income for the Assessment years 1999-2000 & 2000-2001. Accordingly, our Company has filed the said returns. The assessment is pending for Assessment Year 2000-2001.

The assessment for Assessment Year 1999-2000 was completed by Assistant Commissioner of Income Tax vide assessment order dated December 01, 2006 and the income tax department has raised additional demand of Rs. 8.38 million. Our company has paid the aforesaid amount and has preferred an appeal before Commissioner of Income Tax (Appeals), Ahmedabad, which is pending.

Notice No. CC-1(1)/153C/06/07 dated April 14, 2006 issued by Assistant Commissioner of Income Tax, Central Circle -1(1), Ahmedabad under section 153A of the Income Tax Act.

The notice issued by the Assistant Commissioner of Income Tax, Ahmedabad, alleged that a search u/s 132 of the Income Tax Act, 1961 was conducted on September 22, 2005 and the returns of income for six assessment years, i.e A.Y 2000 - 01 to A.Y. 2005 - 06 are required to be re-assessed. Accordingly, our Company was asked to furnish returns of the income u/s 153A of the Income Tax Act, 1961 for the said years as specified in the notice. Our Company has filed its reply on May 8, 2006 stating that no search proceedings were carried out and therefore the notice issued u/s 153 is void and requested them to drop proceedings u/s 153 and the requirement of filing of the return.

The Income Tax department has not accepted the the objections raised by our Company vide their letter dated November 17, 2006. Our Company replied vide letter dated January 23, 2007 setting out grounds in detail of our contention(s) that proceedings sought to be initiated as above under Section 153C read with Section 153A of the Income Tax are void. We are awaiting further communication from the Department in the captioned matter.

Our Company has filed four income tax appeals, which are decided partly in the favour of our Company. Thereafter, our Company has filed appeals with ITAT challenging the various grounds, as also the Income Tax Department has decided to file appeals challenging these grounds. For further details refer to point "I" of this chapter.

D. G.P.C.B. Notices.

For the purposes of this sub-section, our plants shall be categorized as follows:

Ankleshwar :-

1. A notice no. GPCB/BRCH/CCA-415/(C-648)/10035 dated April 7, 2006 had been issued against our Company in respect of our Plot No. 5001/B, GIDC Estate, Ankleshwar, Bharuch ("Ankleshwar Plant") by the Gujarat Pollution Control Board under section 33-A of the Water (Prevention and Control of Pollution) Act 1974 ("Water Act"). The said notice directed us,

inter alia, to prohibit manufacture of pesticides intermediates, to close the operation of our Ankleshwar Plant till treatment plant is efficiently operated so as effluent being discharged conforms to norms. We replied to the same vide our letter dated April 19, 2006 submitting necessary documentation at our end. Pursuant to the same, vide letter bearing reference no. GPCB/BRCH/CCA-415(C-648)/12222 dated April 20, 2006, stay was granted for a period of three months from April 7, 2006 over the order contained in the aforesaid notice dated April 7, 2006. GPCB has vide its letter no. GPCB/BRCH/CCA-415/2047 dated August 3, 2006 directed our Company to reconnect the water and electricity supply upto September from the date of the issue of this order. The GPCB vide notice GPCB/BRCH/CCA-415/3046 dated January 29, 2007 directed the concerned authorities to continue the water and electricity supply from the date of the issue of that order.

Ankleshwar :-

2. A Notice bearing No. GPCB/BRCH/CCA-415(C-648)/14952 dated May 16, 2006 had been issued against our Company in respect of our Ankleshwar Plant by the Gujarat Pollution Control Board under section 33A of the Water (Prevention and Control of pollution) Act 1974. On April 26, 2006 the officers of the Board conducted an inspection of the affluent pant at the Ankleshwar Plant, wherein it was allegedly found that the effluents were bypassed without appropriate treatment and discharged it to GIDC underground drain. The said notice is issued to our Company prohibiting us to manufacture pesticides, intermediates and to close the opening of the new plants at the same site. We have replied to this notice vide our letter dated May 25, 2006. We have not received any further communication from the GPCB in this regard.

Chharodi :-

3. A notice no. PC/ABD/CCA/GEN-12/3133 dated January 24, 2006 was issued against our Company in respect of our Plot No. B. No. 403, 404, 452, P.O. Chharodi, Sanand, Ahmedabad ("Chharodi Plant") by the Gujarat Pollution Control Board under Section 33-A of the Water Act. The said notice, directed us, inter alia, to prohibit us from manufacturing activities, to close the operation of our Chharodi Plant till adequate treatment plant is installed and efficiently operated and certain other steps as mentioned in that notice are taken. We replied to this notice vide letter dated January 30, 2006. Our Company informed GPCB that certain steps had been taken and other steps were being taken to continue compliance with the aforesaid notice. We have not received any further communication from the GPCB in this regard.

Chharodi :-

4. A notice no. PC/ABD/CCA/GEN-12/32872 dated November 24, 2005 was issued against our Company in respect of our Chharodi Plant by Gujarat pollution Control Board under section 33-A of the Water Act. The said notice stated that GPCB proposed to issue directions to our Company, inter alia, to cease manufacturing pesticides and close the operations of our Chharodi Plant till installation and operation of adequate treatment plant. We replied to this notice vide letter dated November 29, 2005 replying to the questions/queries contained in the aforesaid letter. We have not received any further communication from the GPCB in this regard.

Chharodi :-

5. A notice no. GPCB/HAZ/ABD/GEN-702(3)/27565 dated November 9, 2005 was issued against our Company in respect of our Chharodi Plant by Gujarat Pollution Control Board under section 5 of the Environment (Protection) Act, 1986 read with rule 4(2) of the Environment (Protection) Rules 1986 and Hazardous Waste (Management & Handling) Rules 1989 as amended. The said notice stated that 25 drums allegedly containing hazardous wastes had not been properly disposed off, and pending their disposal GPCB proposed to issue directions, inter alia, to prohibit/close/regulate the operations of our Chharodi Plant till the said 25 drums were disposed off. We replied to them vide our letter dated November 16, 2005 detailing, inter alia, steps taken for disposal of the 25 drums and other incidental points. We have not received any further communication from the GPCB in this regard.

Chharodi :-

6. A notice no. PC/CCA/ABD/GEN-12/24622 dated August 26, 2005 was issued against our Company in respect of our Chharodi Plant by Gujarat Pollution Control Board under section 33-A of the Water Act. The said notice stated that GPCB proposed to issue directions to our Company, inter alia, to prohibit manufacturing and close operations at our Chharodi Plant on the grounds, inter alia, that adverse observations were made during a prior inspection by officials, complaints had allegedly been received about damage to crops and more than permissible limit of alkalines alleged in water samples. We replied to this notice vide our letter dated September 12, 2005 answering the queries/questions contained in the aforesaid letter. We have not received any further communication from the GPCB in this regard.

Chharodi :-

7. A show cause notice no. GPCB/CCA/ABD/GEN-12/24704 dated August 29, 2005 was issued against our Company in respect of our Chharodi Plant by the Gujarat Pollution Control Board as the concentration of the particulate matter in samples of gaseous emissions collected were allegedly higher than the permissible limits specified, which allegedly was in contravention of the provisions of Sections 21(1) and 21(2) of the Air (Prevention and Control of Pollution) Act, 1981 ("Air Act"). Our Company was called to show cause as to why legal action should not be initiated against our Company and all person responsible for the conduct of the business of our Company's industry for the aforesaid alleged contravention. We replied to this notice vide our letter dated September 12, 2006, seeking to identify reasons for the alleged violation

which were based on external factors, as also detailing steps taken for disposal of organic wastes. We have not received any further communication from the GPCB in this regard.

Chharodi :-

8. A Show Cause notice no. GPCB/ABD/CCA-GEN-12/6539 dated March 4, 2006 was issued against our Company in respect of our Chharodi Plant by Gujarat Pollution Control Board under Para 10(A) of the Environmental Audit Scheme alleging non-submission of the Environmental Audit Report for the year 2005 to be submitted on or before January 31, 2006. Our Company was called to show cause as to why action under said scheme should not be initiated against us, by way of disconnection of water and power supply being made available to our industry by the concerned authorities. We replied to this notice vide our letter dated March 8, 2006 putting forth our view that since we were not generating any waste water, we did not qualify for environmental audit. However, our Company, in the same letter, agreed to have an environmental audit done for 2005 and 2006 which was carried out by our Company. We have not received any further communication from the GPCB in this regard.

Chharodi :-

9. Our Company, vide notice of GPCB no. PC/CCA/ABD/GEN-12/20821 dated August 8, 2006 under section 33-A of the Water (Prevention and Control of Pollution) Act-1974, was asked to stop the operation of our Chharodi plant immediately for alleged non compliances as mentioned in that letter. Subsequently, vide letter no. GPCB/ABD/CCA-12/23347 dated August 25, 2006,, allowing our Company to continue the production activities at that plant for ascertaining the performance of Effluent Management System (EMS) provided by our Company. Our Company was also directed to upgrade, install, commission and operate EMS as per undertaking within 3 months and report progress to this office. In case our Company failed to comply with the directions the company would be liable for prosecution under Section 41(2) of the Water (Prevention and Control of Pollution) Act - 1974. Vide its letter no. GPCN/ABD/CCA/GEN-12/10543 dated April 23, 2007 the Gujarat Pollution Control Board stayed its directions issued vide above notice dated August 8, 2006 under the section 33-A of Water (Prevention and Control of Pollution) Act - 1974 for further three months for ascertaining the performance of EMS provided by our Company.

Ankleshwar:-

10. A show cause notice bearing no. PC/AIR/BRCH/CCA-415/25591 dated September 12, 2006 was issued by the Gujarat Pollution Control Board to our Company in respect of our Ankleshwar, stating that the treated effluents were allegedly not in conformity with the tolerance limits specified in the consent order, and requiring our Company to show cause as to why legal action/prosecution should not be initiated against our Company under the Water (Prevention and Control of Pollution) Act, 1974 for the alleged failure to fulfill the said conditions. We have replied to the same vide our letter dated September 26, 2006 setting out our reply to the aforesaid show cause notice. We have not received any further communication from the GPCB in this regard

Chharodi:

11. A notice no. PC/CCA/ABD/GEN-12/26487 dated September 16, 2006 was issued by the Gujarat Pollution Control Board against our Company in respect of our Chharodi Plant, under section 31-A of the Air (Prevention and Control of Pollution) Act, 1981, since gaseous emissions from the plant were in allegedly found to be in excess of prescribed limits. Our Company was asked to stop the operation of our industrial plant at Chharodi till adequate air pollution control equipment are installed and directed to reply within 15 days on receipt of this notice failing to which direction to stop work would be deemed to be passed without further reference to our Company. Our Company replied to this show cause notice vide letter dated September 27, 2006 setting out our reply to the aforesaid notice. We have not received any further communication from the GPCB in this regard.
12. A notice no. PC/CCA/ABD/GEN-12/32281 dated November 10, 2006 under section 33-A of the Water (Prevention and Control of Pollution) Act-1974 and GPCB/ABD/GEN-CCA-12/31637 dated November 04, 2006 under section 31-A of the Air (Prevention and Control of Pollution) Act-1974 was issued by the Gujarat Pollution Control Board against our Company for, inter alia, staying the production in our Chharodi plant. We replied to the same vide our letter dated November 17, 2006, enclosing an undertaking to carry out certain pollution control related activities within the time as mentioned in the undertaking, and requesting for allowing to continue work. We have not received any further communication from the GPCB in this regard.

GPCB vide notice no. GPCB/ABD/CCA-12/33036 dated December 31, 2006 allowed our Company to continue the production for three months, on basis of certain conditions, in relation to the directions contained in the notice under Section 33-A of the Water (Prevention and Control of Pollution) Act-1974. We have applied for further extension of this stay vide our letter dated April 28, 2007. Further, vide letter no. GPCB/ABD/CCA-GEN-12/10541 dated April 23, 2007, the directions under 31-A of the Air (Prevention and Control of Pollution) Act, 1981 were stayed for a further period of three months, in continuation of their earlier letter dated December 1, 2006 staying the aforesaid directions for three months.

Ankleshwar :-

13. A notice no. GPCB/BRCH/CCA-158/6192 dated February 22, 2007 had been issued against our Company in respect of our Ankleshwar Plant by the Gujarat Pollution Control Board under section 33-A of the Water (Prevention and Control of

Pollution) Act 1974 ("Water Act") prohibiting us, in view of alleged non-compliance of prescribed norms, inter alia, from manufacturing of products till ETP is improved / strengthened in respect of the treatment of the inorganic load, organic load and ammonical nitrogen. Our Company replied to this notice vide our letter dated February 27, 2007, putting forth our contention that for a period of two weeks in December 2006, during when the aforesaid problem with ETP was noticed, there was a disturbance in the ETP on account of problem in power supply, and that the said problem was subsequently rectified and that further inspection by the GPCB officials on January 12, 2007 had found effluent levels to be within norms. We have not received any further communication from the GPCB in this regard

E. Labour Cases

Ref. (L.C.A.) No. 1317 of 1997

The above application was filed by Rasilaben Bhuria, Lilaben Mali, Savitaben Mali, Lilaben Bilwai, Dhuliben Bhuria, Ramaben Bhuria, Lilaben Nisarta (workers of Vatva Unit) before the Labour Court. The applicants filed the application for reinstatement on their original posts with full back wages from May 28, 1999 to the date of reinstatement and benefit and with continuity in service. Evidence has been called from the workers.

Recovery Application No. 943 of 2005.

The above application was filed by Shivaji Rajput (worker of Vatva Unit). The Applicant was terminated from the job by our Company and therefore the Applicant filed the above application claiming the dues of Rs. 0.04 million with interest. Our Company has filed reply dated November 23, 2005. Matter pending before the Principal Judge, Labour Court. Evidence has been called from the workers.

Ref. (L.C.A.) No. 1316 of 1997.

The above application was filed by Bhurabhai Bhuria, Rangabhai Bhuria, Narsing Dutta, Narsing Mali, Ramesh Mali, Vijaysing N., Dinesh Bhuria, Himsing Bhuria, Nathubhai Bhuria, Bhabhar Rabia, Narsing Nisarata, Bhuriabhai Vima (workers of Vatva Unit) before the Labour Court. The applicants filed this application for reinstatement on their original posts with full back wages and benefit and continuity in their service. Evidence has been called from the workers.

Recovery Application No. 1427/1998

The above application was filed by Kanubhai Tejebhai (worker of Chharodi Unit) before the Labour Court, Ahmedabad. The applicant filed this application claiming Rs. 0.02 million towards alleged unpaid dues like overtime, wages for casual leave, paid holiday & weekly holiday, difference of minimum wages and bonus. Matter is pending before the Labour Court, Ahmedabad.

Ref. (L.C.A.) No. 269 of 1998

The above application was filed by Kanubhai Parmar (workers of Vatva Unit) before the Labour Court, Ahmedabad. The applicant filed the application for reinstatement on his original post with full back wages and benefit and with continuity in service. Matter is pending before the Labour Court, Ahmedabad.

Workman Compensation Application No. 31 of 1999

The above application was filed by Dharmendra Brahmkhatriya (worker of Vatva Unit) before the Labour Court and Commissioner under the Workmen's Compensation Act. The applicant filed this application claiming Rs. 0.115 million with interest @ 12% and Rs. 0.05 million as compensation for the injury allegedly caused to him due to an accident outside the premises of the unit while on duty. Matter is pending before the labour court and Commissioner under Workmen's Compensation Act.

Recovery Application No. 1030 of 2002

The above application was filed by Babyben Patil (worker of Vatva Unit) before the Labour Court, Ahmedabad. The applicant filed this application claiming Rs. 0.08 million towards unpaid dues like overtime, wages for casual leave, paid holiday & weekly holiday, difference of minimum wages, bonus and lay-off. Matter is pending before the Labour Court, Ahmedabad.

Payment of Wages Application No. 393 of 2006 to 412 of 2006

The above application was filed by Ismail Kadar and 19 other workers, being Durga Meva, Ajit Kadar, Dayanand Kishorsinh, Laxmanbhai Udhabhai, Bhalabhai Alabhai, Bhupatbhai Budhabhai, Ranjitbhai Mohanbhai, Girish Kishanbhai, Rakesh Vasanta, Kamleshprasad, Balu Vinayak, Kalyansinh Lalubhai, Pratapbhai Chhaganbhai, Manojbhai Mahendrabhai, Hariomprasad, Vekrambhai G., Dineshbhai Ramanbhai, Tilakdhari Somnath, Dinesh Chaturbhai (being workers of our Company those of and Meghmani, Dyes Vatva Unit) before the Labour Court and Authority under the Payment of Wages Act at Ahmedabad. The applicants filed this application together claiming Rs. 97.11 million as alleged unpaid dues like overtime, leave encashment and unpaid wages, along with penalty. Matter is pending before the the Labour Court and Authority under the Payment of Wages Act at Ahmedabad.

Ref. (L.C.B.) No. 229 of 2006

The above application was filed by Omprakash Gupta (worker of Ankleshwar Unit) before the Labour Court, Bharuch. The applicant filed the application for reinstatement on his original post with full back wages and benefit and with continuity in service. Matter is pending before the Labour Court, Bharuch.

Ref. IT. No. 73 of 2006

The above case was filed by Rajya General Kamdar Mandal of Baroda (representing workers of Panoli Unit) before the Labour Court, Bharuch. This case has been filed for wage rise and dearness allowance and other benefits. The applicant has also filed an application for interim relief and has demanded ad-hoc rise of Rs. 1750/- per month to each employee. The same is pending before the Labour Court, Bharuch.

Ref. IT. No. 88 of 2006

The above case was filed by Mohan Chaudhary and four others (workers of Panoli Unit) before the Industrial Tribunal, Bharuch. The applicants filed the application for getting transfer orders from Panoli unit to other units of our Company cancelled, and for re-instatement with full lost wages and compensation @ Rs. 0.010 million to each applicant for alleged mental harassment and social difficulties caused because of transfer order issued by our Company. The matter is pending before the Industrial Tribunal, Bharuch.

Complaint (IT) No. 1/2007 in Ref. IT. No. 73 of 2006 and 88 of 2006

The above complaint was filed by Pravin Rana and Ambalal Patil (workers of Panoli Unit) before the Industrial Tribunal, Bharuch. The applicants filed the application for staying their transfer orders from Panoli unit to Vatva units of our Company. The matter is pending before the Industrial Tribunal, Bharuch.

F. Trademark oppositions

One trade mark opposition has been filed against our Company. Details of the same are as follows:

Opposition No. AMD-228354 filed by M/s. Shalina Laboratories Limited against Trademark Application No. 1108427 filed by our Company.

M/s. Shalina Laboratories Limited has filed the aforesaid opposition dated June 23, 2006,, opposing the registration of our trademark "MEGAQUIN" published under Application no. 1108427 in class 5 in the Trade Mark Journal No. 1337 Supplement (1) dated December 15, 2005 on page no. 701 which they allege is deceptively, visually and phonetically similar to the trade mark "MALARQUINE" registered by them under no. 748658 in class 5 Our Company filed its reply vide affidavit dated November 28, 2006.. The opposition is pending before the Trade Mark Registry, Mumbai.

CASES FILED BY OUR COMPANY**G. Criminal Cases (u/s 138 of the Negotiable Instruments Act)**

Our Company has filed the following criminal cases against various parties in the Court of the Metropolitan Magistrate, Ahmedabad for dishonour of cheques issued in favour of our Company. These matters are pending at various stages for hearing.

Number of Cases	Name of the Accused	Criminal Complaint No.	Amount of Dishonored Cheque (Rs. In Million)
4	Dara Chemicals Industries Ltd.	No.: 3301 - 3304 of 1999	2.15
9	Asiatic Agriproducts Pvt. Ltd. and others	No.: 2230 to 2238 of 1999	0.45
7	N. F. C. Chemicals Ltd.	No.: 1928 to 1934 of 1999	2.21
11	M/s Jewel Chemicals	No.: 1054 to 1064 of 2000	5.97
1	The Plant Protection Products Pvt. Ltd.	No.: 1779 of 2000	1.13
3	Hyderabad Agro Inputs Pvt. Ltd.	No.: 1039 to 1041 of 2000	0.94
4	Devi Pesticides Pvt. Ltd.	No.: 721 to 724 of 2002	2.10
2	Devi Pesticides Pvt. Ltd. and others	No.: 1001 to 1002 of 2002	0.70
2	K. V. M. Products Pvt. Ltd. and others	No.: 2391 and 2392 of 2004	5.09
1	P. J. Agro Tech Ltd. and others	No.: 225 of 2002	2.0
1	J. K. Pesticides & Chemical Corporation and another	No.: 5021 of 2003	0.08
2	Himansu Agro Traders and others	No.: 555 and 556 of 2004	0.36
1	Himansu Agro Traders and others	No.: 2040 of 2005	0.04
2	Supreme Agro Tech (P) Ltd.	No.: 3223 to 3224 of 2004	3.84
1	Raico Services and Another	No.: 2770 of 2004	0.46
1	Moni Enterprises and Another	No.: 2470 of 2001	0.53
1	Tamilnadu Pigments and Another	No.: 1291 of 2006	0.05

H Excise Cases

Appeal No. E 2100/06 to 2102/06 before CESTAT at Mumbai.

This show cause notice was issued with respect to our Panoli units I and II against our Company, Mr. Ramesh Patel and Mr. Manoj Mishra Assistant General Manager Excise.

a. Our Company was asked to show cause as to why:

For Unit I:

- i. The Central Excise duty short paid on clearance of their product cleared in DTA totally amounting to Rs. 3.85 million should not be recovered
- ii. Mandatory penalty equal to the duty short paid should not be imposed recovered from them under Section 11AC r/w Rule 25 of the Central Excise Rules 2002 of the Central Excise Act 1944, r/w section 112 of the Customs Act, 1962.
- iii. Interest at an appropriate rate on the duty short paid should not be demanded and recovered from them under section 11 AB of the Central Excise Act 1944.

For Unit II:

- i. Central Excise Duty short paid on clearance of their products cleared in DTA amounting to Rs. 19.04 million should not be recovered
- ii. Mandatory penalty equal to the duty short paid should not be imposed recovered from them under Section 11AC r/w Rule 25 of the Central Excise Rules 2002 of the Central Excise Act 1944, r/w section 112 of the Customs Act, 1962.
- iii. Interest at an appropriate rate on the duty short paid should not be demanded and recovered under section 11 AB of the Central Excise Act 1944.
- iv. Central Excise Duty short paid on clearance of their products cleared in DTA against the payment of Foreign Exchange of the Exim Policy 2002 to 2007 amounting to Rs. 1.44 million should not be recovered.
- v. Central Excise Duty amounting to Rs. 2.15 million voluntarily paid by during the course of investigation should not be confirmed and appropriated against the demand of Rs. 19.04 million and demand of Rs. 1.44 million.
- b. Mr. Manoj Mishra was asked to show cause as to why penalty should not be imposed upon under Rule 209A of the Central Excise Rules, 1944 read with Rule 26 of the Central Excise Rules, 2001 and Rule 26 of Central Excise Rules, 2002.
- c. Mr. Ramesh Patel was asked to show cause as to why penalty should not be imposed upon him under Rule 26 of the Central Excise Rules, 2002 read with section 112 of the Customs Act, 1962.
- (a) The Commissioner (Adjudication), Central Excise, Surat-II decided the matter against our Company as follows: Rs. 3.85 million and Rs. 19.04 million was demanded as central excise duty for Unit - I and Unit - II respectively, both units at Panoli, as allegedly short-paid;
- (b) Penalty of Rs. 3.85 million and Rs. 19.04 million was imposed in respect of above duty allegedly short paid for Unit - I and Unit II respectively;
- (c) Interest to be paid by the aforesaid Unit - I and Unit - II in terms of Section 11AB of Central Excise Act;
- (d) Rs. 1.44 million was demanded as central excise duty for Unit - II as allegedly short paid on clearance of products cleared in DTA against payment of foreign exchange under EEFC (Exchange Earners Foreign Currency);
- (e) Penalty of Rs. 1.44 million was imposed in respect of duty allegedly short paid for Unit - II as stated above;
- (f) Interest was levied in terms of Section 11AB of Central Excise Act;
- (g) Central Excise duty of Rs. 2.15 million paid voluntarily by Unit - II to be adjusted against central excise duty demanded as stated hereinabove;
- (h) Penalty of Rs. 0.5 million imposed on Mr. Ramesh Patel, our Whole-time Director and penalty of Rs. 0.01 million imposed on Mr. Manoj Mishra, an employee of our Company.

Our Company, Mr. Ramesh Patel and Mr. Manoj Mishra have filed an appeal before CESTAT, Mumbai against the aforesaid order, and the appeal is pending before CESTAT, Mumbai. Pursuant to a stay order dated August 25, 2006 the payment of the amount of duty demanded has been stayed on the precondition that Rs. 4 million be deposited, which has been deposited by us. In view of the stay order expiring in 180 days, we have made application for extension of the aforesaid stay order, and this application is pending. The amount of penalty on Mr. Ramesh Patel or on Mr. Manoj Mishra has not been paid till date. The appeal is pending in CESTAT, Mumbai.

I. Income Tax Cases

Order of the Assessing Officer dated March 04, 2003 for the Assessment Year 2000- 2001.

Our Company has filed this appeal before the ITAT challenging the order passed by the CIT(Appeals)VIII, Ahmedabad dated August 19, 2003 partly upholding the order of the Assessing Officer, on the following grounds:

- a) Deductions under Section 80HHC of the I-T Act, not being available on division-wise/unit-wise profits and being available on entire business profits only without differentiating between domestic and export units is not in accordance with the provisions of Section 80HHC of the I-T Act;
- b) Confirming reduction of alleged loss on trading exports from total deduction under Section 80 HHC without considering that loss at any stage of the calculation of deduction under Section 80HHC has to be ignored and cannot be given effect to;
- c) Confirming the reduction of Rs. 1.83 million on account of duty drawback from the profits for calculating deduction under Section 80IA of the Income Tax Act on the ground that the same is not derived from manufacturing activities;
- d) Not allowing deductions under both Section 80HHC and 80IA on the gross total income;
- e) Confirming the addition of prior period expense of Rs. 3.22 million and provision of doubtful debts of Rs. 2.5 million to book profits for calculating MAT;
- f) Confirming levy of interest under Sections 234B and 234C of the Income Tax Act.

The appeal is pending in ITAT.

Order of the Assessing Officer dated June 9, 2003 for the Assessment Year 2001-2002.

Our Company has filed an appeal with the ITAT in connection with an order passed by the CIT(Appeals)VIII, Ahmedabad dated January 26, 2004 which order partly upheld the order of the Assessing Officer, on the following grounds:

- a) Holding that deductions under Section 80HHC of the I-T Act, not being available on division-wise/unit-wise profits and being available on entire business profits only without differentiating between domestic and export units is not in accordance with the provisions of Section 80HHC of the I-T Act;
- b) Confirming the reduction of alleged loss of trading exports from total deductions under Section 80HHC of the I-T Act without appreciating our Company's contention that loss at any stage of the calculation of deduction under Section 80HHC is to be ignored and cannot be given effect to;
- c) Confirming the reduction of Rs. 0.14 million on account of duty drawback from profits for calculating deduction under Section 80IA of the I-T Act on the ground that it is not derived from manufacturing activities;
- d) Not allowing deductions from Section 80IA as well as Section 80HHC of the I-T Act, and not appreciating our Company's contention that Section 80IA of the I-T Act is an independent section and deduction claimed under that does not affect deduction claimed under other sections;
- e) Levy of interest under Section 234B and 234C of the I-T Act.

The appeal is pending in ITAT.

Order of the Assessing Officer dated March 29, 2004 for the Assessment Year 2002-2003.

Our Company has filed an appeal with the ITAT in connection with an order passed by the CIT(Appeals)VIII, Ahmedabad dated November 25, 2004 which order partly upheld the order of Assessing Officer, on the following grounds:

- a) Including excise duty amounting to Rs. 83.17 million and sales tax of Rs. 10.20 million to the figure of total turnover for the purpose of calculating deduction under Section 80HHC of the I-T Act;
- b) Holding that proceeds of DEPB license are covered by Section 28(iib) of the I-T Act and consequently deduction under Section 80HHC of the I-T Act being available only to the extent of 90% of the DEPB license.
- c) Reducing business profits on account of business income of Rs. 5.15 million while calculating deduction under Section 80HHC of the I-T Act on the ground that same is not derived from export business of our Company;
- d) Confirming the reduction of alleged loss of trading exports from total deductions under Section 80HHC of the I-T Act without appreciating our Company's contention that loss at any stage of the calculation of deduction under Section 80HHC is to be ignored and cannot be given effect to;
- e) Holding that deductions under Section 80HHC of the I-T Act, not being available on division-wise/unit-wise profits and being available on entire business profits only without differentiating between domestic and export units is not in accordance with the provisions of Section 80HHC of the I-T Act;
- f) Not allowing deductions from Section 80IA as well as Section 80HHC of the I-T Act, and not appreciating our Company's contention that Section 80IA of the I-T Act is an independent section and deduction claimed under that does not affect deduction claimed under other sections;

- g) Confirming the denying deduction of duty drawback and profit on sale of DEPB benefit amounting to Rs. 21.75 million for calculating deduction under Section 80IB of the I-T Act on the ground that it is not derived from manufacturing activities;
- h) Confirming the denying deduction of interest income of Rs. 4.39 million for calculating deduction under Section 80IB of the I-T Act on the ground that it is not derived from manufacturing activities;
- i) Confirming of levy of interest under Sections 234B and 234C of the I-T Act;
- j) Initiation of penalty proceedings.

The appeal is pending in ITAT.

Order of the Assessing Officer dated November 30, 2005 for the Assessment Year 2003-2004.

Our Company has filed an appeal before the Commissioner of Income-Tax (Appeals) partly upholding the order passed by the Assessing Officer for the Assessment year 2003-2004

- a. Including excise duty amounting to Rs. 94.99 million and sales tax of Rs. 14.96 million to the figure of total turnover for the purpose of calculating deduction under Section 80HHC of the I-T Act;
- b. Reducing business profits on account of interest income of Rs. 0.9 million and sale proceeds of DEPB license of Rs. 43.44 million while calculating deduction under Section 80HHC of the I-T Act
- c. In alternative to b and c. above, if profit on sale of DEPB license does not fall within the purview of Sections 28(iia)/(iib)/(iic) of the I-T Act, the same ought not to be liable to tax at all.
- d. In alternative to b, c and d above, the entire sale proceeds of the DEPB license are covered by Section 28(iv) of the I-T Act, and therefore deduction under Section 80HHC ought to have been completely allowed;
- e. In view of Taxation amendment Act 2005 with retrospective effect the amount of DEPB Income is excluded from the profits of the business for the purpose of deduction under section 80HHC of IT Act.
- f. Reduction of alleged loss of trading exports from total deductions under Section 80HHC of the I-T Act without appreciating our Company's contention that loss at any stage of the calculation of deduction under Section 80HHC is to be ignored and cannot be given effect to;
- g. Holding that deductions under Section 80HHC of the I-T Act, not being available on division-wise/unit-wise profits and being available on entire business profits only without differentiating between domestic and export units is not in accordance with the provisions of Section 80HHC of the I-T Act;
- h. Excluding an amount of Rs. 41.67 million from export turnover on the ground that export turnover has not been received in India till date of filing return of income;
- i. Addition of Rs. 0.56 million on account of alleged bonus on keyman insurance policy;
- j. Levy of interest under Sections 234B and 234C of the I-T Act;
- k. Initiation of penalty proceedings under Section 271(1)(c) of the I-T Act;

The Commissioner of Income-Tax (Appeals) Ahmedabad vide its order No. CIT (A) -VII/CIR.4/140/2005- 06 dated November 27, 2006 granted partial relief to our Company in terms of our grounds of appeal, allowing the exclusion of excise duty amounting to Rs. 94.99 million and sales tax of Rs. 14.96 million to the figure of total turnover for the purpose of calculating deduction under Section 80HHC of the I-T Act and disallowing the addition of Rs. 0.56 million on account of alleged bonus on keyman insurance policy.

Our Company has filed an appeal before ITAT, Ahmedabad challenging the above order of Commissioner of Income-Tax (Appeals). The same is pending before ITAT.

J Civil Cases

Our Company has filed 6 summary suits in the City Civil Court, Ahmedabad for recovery of outstanding amounts from the customers. These matters are pending at various stages for hearing.

Sr. No.	Defendants and Summary Suit No.	Summary Suit No.	Amount Claimed (Rs. In million)*
1.	M/s Associated Pesticides and others	Summary Suit No. 5746 of 1999	2.44
2.	M/s Konnkan Pesticides and others	Summary Suit No. 1984 of 1999	1.04
3.	Coromondal Pesto Chem Pvt. Ltd. and another	Summary Suit No. 5019 of 2001	4.02
4.	Poorvi Farm Tech Pvt. Ltd. and another.	Summary Suit No. 5018 of 2001	2.03
5.	M/s Amit Trading Co. and others	Summary Suit No. 5020 of 2001	1.11
6.	Bhaskar Agrochemicals Ltd. & Mr Pattabhi Rama Rao.	Summary Suit No. 572 of 2003	6.46

* Not including interest, if any, which may have been claimed but not quantified by our Company.

In addition to the aforesaid, our Company has also filed a civil suit in the Court of the Joint Civil Judge (Junior Division), Sanad, being Suit No. 91 of 1995 against Vithalbhai Govabhai and six other persons, seeking a permanent injunction restraining the defendants from entering onto the property bearing block no. 402, 452 of Village Chharodi, Sanad, Ahmedabad. This case is still pending.

K Trademark oppositions:

A summary of the trade mark oppositions filed by our Company are as follows:

Opposition No. MUM-155053 against Trademark Application No. 610369 filed by United Phosphorous Ltd.

The applicant company is in the same business as that of our Company. The applicant company has adopted the trademark "LANCER" which we allege is deceptively and phonetically similar to the registered trademark "LANCE" used by our Company since the year 1998. Trademark "LANCE" is used by our Company in respect of pesticides in class 5 as per registration no. 706738. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition No. MAS-176182 against Trademark Application No. 1177936B filed by Maridian Chemicals Pvt. Ltd.

Our Company filed the aforesaid opposition, opposing the registration of trademark "PROVET" published under Application no. 1177936B in Trade Mark Journal Mega-V dated November 14, 2003 on page no. 2073 which we allege is deceptively and phonetically similar to the trade mark "PROVEN" registered by our Company under no. 1093944 in class 5 and used since the year 2000. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition No. MUM-188201 against Trademark Application No. 1269260 filed by Mahendra Shubhalabh Service Ltd.

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "CYPER" published under Application no. 1269260 which we allege is deceptively and phonetically similar to the trademark "MEGACYPER" applied for registration by our Company under application no. 772903 in class 5 and used since the year 1997. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition No. MUM-190857 against Trademark Application No. 1059038 filed by Syncom Formulation (India) Ltd.

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "SYNERGY TM" published under Application no. 1059038 in Trade Mark Journal 1323(S-I) dated December 6, 2004 on page no. 240 which we allege is deceptively and phonetically similar to the trademark "SYNERGY 505" applied for registration by our Company under application no. 1093947 in class 5. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition No. MUM-191102 against Trademark Application No. 1201848 filed by Iatros Pharmaceuticals Pvt. Ltd.

Our Company has filed the aforesaid Opposition opposing the use and registration of trademark "TRUDOX" published under Application no. 1201848 in Trade Mark Journal 1324(S-I) dated December 13, 2004 on page no. 269 which we allege is deceptively and phonetically similar to the trademark "TRUZO" registered under no. 1093945 in class 5 and used since the year 2002. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition No. AMD-192401 against Trademark Application No. 1154105 filed by Vedant Enterprise.

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "GOL MOL" published under Application no. 1154105 in Trade Mark Journal 1326(S-I) dated December 27, 2004 on page no. 281 which we allege is deceptively and phonetically similar to the trademark "MOL" used and registered under no. 1069930 and 1069931 in class 5 and 2 respectively. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition against Trademark Application No. 1196362 filed by Proven Health Care

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "PROVEN" published under Application no. 1196362 in Trade Mark Journal 1326(S-I) dated December 27, 2004 on page no. 304 which we allege is deceptively and phonetically similar to the trademark "PROVEN" registered under no. 1093944 in class 5 and used since the year 2000. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition against Trademark Application No. 1278755 filed by Gujarat Pesticides

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "MOLTHION" published under Application no. 1278755 in Trade Mark Journal 1326(S-I) dated December 27, 2004 on page no. 473 which we allege is deceptively and phonetically similar to the trademark "MOLTHRIN-10" used and registered under no. 730955 in class 5. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition No. MUM-194750 against Trademark Application No. 644397 filed by Alkem Laboratories Ltd.

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "PROVEN" published under Application no. 644397 in Trade Mark Journal 1323 dated December 6, 2004 on page no. 128 which we allege is deceptively and phonetically similar to the trademark "PROVEN" registered under no. 1093944 in class 5 and used since the year 2000. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition No. MAS-198395 against Trademark Application No. 848784 filed by Multiplex Agricare (P) Ltd.

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "NAGCYPER-10" published under Application no. 848784 in Trade Mark Journal 1327(S-3) dated January 17, 2005 on page no. 387 which we allege is deceptively and phonetically similar to the trademark "MEGACYPER" applied for registration by our Company under application no. 772903 in class 5 and used since the year 1997. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition No. MAS-198396 against Trademark Application No. 848785 filed by Multiplex Agricare (P) Ltd.

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "NAGCYPER" published under Application no. 848785 in Trade Mark Journal 1327(S-3) dated January 17, 2005 on page no. 388 which we allege is deceptively and phonetically similar to the trademark "MEGACYPER" applied for registration by our Company under application no. 772903 in class 5 and used since the year 1997. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition No. MUM-200357 against Trademark Application No. 1254224 filed by Rajvi Vipul Bhagat.

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "SYNERGESTIN" published under Application no. 848785 in Trade Mark Journal 1327(S-5) dated January 31, 2005 on page no. 855 which we allege is deceptively and phonetically similar to the trademark "SYNERGY 505" applied for registration by our Company under application no. 1093947 in class 5. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition No. MUM-208207 against Trademark Application No. 632929 filed by Neon Laboratories Pvt. Ltd.

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "SYNERGY" published under Application no. 632929 in Trade Mark Journal 1327(S-4) dated January 24, 2005 on page no. 217 which we allege is deceptively and phonetically similar to the trademark "SYNERGY 505" applied for registration by our Company under application no. 1093947 in class 5. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition against Trademark Application No. 1132323B filed by Synergy Natural Cares.

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "SYNERGY" published under Application no. 1132323B in Trade Mark Journal 1328(S-5) dated March 30, 2005 on page no. 209 which we allege is deceptively and phonetically similar to the trademark "SYNERGY 505" applied for registration by our Company under application no. 1093947 in class 5. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition No. DEL-176739 against Trademark Application No. 1173761B filed by Crystal Phosphates Ltd.

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "LANCER" published under Application no. 1173761B in Trade Mark Journal Mega-V dated November 14, 2003 on page no. 2012 which we allege is deceptively and phonetically similar to the trademark "LANCE" registered by our Company under no. 706738 in class 5 and used since the year 1998.

Opposition No. MUM-200358 against Trademark Application No. 1254224 filed by Mr. Rajvi Vipul Bhagat.

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "SYNERGEST" which we allege is deceptively and phonetically similar to the trademark "SYNERGY- 505" registered by our Company under no. 1093947 in class 5. The opposition is pending before the Trade Mark Registry, Mumbai.

Opposition No. AMD-248640 against Trademark Application No. 1394565 filed by M/s. Proventis Pharmaceuticals Private Limited.

Our Company has filed the aforesaid opposition opposing the use and registration of trademark "PROVENTIS" published under Application no. 1394565 advertised in Trade Mark Journal no. 1345 dated June 01, 2005 on page no. 486 which we allege is deceptively and phonetically similar to the trademark "PROVEN" registered by our Company under no. 1093944 in class 5. The opposition is pending before the Trade Mark Registry, Mumbai.

In addition to the aforesaid, we have withdrawn the following two oppositions :

1. Opposition No. MAS-205706 against Trademark Application No. 1087353 filed by Mega Chemicals & Fertilizers.
2. Opposition No. DEL-188693 against Trademark Application No. 898681 filed by Ochoa Laboratories Private Limited.

II. OUTSTANDING LITIGATIONS OF PROMOTERS

L. Outstanding Litigations against our Promoters

Except for the cases mentioned in Serial Nos. B above and Q(G) below, there are no outstanding litigations against our Promoters.

M. Outstanding Litigations by our Promoters

Except for the case mentioned in Serial No. H above, there are no outstanding litigations by our Promoters.

III. OUTSTANDING LITIGATIONS OF DIRECTORS

N. Outstanding Litigations against our Directors

Except for the cases mentioned in Serial Nos. B above and Q(G) below, there are no outstanding litigations against our Directors.

The name of Mr. K.N. Venkatasubramanian, an independent Director of our Company, has appeared in the past, in the list of defaulters/wilful defaulters of RBI, as reported by Bank of Baroda and UTI, with respect to Essar Oil Limited as he has been associated as an Independent Director with Essar Oil Limited since October 31, 2000. However, as per confirmation received from Essar Oil Limited, based on the information given by Bank of Baroda and UTI to RBI, at present that company and Shri K N Venkatasubramanian are no longer in the defaulters list.

Mr. K.N. Venkatasubramanian, an independent Director of our Company, is also an Independent Director of Essar Oil Limited. In August 2003, lenders to the refinery project of Essar Oil Limited approved a Corporate Debt Restructuring (CDR) package which was objected by one on the lenders (IndusInd Bank who had granted a CVD loan facility of Rs. 550 million in 1999). The objection was rejected by the CDR cell and CDR package was implemented. In April 2006, IndusInd Bank filed a recovery suit in Debt Recovery Tribunal (DRT), Mumbai and obtained interim ex-parte order dated June 26, 2006 restraining Essar Oil Limited from disposing of certain immovable property as well as CVD/MODVAT receivables. DRT, on Essar Oil's application, vacated the aforesaid interim order on August 25, 2006. Thereafter, IndusInd Bank filed an appeal before Debt Recovery Appellate Tribunal, which was rejected on August 28, 2006. However the original recovery suit in DRT is pending.

O. Outstanding Litigations by our Directors

Except for the case mentioned in Serial No. H above, there are no outstanding litigations against our Directors.

IV. Outstanding litigations of Promoter Group entities

P. Litigations involving M/s. Meghmani Chemicals

Cases filed by M/s. Meghmani Chemicals

M/s. Meghmani Chemicals has filed six criminal cases in relation to dishonour of cheques under Section 138 of the Negotiable Instruments Act, and details of the same are as follows:

Sr. No.	Name of the Court	Name of the Accused	Criminal Complaint No.	Amount Outstanding (Rs. In million)
1.	Metropolitan Magistrate (Court No. 19), Ahmedabad	R. K. S. Dyechem and another	2631 of 1998	0.4
2.	Metropolitan Magistrate (Court No. 19), Ahmedabad	R. K. S. Dyechem and others	539 of 1997	0.1
3.	Metropolitan Magistrate (Court No. 19), Ahmedabad	R. K. S. Dyechem and others	514 of 1997	0.12
4.	Metropolitan Magistrate (Court No. 19), Ahmedabad	R. K. S. Dyechem and another	325 of 1998	0.2
5.	Metropolitan Magistrate (Court No. 19), Ahmedabad	R. K. S. Dyechem and others	476 of 1997	0.1
6.	Metropolitan Magistrate. (Court No.22) , Ahmedabad	Yagam Process	9239 of 2006	0.08

Q. LITIGATIONS INVOLVING MEGHMANI INDUSTRIES LIMITED ("MEGHMANI INDUSTRIES")

CASES FILED AGAINST MEGHMANI INDUSTRIES

Q(A) Income Tax Cases

Order dated January 12, 2004 passed by the Assessing Officer for the Assessment Year 2001-2002.

The Assistant Commissioner of Income Tax filed an appeal to the Income Tax Appellate Tribunal challenging the order dated December 15, 2004 passed by the Commissioner of Income Tax (Appeals) VIII, partly allowing the order dated January 12, 2004 passed by Assessing Officer, on the following grounds:

- i. the Commissioner deleted the disallowance of Rs. 0.02 million u/s 14A which was made on account of managerial/ administrative expenses incurred for earning dividend income.
- ii. The Commissioner directed to exclude only the net interest income for the purpose of computation of deduction u/s 80HHC disregarding the fact that the interest earned by the assessee cannot be said to be derived from the export business.
- iii. The Commissioner held that DEPB qualify as export incentive for the purpose of deduction u/s 80HHC.

The Income Tax Appellate Tribunal vide its order dated September 4, 2006 partly allowed the said appeal and, in respect of deciding on the matter of DEPB qualifying for export incentives, for purpose of deductions under Section 80HHC, due to retrospective amendment to law,, restored the matter back to the Assessing Officer for deciding the matter afresh.

Q(B) Customs and Excise Cases

Letter dated May 11, 2006

Meghmani Industries received a letter dated May 11, 2006 from Superintendent of Central Excise, AR-I, Division IV, Ahmedabad for ascertaining the differential assessable value for formulated pesticides cleared under section 4 during March 2003 to March 2005 and also short levy pf duty. Meghmani Industries has not received any Show Cause notice. Meghmani Industries vide its letter dated June 16, 2006 informed the Superintendent that "M.R.P" was printed on the bags as a routine manner and no actual price was printed on the bags. Further the goods were removed from the factory with mark "FOR INDUSTRIAL USE ONLY". Therefore there was no question of any short payment duty as pointed out by the audit.

Current Status: Matter pending no action has been taken after filing of the reply.

Q(C) Labour Cases

Ref. (L.C.A.) No. 148 of 1999.

The above application was filed by Amratbhai Parmar before the Labour Court, Ahmedabad. The applicant had filed this application for reinstatement on his original post with full back wages and benefit and continuity in service. The matter is pending before the Labour Court, Ahmedabad..

Ref. (L.C.A.) No. 1003 of 2002.

The above application was filed by Syam Babibhai before the Labour Court, Ahmedabad. The applicant filed this application for reinstatement on his original post with full back wages and benefit and continuity in service. The matter is pending before the Labour Court, Ahmedabad.

D. CASES FILED BY MEGHMANI INDUSTRIES

QD) Criminal Case (Section 138 of Negotiable Instruments Act)

Sr. No.	Name of the Court	Name of the Accused	Criminal Complaint No.	Amount Outstanding (Rs. In million)
1.	Metropolitan Magistrate (Court No. 19), Ahmedabad	Ventron Organics Ltd. and another	1472 of 2004	0.27
2.	Metropolitan Magistrate (Court No. 19), Ahmedabad	Kay Pee Sales Corporation and another	2439 of 1998	0.52
3.	Metropolitan Magistrate (Court No. 19), Ahmedabad	Kay Pee Sales Corporation and another	2437 of 1998	0.1
4.	Metropolitan Magistrate (Court No. 19), Ahmedabad	Kay Pee Sales Corporation and another	2438 of 1998	0.07
5.	Metropolitan Magistrate (Court No. 19), Ahmedabad	Krishak Bharti and another	1471 of 2004	0.35
6.	Metropolitan Magistrate (Court No. 19), Ahmedabad another	Dhar Textile Mills Ltd. and another	Enquiry No. 310/06	0.15

Q(E) Customs and Excise Cases

Show Cause Notice dated June 4, 2004 issued by the Customs, Excise and Service Tax Appellate Tribunal, West Zonal Bench, Mumbai.

Meghmani Industries lost some of the material during the transit to Malaysia and the container was found damaged. Meghmani Industries vide their letter dated September 23, 2003 applied for remission of duty to the Assistant Commissioner. The Assistant Commissioner issued a show cause notice dated June 4, 2004 asking as to why the duty of Rs. 0.40 million should not be recovered under section 11A of the Central Excise Act, 1944. Meghmani Industries vide its letter dated September 10, 1994 denied all the allegations. However the Assistant Commissioner by its order dated October 29, 2004 confirmed amount of duty and ordered recovery of interest. Meghmani Industries aggrieved by this order appealed to the Commissioner (Appeals) Central Excise, Ahmedabad. The Commissioner upheld the order of the Assistant Commissioner. Meghmani Industries has now appealed before the Appellate Tribunal, West Zonal Branch, Mumbai. Meghmani Industries got Stay order for Interest Demanded. Duty liability is already paid under the protest.

Q(F) Directorate of Revenue intelligence (DRI)

Letter No. DRI/MZU/ENQ-9/2006-2007/452 dated September 29, 2006

Three consignments of Ortho Phenlenediamine (Crude) (OPD) were put on hold by DRI vide its seizure memo no. DRI/MZU/ENQ-9/2006-2007 dated September 26, 2006, due to alleged misdeclaration of import, on the ground that the aforesaid items were not eligible for duty-free imports in terms of the advance authorisation procured by them from DGFT. These were subsequently released vide DRI Letter bearing No. DRI/MZU/NS/ENQ-9/2006-07/452 addressed to the Commissioner of Customs (Imports) on payment of import duty of Rs. 1.92 million payable by Meghmani Industries on these consignments. However, the seized goods were not released. Thus, vide letter dated November 2, 2006 addressed to the Commissioner of Customs (Imports), Meghmani Industries has put forth its contentions as regards why it paid the amount of customs duty despite contending that the imports were duty-free within its advance authorisation, and inter alia asked for release of the seized consignments and to safeguard revenue on further proceedings, if any, if so required by the authorities. The seized consignments were subsequently released.

Q(G) Director General of Foreign Trade (DGFT)

Show cause Notice no. 08/300/AM07/ECA dated November 01, 2006 issued by the Jt. Director General of Foreign Trade, Ahmedabad

This notice was issued by the DGFT, Ahmedabad to Meghmani Industries and its Directors under Section 9(4) of the Foreign Trade (Development and Regulation) Act, 1992 read with Rule 9(2) and Rule 10 of the Foreign Trade (Development and Regulation) Rules pursuant to the seizure of consignments as referred to in Q(F) above, This notice required Meghmani Industries and its Directors, in view of the aforesaid alleged mis-declaration for three consignments in declaring them as duty-free when they were not allegedly covered by the advance authorisation obtained from DGFT. Meghmani Industries replied to the same vide letter bearing number MIL/QBAL-C13-OPDA-0607 dated November 06, 2006. Further proceedings/decision in the matter from DGFT is awaited.

Mr. Natwarlal Patel and Mr. Ramesh Patel, who are Directors on the Board of Meghmani Industries Limited, are also Promoters and Directors of our Company.

Q(H) Sales Tax Cases

The assessment order dated December 29, 1997.

This appeal has been filed by Meghmani Industries before the Gujarat Sales Tax Appellate Tribunal against the order of the Assistant Commissioner, Sales Tax by its order dated June 30, 2000, instructed Meghmani Industries to make payment of 20% of the amount in dispute (that is, 20% of Rs. 1.7 million) and dismissed the appeal, while Meghmani Industries averred that they were entitled to sales tax deferment of a far higher amount. The appeal against the order of Assistant Commissioner, Sales Tax arose from the assessment order dated December 29, 1997. Meghmani Industries aggrieved by this order filed an appeal before Gujarat Sales Tax Appellate Tribunal. Appeal is pending for final hearing.

Assessment order for the assessment period of April 1, 1994 to March 31, 1995

An amount of Rs. 0.8 million was demanded from MIL vide an assessment order for the assessment period of April 1, 1994 to March 31, 1995 as the amount of Central Sales Tax assessed. MIL appealed with the Assistant Commissioner, Sales Tax in connection with the Assessment Order. The Assistant Commissioner instructed MIL to make payment of 20% of disputed amount (as demanded vide assessment order dated December 29, 1997 under the Gujarat Sales Tax Act.). MIL defaulted in making such payment and consequently the appeal was summarily dismissed by the Assistant Commissioner. MIL has filed this appeal with the Gujarat Sales Tax Tribunal in connection with the order passed by the Assistant Commissioner.

R. LITIGATIONS INVOLVING MEGHMANI DYES AND INTERMEDIARIES LIMITED ("MEGHMANI DYES")

CASES FILED AGAINST MEGHMANI DYES

R(A) Income Tax Cases.

Assessment Year 1997-1998

The Income Tax department has filed this appeal before Income Tax Appellate Tribunal challenging the Order dated October 19, 2000 passed by Commissioner of Income Tax(Appeals), partly setting the order passed by the Assessing Officer dated March 31, 2000. The following are the grounds of appeal:

- i. Directing the Assessing Officer not to deduct the commission paid by the Meghmani Dyes in foreign exchange on exports amounting to Rs. 30.2 million from the export turnover while working out the deduction admissible under 80HHC of the Act;
- ii. Holding that gross amount of export proceeds had been received in India in convertible foreign exchange.
- iii. Directing the Assessing Officer not to deduct 90% of interest receipt of Rs. 0.34 million in computing the profit of the business for the purpose of deduction under Section 80HHC of the Act.

ITAT, vide its order dated October 13, 2006 set aside the aforesaid order of the CIT(Appeals) and directed the Assessing Officer to calculate the deduction u/s 80 HHC after providing the reasonable opportunity of being heard to the assessee. The matter is pending before the Assessing Officer.

Summons no. T-3/17/A/05/RDG/2284 dated November 24, 2005.

A search u/s 132 of Income Tax Act, 1961 was conducted on September 22, 2005 in the premises of Meghmani Dyes and US\$ 5600 was allegedly seized by the Income Tax Authorities. The Authorities then referred the matter to the Directorate of Enforcement for further investigation. Summons under the provision of Section 37 of Foreign Exchange Management Act, 1999 read with Section 131 of Income Tax act, 1961 was served on Meghmani Dyes by Directorate of Enforcement for giving evidence and producing the books of account or other documents personally. Meghmani Dyes filed their detailed reply vide their letters dated December 8, 2005 and December 20, 2005 enclosing the copies of all the documents as required by the Directorate of Enforcement.

Current Status: Pending for the hearing before the Directorate of Enforcement.

R(B) Excise Cases

1. Show Cause Notice no. F. N. CH.32/3-73/Dem/06/867 dated December 12, 2006

Meghmani Dyes received a show cause notice no. F. N. CH.32/3-73/Dem/06/867 dated December 12, 2006 from Joint Commissioner, Central Excise, Ahmedabad -1 asking Meghmani Dyes to show cause as to why:

1. Reversal of credit of service tax of Rs. 0.09 million (including education cess) taken allegedly ineligible services should not be held ineligible and recovered from them under Rule 14 of Cenvat Credit Rules 2004 read with section 11A of Central Excise Act, 1944.
2. Differential Central Excise duty of Rs. 0.004 million and education cess of Rs. 91 taken as credit on ceramics beads should not be demanded and recovered under section 11A of Central Excise Act, 1944
3. Cenvat credit of Rs. 0.60 million (including education cess) on capital goods like plates, rods taken should not be held ineligible and recovered under Rule 14 of Cenvat Credit Rules, 2004 read with section 11A of Central Excise Act, 1944.
4. Penalty as provided under Rule 14 of Cenvat Credit Rules, 2004 and Rule of Central Excise Rules, 2002 should not be imposed.

Meghmani Dyes has not filed their reply to the said show cause notice.

R(C) Labour Cases

Ref. (LCA) No. 763/04

Case filed by Bharat Damor for reinstatement on his original post with full back wages and other benefits. The case is pending in the Labour Court, Ahmedabad.

Recovery 1831/03

Case filed by Bharat Damor for recovery of Rs. 0.13 million as dues of bonus for the period from 1999-2002. The case is pending in the Labour Court, Ahmedabad.

Ref (LCA) 974/05

Case filed by Kamlesh Vishwanathan for reinstatement on his original post with full back wages and other benefits. The case is pending in the Labour Court, Ahmedabad.

Ref. (LCA) 122/06

Case filed by Asharam Punnilal and Jayprakash Matadin for reinstatement on his original post with full back wages and other benefits. The case is pending in the Labour Court, Ahmedabad.

Recovery Application No. 2258 of 2001

The above application was filed by Vasram Himabhai. The Applicant has filed the said Application claiming Rs. 0.15 million with interest at the rate of 15 % per annum for illegal termination. The case is pending in the Labour Court, Ahmedabad.

Recovery Application No. 1831 of 2003

The above application was filed by Bharat Damor before the Labour Court, Ahmedabad. The applicants filed this application for recovery of Rs. 0.12 million towards dues of difference of minimum wages, leave with wages, paid holidays and overtime. Matter is pending before the Labour Court, Ahmedabad.

Ref. (L.C.A.) No. 763 of 2004.

The above application was filed by Bharat Damor before the Labour Court, Ahmedabad. The applicant has filed this application for reinstatement on his original posts with full back wages and benefit and continuity in their service. Matter is pending before the Labour Court, Ahmedabad.

Payment of Wages Application No. 393 of 2006 to 412 of 2006

The above application was filed by Ismail Kadar and 19 other workers, being Durga Meva, Ajit Kadar, Dayanand Kishorsinh, Laxmanbhai Udhbhai, Bhalabhai Alabhai, Bhupatbhai Budhabhai, Ranjitbhai Mohanbhai, Girish Kishanbhai, Rakesh Vasanta, Kamleshprasad, Balu Vinayak, Kalyansinh Lalubhai, Pratapbhai Chhaganbhai, Manojbhai Mahendrabhai, Hariomprasad, Vekrambhai G., Dineshbhai Ramanbhai, Tilakdhari Somnath, Dinesh Chaturbhai (being workers of our Company those of and Meghmani, Dyes Vatva Unit) before the Labour Court and Authority under the Payment of Wages Act at Ahmedabad. The applicants filed this application together claiming Rs. 97.11 million as alleged unpaid dues like overtime, leave encashment and unpaid wages, along with penalty. Matter is pending before the the Labour Court and Authority under the Payment of Wages Act at Ahmedabad.

Recovery Application No. 283 of 2007

The above application was filed by Bharat Damor claiming Rs. 0.1 million towards difference in minimum wages, overtime, leave encashment, bonus, unpaid wages from July 02, 2001 to August 01, 2001, wages for weekly off for last three years. The company has received the first notice from the court on May 3, 2007.

CASES FILED BY MEGHMANI DYES

R(D). Sales Tax Cases

Order passed by the Sales Tax Officer pertaining to the assessment year 2000-2001

Meghmani Dyes has filed an appeal before the Sales Tax Appellate Tribunal challenging the order dated February 28, 2005 passed by the sales tax officer. The Sales Tax Officer by the impugned order refused the claim of the set-off on purchase of LDO used in manufacture of dyes which Meghmani Dyes claims as per Rule 42 of the Sales Tax Rules. As per the said order there was a demand of Rs. 0.5 million including the charges for interest and penalty. Further, the amount of Rs. 0.6 million paid voluntarily by Meghmani Dyes were not considered for determination of levy of penalty u/s 45(6) of Sales Tax Act. The appeal is pending for hearing before the Tribunal.

Order passed by the Sales Tax Officer pertaining to the assessment year 2001-2002

Meghmani Dyes filed an appeal before the Sales Tax Appellate Tribunal challenging the order dated March 31, 2006 passed by the sales Tax Officer. The Sales Tax Officer by the impugned order refused the claim of the set-off on purchase of LDO used in manufacture of dyes which Meghmani Dyes claims as per Rule 42 of the Sales Tax Rules. As per the said order there was a demand of Rs. 2.15 million including the charges for interest and penalty. The Appeal is pending for hearing before the Tribunal

S. LITIGATIONS INVOLVING M/S. TAPSHEEL ENTERPRISES ("TAPSHEEL")

CASES FILED AGAINST TAPSHEEL

S(A) Customs and Excise Cases.

A show cause notice dated May 17, 2005 bearing no. F.No. (Ch - 12)31/05/DEM-05-06 issued by the Assistant Commissioner of Customs and Excise against Tapsheel.

Tapsheel to show casue as to why:

- i. Cenvet Credit of Rs. 0.18 million wrongly availed on ineligible final goods and the export benefits availed on such goods should not be recovered under section 11A of Central And Excise Act 1944 r/w Rule 14 of Cenvet Crdit Rule, 2002.

- ii. interest at prescribed rate should not be recovered under section 11 AB of the same Act r/w Rule 12 of Cenvet Credit Rule 2002.
- iii. Penalty as provided u/s 11AC of the Central and Excise Act, 1944 r/w Rule 30 of the Cenvet Credit Rule 2002 should not be imposed.

Company filed its reply to the above notice on June 17, 2005. Restoration application is filed before the Assistant Commissioner. The application is pending before the Assistant Commissioner of Customs and Excise.

CASES FILED BY TAPSHEEL

S (B) Civil Cases

Tapsheel has filed only one civil suit, the details of which are given below. The suit is pending for the final hearing.

Sr. No.	Name of Defendants	Summary Suit No.	Amount Claimed (Rs. In million)
1.	Valia Chemicals Pvt. Ltd. and another	1228 of 2005	1.4

S (C) Criminal Cases

M/s. Tapasheel Enterprises has filed one criminal case in relation to dishonour of cheques under Section 138 of the Negotiable Instruments Act, and details of the same is as follows:

Sr. No.	Name of the Court	Name of the Accused No.	Criminal Complaint	Amount outstanding (Rs. In million)
1.	Metropolitan Magistrate (Court No. 19), Ahd.	Goel Traders, Delhi and another	22240 of 2006	1.27

T. PAST PENALTIES IN THE LAST THREE YEARS

Paid By Our Company in the last three years

The amount of penalties paid by our Company in last three years towards alleged non-compliance / violation of applicable law / rules / regulations / orders are as follows:

Rs. In million

Year	Amount	Brief description
2003-2004	0.05	Penalty for non use of GIDC plot, Octroi Penalty.
2004-2005	0.002	Sales tax assessment penalty.
2005- 2006	0.11	Late submission of sales tax returns, RTO, Factory and Excise Penalty.

Penalties paid by our Promoters/Directors in last three years.

Except for the penalties imposed on our Promoters/Directors in case mentioned in H above, which is under appeal, there are no penalties imposed in the past on our Promoters/Directors.

Penalties paid by Promoter Group Entities in last three years.

NIL

U. Amounts Owed to Small Scale Undertakings and Other Creditors

The name of small scale undertakings and other creditors to whom our Company owes a sum exceeding Rs. 0.1 million which is outstanding more than 30 days, as on December 31, 2006 are as follows:

1. Anal Industry
2. Arth Engineering System
3. Ajay Organics Private Limited
4. Alpanil Industriels
5. Ashish Chemicals
6. Chemfilt
7. Data Tech Computers

8. Diamond Engineering Co.
9. Hi-Tech Applicator
10. Jet Fab Industry
11. Jet Fiber Pumps & Equipment Pvt. Ltd.
12. Jay Ambe Engineering Enterprise
13. Luna Chemicals Ind. Pvt. Ltd.
14. Maruti Containers
15. Pooja Packing Industries
16. Pramukh Packaging Industries
17. Pap-flon Engineering Company
18. Parth Plastic Industries
19. Patel Fiberglass & Chemicals
20. Pest Control (India) Pvt. Ltd.
21. Plasto Pump & Valves
22. Powerful Industries
23. Sachin Industries.
24. SRN Corporation
25. Savla Chemicals Limited
26. Shree Bharti Pulp & Paper Product Pvt. Ltd.
27. Shree Ganesh Chemicals
28. Shree Parswnath Investment
29. Shyam Chemicals Pvt. Ltd.
30. Sunrise Chemicals
31. Surat Ammonia & Chemical Company
32. Surat Ammonia Supply Company
33. Twin Star Mineral & Chemicals Pvt. Ltd.
34. Trilok Chemicals Pvt. Ltd.
35. Veeshna Poly Pack
36. White Silco Pvt. Ltd.
37. Vesatile Chemicals Pvt. Ltd.

PAST CASE

A petition in investigation was filed on November 21, 2003 in the International Trade Administration, Department of Commerce, USA ("the Department"), wherein it was required to be determined whether imports of Carbazole Violet Pigment 23 (CVP 23) from India materially injure, or threaten material injury to the USA industry. Based on the questionnaire issued to the Government of India ("Gol") by the Department, Gol identified four Indian Companies including us and our Promoter Group Entity i.e. M/s Alpanil Industries that produced and exported CVP 23 to the USA during the period of investigation. The Department on April 19, 2004 issued a Notice of Preliminary Affirmative Countervailing Duty Determination and alignment with final Antidumping Duty Determination on CVP 23 from India. Based on the said notice, the Department directed US Customs and Border protection to suspend liquidation of all entries of CVP 23 from India, which are entered or withdrawn from warehouse and levy antidumping duty at the prescribed rates on CVP 23. This suspension is still in force until further notice.

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of our Company, there have not arisen since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of our Company to pay their material liabilities within the next twelve months.

GOVERNMENT/ STATUTORY APPROVALS

Except for pending approvals mentioned under this heading, our Company has received the necessary consents, licenses, permissions and approvals from the Government/RBI and various Government agencies required for our present business. Further, except for pending approvals as detailed herein, our Company can undertake all the present activities in view of the present approvals and no further approvals from any statutory body are required by our Company to undertake our present activities. Further, except as mentioned hereinbelow, our Company has not yet applied for any licenses for the proposed activities as contained in the section titled "Objects of the Issue" beginning on page no. 27 of this RHP to the extent that such licences/approvals may be required for the same.

I. General

1. Certificate of incorporation issued in the name of our Company on January 2, 1995 bearing registration number 04-24052 issued by Registrar of Companies, at Ahmedabad, Gujarat.
2. Certificate of commencement of business issued in the name of our Company on January 4, 1995 by Registrar of Companies, Gujarat
3. New Corporate Identity Number CIN (Corporate Identity Number) U24110GJ1995PLC024052 issued by the Registrar of Companies.
4. Our Companies PAN (Permanent Account Number) under the Income Tax Act is AABCM0644E.
5. Our Companies TAN (Tax Deduction Account Number) under the Income Tax Act is AHMM00341F.

II. Value Added Tax/Central Sales Tax / Professional Tax

1. Gujarat Value Added Tax Number allotted to our Company as manufacturers, resellers and exporters is 24075601215.
2. Central Sales Tax number 24575601215 allotted to our Company under the Central Sales Tax (Registration and Turnover) Rules 1957.
3. Gujarat Sales Tax Number 0756012155 allotted to our Company under the Gujarat Sales Tax Rules 1957 on August 12, 2002 for carrying business as manufacturer, reseller, exporter.

III. Sales Tax Depots

State	Description
Hyderabad	Certificate of Registration at 6-19/3/6 Kukatpally, Hyderabad-500072 bearing VAT TIN Number 28200152898 effective from April 1, 2005 issued by the Commercial Taxes Department, Government of Andhra Pradesh.
Bathinda	1. Certificate of Registration at 188, Kamla Nehru Nagar, Bibiwal Road, Bathinda-151001 bearing TIN Number 03551127327 effective from April 1, 2005 issued by the Commercial Taxes Department, Government of Punjab.
	2. Certificate of Registration at 188, Kamla Nehru Nagar, Bibiwal Road, Bathinda-151001 bearing CST Number 64584115 effective from November 18, 2003 issued by the Commercial Taxes Department, Government of Punjab.
Zirakpur	1. Certificate of Registration at Plot no. 24, Pabhat, Zirakpur, Distt. Patiala-160047 bearing TIN Number 03551127327 effective from April 1, 2005 issued by the Commercial Taxes Department, Government of Punjab.
	2. Certificate of Registration at Plot no. 24, Pabhat, Zirakpur, Distt. Patiala-160047 bearing CST Number 64584115 effective from November 18, 2003 issued by the Commercial Taxes Department, Government of Punjab.
Jaipur	1. Certificate of Registration at 109, Shekhawati Complex, Station Road, Jaipur-302006 bearing Tin Number 08323505617 effective from April 1, 2006 issued by the Commercial Taxes Department, Government of Rajasthan.
	2. Certificate of Registration for Jaipur Depot at 109, Shekhawati Complex, Station Road, Jaipur-302006 bearing CST Number 08323505617 effective from August 6, 2003 issued by the Commercial Taxes Department, Government of Rajasthan.
Hanumangarh	1. Certificate of Registration for Hanumangarh Depot at 22-B, General Market , Nai Mandi, Station Road, Hanumangarh Town - 335513 bearing Tin Number 08323505617 effective from April 1, 2006 issued by the Commercial Taxes Department, Government of Rajasthan.

	2. Certificate of Registration for Hanumangarh Depot at 22-B, General Market , Nai Mandi, Station Road, Hanumangarh Town - 335513 CST Number 08323505617 effective from August 6, 2003 issued by the Commercial Taxes Department, Government of Rajasthan.
Hisar	1. Certificate of Registration for Hisar Depot at Sony Complex, 4th Milestone, Sirsa Road, Hisar-125001 bearing Tin Number 06912503461 effective from April 1, 2005 issued by the Commercial Taxes Department, Government of Haryana.
	2. Certificate of Registration for Hisar Depot at Sony Complex, 4th Milestone, Sirsa Road, Hisar-125001 CST Number 06912503461 effective from August 6, 2003 issued by the Commercial Taxes Department, Government of Haryana.
Ghaziabad	1. Certificate of Registration for Gaziabad Depot at Sadiq Nagar, Meerut Road, Opp Toyota Show Room, Gaziabad-201003 bearing Number GB-0479210 effective from November 11, 2005 issued by the General Taxes Department, Government of Uttar Pradesh.
	2. Certificate of Registration for Gaziabad Depot at Sadiq Nagar, Meerut Road, Opp Toyota Show Room, Gaziabad-201003 bearing CST Number GB-5379185 for the selling of pesticides which was effective from November 19, 2005 issued by the General Taxes Department, Government of Uttar Pradesh.
	3. Insecticide license for sell/stock/exhibit bearing number 1092/GBD/2005 and is valid till December 31, 2008.
Mumbai	Sales tax registration certificate number 400034/5/1088 allotted to our Company under the Bombay Sales Tax Act, 1959 on December 23, 1995 for the purpose of carrying business for manufacturing Pigments, Dyes Chemicals, Acexilanes and Agro Chemicals.

IV. Central Excise

Location	Description
Maharashtra Raigad	Central Excise Certificate for operating a manufacturers depot at All India Warehousing, at Plot No. 1243, Road No. 14/2, Kheduupada, Kalamombli, North Sector Raigad, Maharashtra 410 218 bearing number AABCM0644EXD005 issued by Deputy Commissioner of Central Excise dated July 2, 2004.
Maharashtra - Mumbai	Central Excise Certificate for operating a manufacturers depot at B-22/23, 1st Floor, Vellard View, 14 Tardeo Road, Mumbai-400034 bearing number AABCM0644EXD004 issued by the Deputy commissioner of Central Excise dated July 2, 2004.
Punjab - Zirakpur	Central Excise Certificate for operating a manufacturers depot at Zirakpur Plot no. 24, Pabhat, Zirakpur, Distt. Patiala-160047 bearing number AABCM0644EXD003 issued by the Deputy Commissioner of Central Excise.

V. Export Certificates

1. Certificate of Importer - Exporter Code Issued by the Foreign Trade Development Officer, Ministry of Commerce, Ahmedabad allotting IEC Number 0888007817 for our office at Vatva and branch offices at Panoli, Chharodi, Mumbai and Ahmedabad dated March 12, 2001.
2. Registration - cum - Membership certificate for export of dyes and dye intermediates, chemical and chemical products issued by Assistant Director Basic Chemicals Pharmaceuticals and Cosmetics Export Promotion Council bearing number EPC/CHEMEXCIL/LSM/M-22/2002-2003/4561 dated April 1, 2002.

VI. Insecticides Act

Permission for sale, exhibit of stock of insecticides, pesticides, weedicides manufactured by our Company in accordance with the provisions of the Insecticides Act, issued by the Director of Agriculture, Punjab dated January 01, 2006 valid until December 31, 2007.

Following approvals have been obtained for each of our manufacturing facilities

I. Vatva Plant

1. Factory License dated May 19, 2000 issued by the Chief Inspectorate of Factories, Gujarat bearing registration number (3033) 4124/A valid upto December 31, 2007.
2. Consolidated consent and authorization under section 25 of the Water Act, Section 21 of the Air Act and authorization under Rule 3 (c) and 5 (5) of the Hazardous Waste (Management and Handling) Rules, 1989 and amendments thereto for the use of outlet for the discharge of trade effluent & emission due to the operation of the Industrial plants for the manufacture of CPC Green -7 issued by the Environmental Engineer, Gujarat Pollution Control Board valid upto May 16, 2007
3. Authorisation under the Hazardous Waste (Management and Handling) Rules, 1989 and amendments thereto for collection and storage facilities within factory premises and transportation of hazardous waste for disposal dated October 19, 2002 issued by Senior Environmental Scientist Gujarat Pollution Control Board. This authorization is in force for a period of five years from the date of issue that is October 19, 2002 till October 18, 2007.
4. License for raising contract demand from 300 KW to 400KW at HT 683, issued by Manager Ahmedabad Electricity Company Limited bearing C/HT-683/929 with effect from March 1, 1999.
5. Letter dated May 5, 2003 from the authority with regard to the application made by Meghmani to increase the connected load and raising the contract demand from 400 KW to 490 KW at HT- 683. The final approval from the Issuing Authority for the said increase is awaited pending compliance with certain terms and conditions mentioned by the Issuing Authority in the said letter.
6. Letter dated March 19, 1998 issued by the Executive Engineer, Gujarat Electricity Board bearing number SCD/T-1/D.G.Set/4/3263 for the installation of D.G.Set of 320 KVA
7. License regarding the storage of 20 liters of FO/LDO (Petroleum Rules, 1976) in the factory premises issued by the Deputy Chief Controller of Explosives, Department of Explosives Office, Baroda bearing registration number AMD:HP-465:(A) with effect from July 7, 2000.
8. Consent for installation for D.G. Set of 320 KVA as stand by unit dated March 19, 1998 issued by the Executive Engineer, Gujarat Electricity Board bearing registration number SOD/Tech-1/D.G.Set/301.
9. Acknowledgement of Receipt of the memorandum for the manufacture of Pathalocyanine Green-7 dated March 29, 1995 Public Relations & Complaints Officer, Ministry of Industry, Department of Industrial Approvals, Entrepreneurial Assistance Unit. 1635/SIA/IMO/95 with effect from March 29, 1995.
10. ESIC number 37/15549-34 dated November 24, 1988. Application made by our Company for change of name dated January 3, 1995 and the same was granted on January 11, 1995 in the name of Meghmani Organics Limited bearing number 37/15549-34.INS.V/95.
10. Industrial license dated May 19, 2000 issued by the Ministry of Commerce, Government of India bearing number CIL: 30(2000) for the establishment of a new industrial undertaking for the manufacture of Phthalo Cyanine Blue. Commercial production to be established within two years from the date of issue of such license.
11. Certificate bearing number GT-3209 dated September 22, 2006 issued by the Inspector, Gujarat Boiler Inspection Department for the use of a boiler under the provisions of Section 7/ 8 of the Indian Boilers Act with effect from September 01, 2006 to August 31, 2007.

II. PANOLI

1. Factory License dated November 17, 2006 issued by the Chief Inspectorate of Factories, Gujarat bearing registration No. 1882 valid upto December 31, 2007.
2. Allotment of Provident Fund Code Number to Meghmani Organics Limited, bearing Plot No. 21, Phase IV issued by the Regional Provident Fund Commissioner bearing number GJ/ SPT/ 18151-A/II /3492 with effect from March 1, 2000.
3. Approval issued under the Contract Labour (Regulation and Abolition) Act issued by the Assistant Labour Commissioner, Bharuch bearing number ACL / CLA / CALR / 17 / 1997 valid from July 4, 1997
4. Release of Water Connection of Panoli from GIDC Water Supply connection issued by the Deputy Executive Engineer, GIDC bearing number GIDC/DEE/544/1099 with effect from July 25, 1997.
5. Certificate issued under the provisions of I. S. Rules 1956 to energize the D.G. Sets of 40 KVA along with the associated equipments issued by the Office of the Electrical Officer, Baroda bearing number EI/BRD/ INS 1368 valid from August 20, 1997.
6. Permission granted by the Gujarat Electricity Board for the installation of the D.G. Set of 500+125+40 KVA as stand by unit granted in accordance with the provisions of Section 44 of the Electricity (Supply) Act, 1944 bearing number OM:COM:S-PG-116:R:7591 with effect from September 1, 1997

7. Certificate for the release of 1000 KVA HT power located at GIDC, Panoli dated March 10, 1998 issued by the General Manager, Gujarat Electricity Board, Ankhleshwar bearing H/176/873 with effect from March 10, 1998
8. Certificate of initial inspection of D.G. Set of 500 KVA in accordance with the provisions of I.S. Rules 1956, issued by the Office of the Electrical Engineer Vadodara bearing number BI/ BRD/ INS/726/2516/98 for inspection carried on May 9, 1998
9. Certificate issued under the provisions of Rule 63 of the Indian Electricity Rules to energize the transformer along with the associated instruments issued by the Office of the Electrical Inspector, Energy and Petrochemical Department bearing number EI/BRD/511/98 valid from May 28, 1998 for transformer of 1500 KVA bearing Sr. No. 13409.
10. Permission granted for the utilization of 1000 KVA for all 24 hours at full quantum at the unit located at GIDC, Panoli dated November 26, 1998 issued by the General Manager, Gujarat Electricity Board, Ankhleshwar bearing number H/176/251 with effect from November 26, 1998.
11. Registration of Generating Set for the generation of electricity at Panoli. (1 x 40 KVA D.G. set) issued by the Commissioner of Electricity Gandhinagar bearing registration number Bharuch/283 dated March 4, 1999.
12. Registration of Generating Set for the generation of electricity at Panoli. (1x125 KVA D.G. set) issued by the Commissioner of Electricity Gandhinagar bearing registration number Bharuch/283-A dated March 4, 1999.
13. Registration of Generating Set for the generation of electricity at Panoli. (1x 500 KVA D.G. set) issued by the Commissioner of Electricity Gandhinagar bearing registration number Bharuch/283-B dated March 4, 1999.
14. Certificate for the release of additional 500 KVA to raise contract demand from 1000 KVA to 1500 KVA dated May 28, 1999 issued by the General Manager, Gujarat Electricity Board, Ankhleshwar bearing number H/176/2083 with effect from May 28, 1999.
15. Certificate for the release of additional 500 KVA HT power at GIDC, Panoli dated March 15, 2001 issued by the Executive Engineer, Gujarat Electricity Board, Ankhleshwar bearing number ANK/Ind/TECH-1/HT/2758 with effect from August 28, 1999.
16. Registration of Generating Set for the generation of electricity at Panoli. (1x 1330 KVA D.G. set) issued by the Collector of Electricity Duty bearing registration number Bharuch/283- D dated November 23, 2004.
17. Consent for installation of 0.872 MW captive power plant under section 44 of the Electricity Supply Act, 1948 issued by the General Manager, Gujarat Electricity Board bearing number COM/CPP/257/409 with effect from February 4, 2002. Letter dated February 13, 2002 issued by GEB clarifying that the capacity of the captive power plant is 1.048 MW (1310 KVA) in place of 0.872 MW.
18. License granted for the storage of petrol in form XIII under the Petroleum Rules, 1976 issued by the Chief Controller of Explosives, Department of Explosives bearing license no. P-12 (25) 3280 renewed upto December 31, 2008.
19. License for storage of Solvent C-9, LDO issued by the District Magistrate, Bharuch dated July 20, 2005 bearing number W-140 and has been renewed and is valid till December 31, 2008.
20. Permission under section 65 of the Customs Act 1962 to carry out the manufacturing process and other operations in the licensed bonded premises issued under the Customs Act by the Assistant Commissioner, Central Excise and Customs bearing number F.No. VIII/14-1/REGN/EOU/MOL/2002-03/284 valid from March 7, 2003 to March 6, 2008.
21. Central Excise Registration Certificate for operating an EOU at Plot No. 21 /21 /1, GIDC, Panoli dated August 8, 2003 issued by the Assistant Commissioner Central Excise, bearing registration No. AABCMO644EXM001.
22. Central Excise Registration Certificate for operating an EOU at Unit II., 21 /21 /1, Phase IV Panoli Industrial Estate, dated August 8, 2003 issued by the Assistant Commissioner Central Excise bearing registration No. AABCMO644EXM005.
23. Permission under section 65 of the Customs Act, 1962 to carry out the manufacturing process and other operations in the licensed bonded premises under the Customs Act for Unit-I issued by the Deputy Commissioner, Central Excise and Customs bearing number VIII/40-12/ Meghmani/LIC/ 2002-03/542 valid from June 4, 2002 till June 3, 2007 and for Unit-II bearing number VIII/ 40-12/ Meghmani/LIC/2002-03/284 and valid till March 6, 2008.
24. License issued by Ministry of Commerce & Industries Registration dated September 25, 2002 bearing number KASEZ/ 100%EOU/II/45/2002-03/14819 registering our 100% EOU - Panoli I.
25. License issued by Ministry of Commerce & Industries Registration dated April 26, 2002 bearing number KASEZ/100%EOU/ II/3/2002-03/1367 registering our 100% EOU - Panoli II.
26. Certificate for the use of Boiler under the provisions of Section 7 / 8 of the Indian Boilers Act issued by the Inspector, Gujarat Boiler Inspection Department bearing number GT-4960 valid from January 18, 2007 to January 17, 2008.
27. Certificate for the use of Boiler under the provisions of Section 7 /8 of the Indian Boilers Act issued by the Inspector, Gujarat Boiler Inspection Department bearing number GT-4600 valid from October 18, 2006 to October 17, 2007.

28. Certificate for the use of Boiler under the provisions of Section 7 /8 of the Indian Boilers Act issued by the Inspector, Gujarat Boiler Inspection Department bearing number GT-4031 valid from November 10, 2006 to November 9, 2007
29. License to use lift dated June 12, 2002 issued by the Chief Inspector of lifts and escalators bearing number G/21/41/2563/02 valid from June 4, 2002 to June 3, 2008.
30. Consolidated Consent order No. 2626 dated June 24, 2004 issued under section 25 of the Water Act, Section 21 of the Air Act and Hazardous waste rules for the operation of industrial plant for the division at Panoli issued by the Environmental Engineer, Gujarat Pollution Control Board Consent valid until April 28, 2008.
31. No Objection Certificate dated March 23, 1998 issued for setting up an industrial plant at Panoli for the manufacture of certain items. Environmental Engineer, Gujarat Pollution Control Board.
32. No objection certificate dated March 23, 1998 issued by the Gujarat Pollution Control Board for the manufacture of Copper Phthalo Cyanine Blue 150 MT, Pigment Green 40 MT, Pigment Alpha Blue 25 MT, Pigment Beta Blue 25 MT and Ammonium Sulphate 10 MT bearing number PC/NOC/BRCH-1305/13147 shall be in effect from March 23, 1998.
33. Acknowledgement of the Receipt of the memorandum for the manufacture of Permethrin, Profenofos, Metaphenoxy benzel dehyde, Delta Methrine, Triazophos, Meta Phenoxy, Benzel, Dehyde Alcohol, Cyper Metheric Acide Chloride dated February 22, 2000 issued by the Public Relations & Complaints Officer, Entrepreneurial Assistance Unit, Department of Industrial Approvals, Ministry of Industry bearing number 425/SIA/IMO/2000 dated February 22, 2000.
34. Acknowledgement of the Receipt of the memorandum for the manufacture of CPC Blue, Beta Blue and Alpha Blue dated April 17, 1995 issued by the Public Relations & Complaints Officer, Entrepreneurial Assistance Unit, Department of Industrial Approvals, Ministry of Industry bearing number 1900/SIA/IMO/95.
35. Acknowledgement of the Receipt of the memorandum for the manufacture of Phthalocyanine Green dated October 21, 1997 issued by the Public Relations & Complaints Officer, Entrepreneurial Assistance Unit, Department of Industrial Approvals, and Ministry of Industry bearing number 3209/SIA/IMO/97.
36. Acknowledgement of the Receipt of the memorandum for the manufacture of Phthalocyanine Blue, dated June 14, 1999 issued by the Public Relations & Complaints Officer, Ministry of Industry, Department of Industrial Approvals, Entrepreneurial Assistance Unit bearing number 1194/SIA/IMO/99.
37. License issued by the Ministry of Commerce & Industries to manufacture Pigment Blue dated May 19, 2000 bearing registration number 30(2000).

III. CHHARODI

1. Factory License dated July 30, 2004 issued by the Chief Inspectorate of Factories, Gujarat bearing number 30 (301 - 4) 5194 A- MST 8038 and valid up to December 31, 2007.
2. No Objection Certificate issued to our Company for setting up an Industrial Plant, at Chharodi for the manufacture of products Acephate-Tech, Cyphemethrin -Tech, Cypermethric acid chloride and Metaphenoxy Benzaldehyde and mentioned by products upto the permitted capacities bearing number PC/NOC/ABD/GEN-876/35774 dated October 30, 2002 issued by the Member Secretary, Gujarat Pollution Control Board.
3. Consolidated consent and authorisation under section 25 of the Water Act, Section 21 of the Air Act and Hazardous Waste Rules bearing consent number 236 and dated September 16, 2003, for the use of outlet for the discharge of trade effluent & emission due to the operation of the industrial plants for production of Acephate Technical, Cypermethrin tech., MPB and CMCA the division at Chharodi issued by the Environmental Engineer, Gujarat Pollution Control Board valid until March 20, 2008.
4. Amendment to consent and authorization order no. 236 bearing number GPCB/CCA/ABD/GEN - 12/ 16092 to operate facility for the mentioned hazardous wastes on its premises is valid till March 1, 2008 was issued by the Gujarat Pollution Control Board
5. Authorisation dated March 21, 2003 issued by the Senior Environmental Scientist under the Hazardous Waste (Management and Handling) Rules, 1989 and amendments thereof for collection and storage treatment facilities at factory premises and transportation of waste for disposal at secured disposal facility developed at Sr No. 286-298 Odhav, Ahmedabad bearing number 1493. This authorization shall be in force for a period of five years from the date of issue until March 20, 2008.
6. Environmental clearance issued by Additional Director of Ministry of Environment and Forests, Government of India for products, intermediates and by products in the specified capacity bearing number J-11011/1/2003-IA II dated July 17, 2003.
7. Certificate of Registration bearing Registration No. ODS/ CS/ 17/ 2(31)/ 2002 and dated July 18, 2002 in accordance with the Ozone Depleting Substances (Regulation and Control) Rules, 2000 and Ozone Depleting Substances (Regulation and Control) Amendment Rules, 2001 for the division at Chharodi and Ankeleshwar for products being Acephate, Cypermethrin, Cypermethric Acid Chloride and Meta Phenoxy Benzaldehyde (using CTC) issued by the Ozone Cell, Ministry of Environment and Forests, Govt. of India. This registration is valid until July 17, 2008.

8. License for Solvent Raffinate and Slop issued under Clause 3 (1) of the Solvent Raffinate and Slop (Acquisition, Sale, Storage and prevention of use in Automobiles) Order, 2000 for the manufacturing process bearing license number 12 - 2003 for Solvent (C-9) upto 150 KL per month, Hexane upto 70 KL per month and additional solvent F. O. upto 250 KL per month. This licence is valid from April 8, 2005 for a period of 24 months, i.e. till April 7, 2007 while the additional solvent F.O. is valid from May 18, 2005 for a period of 24 months, i.e. till May 17, 2007.
9. No Objection Certificate issued under Rule 144 of the Petroleum Rules, 1976 for under ground tanks having storage capacity of ISO Butylene having a capacity of 40 K.L, E.D.C. (Ethylene Di Chloride) having a capacity of 23.5 kl and Ortho Mix Hylene having a capacity of 16 kl issued by the Additional District Magistrate Ahmedabad bearing number DC/3701/MOL/01 valid from February 7, 2002.
10. License to import and store petroleum of Class C in upto 80 KL in installation pursuant to the provisions of the Petroleum Act, 1934, dated April 17, 1997 and issued by the Chief Controller of Explosives bearing license no. P/HQ/GJ/15/1442 (P11051) valid till December 31, 2008.
11. License to import and store petroleum of Class A upto 104 KL, Class B upto 44KL and Class C upto 66 KL in installation pursuant to the provisions of the Petroleum Act, 1934, dated June 3, 1996 issued by the Chief Controller of Explosives bearing license no P/HQ/GJ/15/1444 (P11057) valid till December 31, 2007.
12. Provisional No Objection Certificate issued under rule 144 of the Petroleum Rules, 1976 for storage of petroleum Hexane, Toluene, Solvent C.IX and Acetonitrile issued by the Additional District Magistrate, Ahmedabad bearing number DC/370/MOL/03 dated July 24, 2003.
13. Acknowledgement of the Receipt of the memorandum for the manufacture of Cypher Methric Acid Chloride, Meta Phenoxy Benzaldehyde, Cypermethrin and Acephate, issued by the Public Relations & Complaints Officer, Ministry of Industry, Department of Industrial Approvals, Entrepreneurial Assistance Unit, bearing no. 321/SIA/IMO/95 valid from January 18, 1995.
14. Acknowledgement of the Receipt of the memorandum for the manufacture of Pathllocyanine Green- 7, Meta Phenoxy Benialdehyde, Pathalocynine Green issued by the Public Relations & Complaints Officer, Ministry of Industry, Department of Industrial Approvals, Entrepreneurial Assistance Unit, bearing no. 1888/SIA/IMO/97 valid from June 18, 1997.
15. Certificate granted for the manipulation of Acephate Technical, Meta Phenoxy Benzaldehyde, Cypermethrin Technical, Cypermethric Acid Chloride issued by the Chief Inspector of Factories bearing number CIF/A/766/98 valid from March 24, 1998.
16. Acknowledgement of the Receipt of the memorandum for the manufacture of Alphacypermethrin, Cypermethrin, Cypermethric Acid Chloride, and Permethrin issued by the Public Relations & Complaints Officer, Ministry of Industry, Department of Industrial Approvals, Entrepreneurial Assistance Unit Bearing no.1193/SIA/IMO/99 valid from June 14, 1999.
17. Acknowledgement of the Receipt of the memorandum for the manufacture of Acephate, Cypermethrin, Cypermethric Acid Chloride, Imidachlopid, Chlorpyrifos, Cypermethrin, Alphacypermethrin, Permethrin dated July 8, 2004 and issued by the Public Relations & Complaints Officer, Ministry of Industry, Department of Industrial Approvals, Entrepreneurial Assistance Unit bearing number 2455/SIA/IMO/2004 and valid from June 14, 1999.
18. Certificate for the allotment of new excise control code number being AABCM0644EXM002 issued by the Office of the Directorate General of Inspection is valid from April 1, 2000.
19. Central Excise Certificate for manufacturing excisable goods at Charodi bearing number AABCM0644EXD002 issued by Deputy commissioner of Central Excise on November 18, 2003.
20. Service Tax no. AABCM0644EST001 issued to our Company for service of transport of goods by road, issued on January 25, 2005 by the Dy. Commissioner of Service Tax.
21. Approval of Electrical layout plan of 1 x 750 K.V.A. transformer dated January 18, 1999 issued by the Electrical Inspector, Office of the Electrical Inspector bearing number EIA/LLN/3112/1997.
22. Certificate of Electrical Installation of 1 x 750 K.V.A. transformer dated January 25, 1999 issued by the Office of the Electrical Inspector, Energy & Petrol Chemical Department bearing number EIA/Certificate/3181/1997.
23. Certification of Electrical Installation of 1x 750 KVA D.G. Set dated October 1999, issued by the Executive Engineer, GEB bearing number EIA/CER/2123/1997 valid from October 11, 1999.
24. Approval of Electrical layout plan of 1 x 750 K.V.A. D. G. Set dated August 10, 1999 issued by the Electrical Inspector, Office of the Electrical Inspector bearing number EIA/LLN/1364/1997.
25. Consent for installation of D.G. set of 1 x 750 KVA capacity to work as standby unit dated September 4, 1999 issued by the General Manager (Commerce), Gujarat Electricity Board, bearing COM/DG/Consent/D2/35/2264.

26. Certification of Electrical Installation of 1x 625 KVA D.G. Set dated April 15, 1999 issued by the Executive Engineer, GEB bearing number EIA/Certificate/ 112/1996 with effect from April 15, 1996.
27. Approval of plan for 1 x 625 K.V.A. D.G. Set dated April 2, 1996 issued by the Electrical Inspector, Office of the Electrical Inspector bearing number EIA/PLN/13/1996 with effect from April 2, 1996.
28. Certification of Electrical Installation of 1x 1850 K.V.A transformer at 1 x 500 K.V.A. D.G. Set, 1 x 250 K.V.A D.G. Set dated September 29, 1995 issued by the Executive Engineer, GEB bearing number 1951 valid from September 29, 1995.
29. Consent for installation of D.G. Set of 1 x 250 & 1 x 500 K.V.A as a stand by unit as stop gap arrangement till GEB power is released dated November 2, 1999 issued by the General Manager (Commercial), Gujarat Electricity Board bearing number OM-COM-S-PG. 116-R-1780.
30. Consent for installation of D.G. Set of 1 x 625 K.V.A as a stand by unit can be operated round the clock as stop gap arrangement till GEB power is released dated February 23, 1996 issued by the General Manager (Commercial), Gujarat Electricity Board bearing number OM-COM-S-PG. 116-R-1897.
31. Receipt for execution of HT power supply agreement of 1600 K.V.A dated October 6, 1999 bearing number COM/S/P3N/ 1431/6866 issued by the General Manager (Commercial), GEB.
32. Certificate for use of electric power on staggered holiday for load on weekly staggered holiday dated August 06, 1996 bearing number GHU/96/5/ELC/1496/1969/k.I issued by the Energy & Petrochemicals Department.
33. Registration of Generating Set for the generation of electricity at Chharodi. (1 x 250 KVA D.G. set) issued by the Commissioner of Electricity, Gandhinagar bearing number Ahmedabad/451 dated January 22, 1997 bearing number EID/ GenSCT/ Ahmedabad/A/29320.
34. Registration of Generating Set for the generation of electricity at Chharodi. (1 x 500 KVA D.G. set) issued by the Commissioner of Electricity, Gandhinagar bearing number Ahmedabad 451-A dated January 22, 1997.
35. Registration of Generating Set for the generation of electricity at Chharodi. (1 x 625 KVA D.G. set) issued by the Commissioner of Electricity Gandhinagar bearing number Ahmedabad 451-B dated January 22, 1999.
36. Certificate for release of 800 KVA power supply dated March 5, 1999 with effect from February 20, 1999 issued by the Executive Engineer GEB, Bavla.
37. Registration of Generating Set for the generation of electricity at Chharodi. (1 x 750 KVA D.G. set) issued by the Commissioner of Electricity Gandhinagar bearing number Ahmedabad 451-C dated February 10, 2000.
38. Allotment of separate provident fund Code for branch at Chharodi bearing number GJ/AH/25942 for its factory engaged in heavy and fine chemicals with effect from April 1, 1995 issued by the Regional Provident Fund Commissioner, Gujarat State.
39. License bearing number DC/3969 - 2/96 dated December 07, 2006 issued by District Magistrate for storage of Sodium Cyanide at the Chharodi Plant bearing number DC/3969 - 2/96 of 5 ton capacity valid upto December 31, 2007.
40. Certificate bearing number GT-3499 dated May 13, 2005 issued by the Gujarat Boiler Inspection Department for the use of a boiler under the provisions of Section 7/8 of the Indian Boilers Act dated May 13, 2005 issued by the Gujarat Boiler Inspection Department bearing number GT-3499 valid from March 02, 2007 till upto March 01, 2008.
41. Certificate bearing number GT-3500 dated May 13, 2005 issued by the Gujarat Boiler Inspection Department for the use of a boiler under the provisions of Section 7/8 of the Indian Boilers Act valid from March 02, 2007 upto March 01, 2008.
42. Licence No DC/3696/2/96 dated February 19, 1999 issued by Additional Magistrate, Ahmedabad under Section 2 of the Poisons Act, 1919 valid upto December 31, 2007

IV. Ankleshwar Plant

1. Permission for converting the existing DTA into 100% EOU for manufacturing and exporting agrochemical technical, its intermediates, formulations and small packing issued by the Office of Development Commissioner, Kandla Special Economic Zone, Ministry of Commerce and Industry, Gandhidham, Kutch bearing number KASEZ/100% EOU/II/125/2004 - 05/ 9628 dated December 24, 2004 is valid for a period of 5 years. This letter of permission is valid for a period of 3 years, within Company has to implement the project and commence production.
2. Green Card No. KASEZ/863/ 04-05 issued by the Development Commissioner, Kandla Special Economic Zone, Ministry of Commerce and Industry for our 100% Export Oriented Unit dated January 17, 2005.
3. Licence for private bonded ware house, for the premises at Unit II, Ankleshwar, issued by the Office of the Deputy Commissioner of Central Excise & Customs, Division - 1, Ankeleshwar dated February 21, 2005 bearing number V/ Registration/ 100%EOU/Meghmani/Ank-I/05 and will be valid upto December 23, 2007.

4. Permission granted under section 65 of the Customs Act, 1962 to carry out the manufacturing in the bonded premises at Agro div II, Ankleshwar issued by the Deputy Commissioner, Central Excise and Customs, Div - I, Ankleshwar dated February 21, 2005 bearing number V/Registration/ 100%EOU/Meghmani/Ank-I/05 and will be valid for a period of three years upto December 23, 2007.
5. Permission to import specified capital goods & raw materials in terms of Para 6.2(b) of the Exim Policy, 2002 - 07, read with para 7.2(b), 7.2(a) of the HBOP Vol. I, 2002 - 07 issued by the Government of India, Ministry of Commerce and Industry, Office of the Development Commissioner, Surat Special Economic Zone dated February 3, 2005 bearing number SSEZ/100%EOU/II/125/04-05/Surat/3053.
6. Licence for private bonded ware house issued by the Office of the Deputy Commissioner of Central Excise and Customs, Div - I, Ankeleshwar bearing number 02/CUSTOMS/2004 - 05 dated February 21, 2005 is valid till December 23, 2007.
7. License to store IB issued by the Dy. Controller of Explosives, to store 10.2 MT Isobutylene under the Explosives Act dated March 31, 2003 bearing number PV (WC) S - 696 /GJ / BRO/ PVS - 91 valid till March 31, 2008.
8. License to import and store petroleum of Class A upto 50 KL in installation pursuant to the provisions of the Petroleum Act, 1934, dated February 21, 2006 issued by the Joint Chief Controller of Explosives bearing license no P/HQ/GJ/15/4748 (P151061) valid till December 31, 2008.
9. License to import and store petroleum of Class A upto 96 KL and Class B upto 10 KL in installation pursuant to the provisions of the Petroleum Act, 1934, dated March 31, 2003 issued by the Chief Controller of Explosives bearing license no P/HQ/GJ/15/1543 (P11921) valid till December 31, 2008.
10. Certificate of Registration bearing Registration No. ODS/ CS/ 17/ 2(31)/ 2002 and dated July 18, 2002 in accordance with the Ozone Depleting Substances (Regulation and Control) Rules 2000 and Ozone Depleting Substances (Regulation and Control) Amendment Rules 2001 for the division at Chharodi and Ankeleshwar. For products Acephate, Cypermethrin, Cypermethric Acid Chloride and Meta Phenoxo Benzaldehyde (using CTC) issued by the Ozone Cell, Ministry of Environment and Forests, Govt. of India. This registration is valid until July 17, 2008.
11. Consolidated consent and authorisation order no. 3602 issued under section 25 of the Water Act, Section 21 of the Air Act and authorisation under Rule 3 (c) and 5 (5) of the Hazardous Waste (Management and Handling) Rules, 1989 and as amended upto the year 2003 to operate industrial plant to manufacture items mentioned thereunder and issued by the Environmental Engineer, Gujarat Pollution Control Board valid upto June 16, 2009.
12. Factory Licence issued under the Factories Act by the Factory Inspector bearing number 006312 valid until December 31, 2007.
13. Acknowledgement of the Receipt of the memorandum for the manufacture of Beta Blue dated 16th July 2004. Public Relations & Complaints Officer, Secretariat for Industrial Assistance, Ministry of Commerce and Industry, GOI bearing number 2549/SIA/IMO/2004 W.e.f. July 16, 2004 at Ankeleshwar.
14. License to manufacture and sale of specified Insecticides dated 26th December 2003 issued by the Deputy Director of Agriculture (Pesticides) Gujarat State, Gandhinagar. The licence is valid from January 1, 2007 till December 31, 2008 bearing number 485.
15. Exemption Certificate certifying our Company as an industrial undertaking entitled to exemption from payment of electricity duty under clause (vii) (b) of subsection 2 of Section 3 of the Bombay Electricity Act issued by the Collector of Electricity, Gandhinagar bearing number 24177 is valid from March 26, 2005 to March 25, 2010.
16. License issued to hire Contract Labour under the Contract Labour Act, 1970 by the Office of the Asst. Commissioner of Labour dated April 26, 2006.
17. Certificate of registration under the section 5 (I) of the Gujarat Sales Tax on professions, trades, callings and employments act allotted to our Company by the Sales Tax Officer and is effective from August 1, 2003 bearing registration number PR-211000020.
18. Employee State Insurance Code number 37-15549-34 (BRD) allotted to our Company by the Sub Regional Officer, E.S.I. Corporation dated January 22, 2004.
19. Certificate bearing number GT-4723 dated September 22, 2006 issued by the Inspector, Gujarat Boiler Inspection Department for the use of a boiler under the provisions of Section 7/ 8 of the Indian Boilers Act in the name of Meghmani Organics Limited with effect from October 18, 2006 to October 17, 2007.

V. Licenses Applied for renewals

1. Application made vide letter dated March 08, 2007 for renewal of Exemption Certificate certifying our Company as an industrial undertaking entitled to exemption from payment of electricity duty under clause (vii) (a) of subsection 2 of Section 3 of the Bombay Electricity Act issued by the Commissioner of Electricity, Gandhinagar for Alternator Sr. No. 96-E-3400-463 (1x40KVA) and 9856 (1x125 KVA) bearing number 9631001- 03. has expired on February 19, 2007. Our Company has applied for renewal vide letter dated March 08, 2007.

- Application dated February 7, 2007 for renewal of License to store 20 MT of Isobutylene in pressure vessel/s, subject to the provisions of the Indian Explosives Act, 1884 (4 of 1884), issued by the Chief Controller of Explosives bearing license No. PV(WC)S-616/GJ/GO/AMD/PVS-39. upto March 31, 2010.
- Application dated March 8, 2007 for renewal of Exemption certificate issued by the Commissioner of Electricity dated October 30, 1998 bearing number BHARUCH/EX.GS/63.3.98/23789

Approvals for the expansion project:

- To manufacture high performance pigments in our Pigments Division by setting up a new HPP plant at our Vatva site.**

Licenses/approvals required:

Our HPP Plant is proposed to be situated in our Vatva Plant, and will use the facilities of our current Vatva Plant. Therefore, licenses and approvals obtained for our Vatva Plant will also apply to our HPP Plant. For details in relation to licences/approvals obtained for our Vatva Plant, please refer to page no. 165 of the Red Herring Prospectus in this section title "Government / Statutory Approvals". However, there are certain additional licenses/approvals that we require for our HPP Plant in addition to the licenses/approvals already obtained for our Vatva Plant, and the same is as follows:

- Approval for additions/amendments in the current factory layout at our Vatva Plant
- Acknowledgement from Secretariat of Industrial Assistance, Ministry of Industry, New Delhi
- Certificate issued by Gujarat Boiler Inspection Department for the use of a boiler under the provisions of Section 7/8 of the Indian Boilers Act. (When new boiler is installed)
- Contract Labour Registration

Of the aforesaid, we have obtained the approval for additions/amendments in the current factory layout at our Vatva Plant from Director Industrial Safety and Health, Gujarat. We have not applied for any other licenses/approvals.

- To use the Agronule Facility to set up a multi-purpose plant to manufacture technical grade pesticides and formulations.**

Licenses/approvals required:

- Factory License by the Director Industrial Safety and Health, Gujarat.
- Consent and authorization under section 25 of the Water (Prevention and Control of Pollution) Act, 1974 and Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 from Gujarat Pollution Control Board.
- Approval for electrical connection
- Central Insecticides Board Registration. The company has 96 CIB Registrations.
- License for manufacture and sale of specified insecticides issued by the Deputy Director of Agriculture (Pesticides) Gujarat State, Gandhinagar.
- Membership for Disposal of hazardous wastes - at site approved by the Gujarat Pollution Control Board.
- Acknowledgement from Secretariat of Industrial Assistance, Ministry of Industry, New Delhi to manufacture product.
- Central Excise registration for manufacturing excisable goods.
- Service Tax registration.
- Provident fund registration.
- Certificate issued by Gujarat Boiler Inspection Department for the use of a boiler under the provisions of Section 7/8 of the Indian Boilers Act.
- Contract labour registration.

Licences/approvals obtained

- Factory License dated January 24, 2007 issued by the Chief Inspectorate of Factories, Gujarat bearing registration number 99149 valid upto December 31, 2007;
- License bearing no. GPCB/BRCH/CCA-871/3433 dated February 1, 2007, being amendment to Consolidated Consent & Authorisation Order no. 5766, issued in favour of M/s. Agronule Industries, amending the name of the industry to "Meghmani Organics Limited";

Approval applied for:

- Application of transfer of GEB connection of Agronule for electricity supply at site dated March 16, 2007;
- Other than the aforesaid, we have not applied for any other licences/approvals. The licences/ approvals at item no.5 to 12 are required to be obtained on commencement of manufacturing activity /commercial production.

SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for This Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on May 19, 2006 authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

Our shareholders have authorised the Issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Annual General Meeting held on July 31, 2006.

Prohibition by SEBI

Our Company, our Directors, our Promoters, our Promoter Group entities, companies in which our Directors are associated with as directors, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Further, our Promoters and Promoter group entities have confirmed that they have not been detained as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

ELIGIBILITY FOR THIS ISSUE

Our Company is an "Unlisted Company" in terms of the SEBI Guidelines; and this Issue is an "Initial Public Offer" in terms of SEBI Guidelines.

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under, with the eligibility criteria calculated in accordance with unconsolidated financial statements under Indian GAAP:

- Our Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI DIP Guidelines;
- Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI DIP Guidelines;
- Our Company has a net worth of at least Rs. 10 million in each of the three preceding full years and is compliant with Clause 2.2.1(c) of the SEBI DIP Guidelines;
- The aggregate of the proposed Issue size and all previous issues made in the same financial year in terms of size (i.e. offer through the offer document + firm allotment + promoter's contribution through the offer document) is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the last financial year and is compliant with Clause 2.2.1(e) of the SEBI DIP Guidelines.
- There has been no change in the name of our Company in the last one year.

Our net tangible assets, monetary assets, net profits (as restated) and network (as restated) as derived from the unconsolidated financial statements (Restated), as per Indian GAAP and included in this Red Herring Prospectus under the section titled "Financial Statements", as at, and for the last five years ended March 31, 2006 is set forth below:

(Rs. in million)

Particulars	December 31, 2006	F.Y. 2005-06	F.Y. 2004-05	F.Y. 2003-04	F.Y. 2002-03	F.Y. 2001-02
Net tangible assets (1)	4606.08	3635.49	2789.81	2477.57	1806.73	1622.00
Monetary assets (2)	58.20	50.34	51.02	119.39	67.88	64.49
Monetary Assets as a percentage of Net tangible assets	1.26	1.38	1.83	4.82	3.76	3.97
Distributable profits	320.77	383.37	310.79	297.19	240.77	235.20
Net worth	2822.47	2500.31	2201.42	1488.58	1234.35	1120.90

(1) Net tangible assets consist of Net Tangible Fixed Assets including Capital WIP and Net Current Assets (2) Monetary assets consist of cash and bank balances.

Further, in accordance with Clause 2.2.2A of the SEBI DIP Guidelines, we undertake that the number of allottees, i.e., persons receiving allotment in the Issue shall be at least 1,000, otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

For a complete explanation of the above figures please refer to the section entitled "Financial Statements" beginning on page no. 116 of this Red Herring Prospectus.

Further, the Issue is subject to the fulfillment of the following conditions as required by the Securities Contracts (Regulations) Rules, 1957 under Rule 19 (2)(b)

- A minimum of 2,000,000 Equity Shares (excluding reservations, firm allotments and promoters contribution) are offered to the public;
- The Issue size, which is the Offer Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building Method with allocation of atleast 60% of the Issue to Qualified Institutional Buyers, as defined under DIP Guidelines.

For further details of the above figures please refer to the section titled "Financial Statements" beginning on page no. 116 of this Red Herring Prospectus.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, EDELWEISS CAPITAL LIMITED AND IL&FS INVESTSMART LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, EDELWEISS CAPITAL LIMITED AND IL & FS INVESTSMART LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED OCTOBER 19,2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

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

WE CONFIRM THAT:

- A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;**
- B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
- D) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID*.**
- E) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."**
- F) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR**

SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED/SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS."

All legal requirements pertaining to this issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC, Ahmedabad in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 56, Section 60 and Section 60B of the Companies Act.

The filing of the Red Herring Prospectus does not, however, absolve our company from any liabilities under Section 63 and Section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed offer. SEBI further reserves the right to take up at any point of time, with the BRLMs, any irregularities or lapses in the Red Herring Prospectus.

Disclaimer Clause from our Company and the BRLMs

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, BRLM and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above, mentioned entities and anyone placing reliance on any other source of information, including our website, www.meghmani.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into between the Underwriters and our Company and the Memorandum of Understanding between the BRLMs and our Company.

Our Company and the BRLMs shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

Neither our Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to 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, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares). This Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or her self 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 Ahmedabad, India only.

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

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons "(as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. . Accordingly,

the Equity Shares may be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been, and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of the BSE

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated November 27, 2006 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: -

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever".

Disclaimer Clause of the NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.: NSE/LIST/44261-W dated April 16, 2007 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Mumbai 400 051. A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the RoC. A copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration with RoC.

Listing

Applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. National Stock Exchange of India Limited shall be the Designated Stock Exchange with which the basis of allocation will be finalised for the Issue

If the permission to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after our Company become liable to repay it from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier, then our Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue.

Consents

Consents in writing from: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to this Issue; and (b) Book Running Lead Managers to this Issue and Syndicate Members, Escrow Collection Banks, Registrar to this Issue and legal advisors to the Company and Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC at Ahmedabad as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the SEBI.

M/s. Patel & Khandwala, Chartered Accountants, our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the SEBI.

M/s. Patel & Khandwala, Chartered Accountants, our statutory auditors have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Red Herring Prospectus for registration with the SEBI.

Expert Opinion

Except as otherwise stated in this Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

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

(Rs. in million)

Activity	Expenses	As a % of the total expenses	As a % of the issue size
Lead management fee and underwriting commissions	30.60	[•]	3.00%
Advertising & Marketing Costs**	[•]	[•]	[•]
Printing & stationery**	[•]	[•]	[•]
Others (Registrar's fees, legal fees, fees for auditors, stamp duty, initial listing fees and annual listing fees, other statutory fees, depository fees, charges for using the book building software of the exchanges and other related expenses)**	[•]	[•]	[•]
Total Estimated Issue Expenses	[•]	[•]	[•]

*** Will be incorporated after finalisation of Issue Price and at at the time of filing Prospectus with the RoC*

Fees Payable to the Book Running Lead Managers

The total fees payable to the Book Running Lead Managers including brokerage and selling commission for the Issue will be as stated in the Engagement Letter executed between our Company and the BRLMs dated June 29, 2006, copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to this Issue

The fees payable to the Registrar to this Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding dated August 17, 2006 a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Commission and Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

Previous Rights and Public Issues

We have not made any previous rights and public issues during the last five years in India for these class of Equity Shares, and are an "Unlisted Company" in terms of the SEBI Guidelines and this Issue is an "Initial Public Offering" in terms of the SEBI Guidelines. However, our Company has made a public issue in Singapore in form of Singapore Depository Shares (SDS) and these SDS are listed on the SGX - ST Main Board. For details regarding the same, please refer section titled "Capital Structure" beginning on page no. 21 of this Red Herring Prospectus.

Issues otherwise than for Cash

Except as stated in the section titled "Capital Structure" beginning on page no. 21 of this Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

Companies Under the same Management

There are no companies under the same management with our Company within the meaning of section 370(1B) of the Companies Act, 1956, which have made any capital issues in the last three years.

Option to Subscribe

Shares issued pursuant to this Issue shall be allotted in dematerialized form only

Promise versus Performance

Particulars Regarding Public Issues by our Company

Our Company is an "Unlisted Company" in terms of the SEBI Guidelines, and this Issue an "Initial Public Offering" in terms of the SEBI Guidelines. Our Company has not made any public issues in the past in India. Therefore, data regarding promise versus performance is not applicable to us.

Promise versus Performance - Previous Issues by Promoter Group Companies.

Our Promoter Group companies have not made any public issues in the past.

Outstanding debentures, bonds, redeemable preference shares and other instruments issued by our Company

Our Company has no outstanding debentures, bonds or redeemable preference shares.

Stock Market Data for our Equity Shares

Our Company is an "Unlisted Company" in terms of the SEBI Guidelines, and our Equity Shares are not listed on any "Stock Exchange" as defined in the SEBI Guidelines. Therefore, requirements regarding stock market data for listed companies is not applicable to us.

Mechanism for Redressal of Investor Grievances

The memorandum of understanding between the Registrar to this Issue and us will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

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

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be 7 days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc. He can be contacted at the following address:

Mr. Kamlesh Mehta
Plot No. 184, Phase II,
G.I.D.C. Vatva,
Ahmedabad 382 445
Gujarat, India.
Tel No. +91 79 26640668 / 69
Fax No. +91 79 26640670
E-mail: ipo@meghmani.com

Mechanism for Redressal of Investor Grievance by Companies under the Same Management

We do not have any other listed company under the same management within the meaning of erstwhile Section 370 (IB) of the Companies Act.

Changes in Auditors during the last three financial years and reasons therefore

There have been no changes in our statutory auditors (under the Companies Act) of our Company in the last three financial years

Capitalisation of Reserves or Profits

Except as stated in the section titled "Capital Structure" beginning on page no. 21 of this Red Herring Prospectus, we have not capitalised any of our reserves or profits in the last five years.

Revaluation of Assets

We have not revalued our assets in the last five years.

SECTION VIII - ISSUE RELATED INFORMATION

ISSUE STRUCTURE

ISSUE STRUCTURE

Public Issue of [•] Equity Shares of face value Re. 1 each at a price of Rs. [•] for cash aggregating Rs. 1020 million (hereinafter referred to as the "Issue"), being made through the 100% Book Building Process. The Issue would constitute [•] % of the post Issue paid-up capital of our Company.

If at least 60% of the Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least [•] Equity Shares or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders ***	Up to [•] Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to [•] Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for allocation	At least 60% of the Issue (of which 5% shall be reserved for Mutual Funds) or issue size less allocation to Non-Institutional Bidders and Retail Individual Bidders.* Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Up to 10% of the Issue less allocation to QIBs and Retail Portion* or Issue Size less allocation to QIB's and Retail Individual Bidders	Up to 30% of the Issue less allocation to QIBs and Non-Institutional Portion * or Issue Size less allocation to QIB's and Non-Institutional Bidders
Basis of allocation if respective category is oversubscribed	Proportionate (a) [•] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [•] Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 350 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 350 Equity Shares thereafter.	350 Equity Shares and in multiples of 350 Equity Share thereafter
Maximum Bid	Such number of Equity Shares in multiple of 350 Equity Shares so that Bid does not exceed the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares in multiple of 350 Equity Shares so that Bid does not exceed the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder in multiples of 350 Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 100,000

Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million (subject to applicable law).	Resident Indian individuals, Eligible NRIs, HUFs (in the name of karta), companies, corporate bodies, societies and trusts.	Individuals, Eligible NRIs, (including HUFs in the name of karta) applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs. 100,000 in value.
Terms of Payment	Margin Amount applicable to QIB Bidders shall be payable at the time of submission of Bid-cum-Application Form to the BRLMs.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.
Margin Amount#	At least 10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on submission of Bid cum Application Form.	Full Bid Amount on submission of Bid Cum Application Form.

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of our Company, the BRLMs and subject to applicable provisions of the SEBI Guidelines.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.

*** In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital of our Company, if at least 60% of the Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded forthwith.

After the Bid / Issue Closing Date, depending upon the level of subscription, additional margin amount, if any, may be called from the QIB Bidders.

If the aggregate demand by Mutual Funds is less than [•] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Withdrawal of this Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with this Issue at any time after the Bid/ Issue Opening Date but before allotment, without assigning any reason thereof. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

Bidding Period / Issue Period

BID / ISSUE OPENS ON	June 04, 2007
BID / ISSUE CLOSES ON	June 07, 2007

Bids and any revision in bids shall be accepted only **between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only **between 10 a.m. and 1 p.m.** (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date. Bids will only be accepted on working days i.e. Monday to Friday (excluding public holidays). Bidders are cautioned that a high inflow of Bids typically experienced on the last day of the Bidding may lead to some Bids received on that day not being uploaded due to lack of sufficient uploading time and such bids may not be considered for allocation.

The Price Band will be decided by our Company in consultation with the BRLMs.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

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

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, the terms of this Red Herring Prospectus, Prospectus and Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies and/or other authorities, as in force on the date of this Issue and to the extent applicable.

AUTHORITY FOR THE ISSUE

The Board of Directors have, pursuant to a resolution passed at its meeting held on May 19, 2006 authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The Issue of Equity Shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956 at the Annual General Meeting of shareholders held on July 31, 2006.

RANKING OF EQUITY SHARES

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank pari passu in all respects with the other existing Equity Shares of our Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of Allotment. For further details please refer section titled "Main Provisions of the Articles of Association of our Company" beginning on page no. 209 of this Red Herring Prospectus for a description of our Articles of Association.

MODE OF PAYMENT OF DIVIDEND

We shall pay dividend to our shareholders as per the provisions of the Companies Act.

FACE VALUE AND ISSUE PRICE

The Equity Shares with a face value of Re. 1/- each are being issued in terms of this Red Herring Prospectus at a price of Rs. [•] per share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws. The face value of the shares is Re. 1 and the Floor Price is 17 times of the face value and the Cap price is 19 times of the face value.

COMPLIANCE WITH SEBI GUIDELINES

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

RIGHTS OF THE EQUITY SHAREHOLDER

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

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

For further details on the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer section titled "Main Provisions of the Articles of Association of our Company" beginning on page no. 209 of this Red Herring Prospectus.

MARKET LOT AND TRADING LOT

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

Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share.

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of 350 Equity Shares. For details of allocation and allotment, please refer section titled "Issue Procedure" beginning on page no. 187 of this Red Herring Prospectus.

JURISDICTION

The jurisdiction for the purpose of this Issue is with competent courts/authorities in Ahmedabad, India.

NOMINATION FACILITY TO THE INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares transferred, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or at the registrar and transfer agent of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

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

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

Notwithstanding anything stated hereinabove, since the allotment in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

MINIMUM SUBSCRIPTION

If our Company does not receive the minimum subscription of 90% of the Issue amount including devolvment of the Underwriters, if any, within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest as per Section 73 of the Companies Act.

If at least 60% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded.

Further in terms of Clause 2.2.2A of the SEBI Guidelines, our Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will be not less than 1,000.

SUBSCRIPTION BY ELIGIBLE NON RESIDENTS

There is no reservation for any NRIs, FIIs, foreign venture capital investors registered with SEBI and such NRIs, FIIs, foreign venture capital investors registered with SEBI will be treated on the same basis with other categories for the purpose of allocation.

As per the policy of the RBI, Overseas Corporate Bodies cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account of benefit of, "U.S. Persons" (as defined in the Regulations of the Securities Act), except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

There are no arrangements for disposal of odd lots.

RESTRICTIONS ON TRANSFER OF SHARES AND ALTERATION OF CAPITAL STRUCTURE

There are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting except as provided in our Articles. See "Main Provisions of the Articles of Association of our Company" on page no. 209 of this Red Herring Prospectus.

We presently do not intend or propose to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that we may issue options to our employees pursuant to a new employee stock option plan or, if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

ISSUE PROCEDURE

BOOK BUILDING PROCEDURE

In terms of Rule 19(2)(b) of SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be available for allocation on a proportionate basis to QIBs, including up to 5% of the QIB Portion which shall be available for allocation to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, up to 30% of the Issue shall be available for allocation on a proportionate basis to the Retail Individual Bidders and up to 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Issue cannot be allotted to QIBs, the entire application money shall be refunded. This Issue does not have any reservations, firm allotment or promoter's contribution, and the number of securities being offered is at least two million.

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, our Company, in consultation with the BRLMs, may reject any Bid procured from QIBs, for reasons to be recorded in writing, provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefore shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

BID CUM APPLICATION FORM

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public, NRIs, applying on a non-repatriation basis	White
Non Resident including NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institution applying on a repatriation basis	Blue

WHO CAN BID

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission and the SEBI Guidelines and regulations, as applicable);
- FIIs registered with SEBI
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;

- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;
- NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Multilateral & bilateral development financial institutions;
- Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Note:

- a) The BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the BRLMs, and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.
- b) Bidders are advised to ensure that the Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

APPLICATION BY MUTUAL FUNDS

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [•] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the bids are made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids; provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

APPLICATION BY NRIs

Bid cum Application Forms have been made available for NRIs at the Registered Office of our Company.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour). All instruments accompanying Bids shall be payable in Mumbai only.

APPLICATION BY FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue capital (i.e. [•] Equity Shares of Re. 1/- each). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of our Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an

FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

APPLICATION BY SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/ foreign venture capital investor.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

MAXIMUM AND MINIMUM BID SIZE

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 350 Equity Shares and in multiples of 350 Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares in multiples of 350 Equity Share such that the Bid Amount exceeds Rs. 100,000 and in multiples of 350 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin amount upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'cut-off'.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

INFORMATION FOR THE BIDDERS

- (a) Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
- (c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.
- (d) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

METHOD AND PROCESS OF BIDDING

- (a) Our Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and one regional newspaper. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX-A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

- (b) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid. QIB Bidders shall register their bids only through BRLMs.
- (c) The Bidding/Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and the Bidding/Issue Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper and the Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.
- (d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page no. 190 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- (e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Build up of the Book and Revision of Bids" beginning on page no. 193 of this Red Herring Prospectus.
- (f) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- (g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- (h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" beginning on page no. 191 of this Red Herring Prospectus.

BIDS AT DIFFERENT PRICE LEVELS

- (a) The Price Band has been fixed at Rs. 17/- to Rs. 19/- per Equity Share of Re. 1 each, Rs. 17/- being the lower end of the Price Band and Rs. 19/- being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (One).
- (b) Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band, during the Bidding Period, in accordance with SEBI Guidelines; in which case the Bidding Period shall be extended further for a period of three working days, subject to the total Bidding Period not exceeding ten working days. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in this Red Herring Prospectus.
- (c) In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to a maximum of ten working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper, and also by indicating the change on the websites of the BRLMs, and at the terminals of the Syndicate Members and the Bidding Period shall be extended for a further period of three working days, subject to the total Bidding Period not exceeding ten days.
- (d) Our Company, in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- (e) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (f) Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at the Issue Price, as finally determined, which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the Allocation Amount payable by the Retail Individual Bidders, who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000 the Bid will be considered for allocation under the Non-Institutional portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
- (i) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 350 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
- (j) Bidders are advised to retain copies of the blank Revision form and the revised Bid must be made only in such Revision form or copies thereof.
- (k) The Bidder can make this revision during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

Application in the Issue

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

ESCROW MECHANISM

Our Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Refund Account (s) as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the members of Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

TERMS OF PAYMENT AND PAYMENT INTO THE ESCROW COLLECTION ACCOUNTS

Each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details please see the sub-section titled "Payment Instructions" beginning on page no. 198 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account, held in the Refund Account for the benefit of the Bidders who are entitled to refunds. No later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e. QIB Bidders, Non Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" beginning on page no. 181 of this Red Herring Prospectus. After the Bid/Issue Closing Date, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called from the QIB Bidders. If such additional margin money is not paid into the appropriate Escrow Account within the time and in the manner stipulated above, the Bid of such

QIB Bidder is liable to be rejected. Further we may call for additional Margin amount over and above the minimum prescribed 10% Margin amount from certain QIBs at our discretion prior to acceptance of the Bid anytime upto the Bid/ Issue Closing date and shall have the right to reject such bids on technical ground in case of non-receipt of such additional margin. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

ELECTRONIC REGISTRATION OF BIDS

- a) The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- b) BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding/Issue Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on regular basis. On the Bid Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. Bids will only be accepted on working days i.e. Monday to Friday (excluding public holidays). Bidders are cautioned that a high inflow of Bids typically experienced on the last day of the Bidding may lead to some Bids received on that day not being uploaded due to lack of sufficient uploading time and such bids may not be considered for allocation
- c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on regular basis, consolidated and displayed on-line at all bidding centres and website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
- d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)
 - Investor Category - Individual, Corporate, NRI, FII, or Mutual Fund etc.
 - Numbers of Equity Shares bid for.
 - Bid price
 - Bid cum Application Form number.
 - Margin Amount paid upon submission of Bid cum Application Form; and
 - Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder.
- e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page no. 201 in this Red Herring Prospectus.

- h) It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company.
- i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.
- j) Bids not uploaded to the online IPO system of BSE / NSE shall not be considered for allocations / allotment.

BUILD UP OF THE BOOK AND REVISION OF BIDS

- (a) Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.
- (f) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (g) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
- (h) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- (i) Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allotment. In case of discrepancy of data between BSE or NSE and the members of the Syndicate, the decision of the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

PRICE DISCOVERY AND ALLOCATION

- (a) After the Bid Closing Date /Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with us.
- (b) Our Company, in consultation with the BRLMs, shall finalise the "Issue Price", the number of Equity Shares to be allotted in each category to Bidders.
- (c) The allocation to Non-Institutional Bidders and Retail Individual Bidders of up to 10% and 30% of the Issue respectively, the allocation to QIBs for at least 60% of the Issue, would be on proportionate basis, in the manner specified in the SEBI Guidelines and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) In case of over-subscription in all categories, at least 60% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand for mutual funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the remaining QIB Portion and be allocated proportionately to the QIB Bidders. If at least 60% of the

Issue cannot be allotted to QIBs, then the entire application money will be refunded. Further, up to 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Under subscription, if any, in any category of the Issue, other than the QIB Portion, would be allowed to be met with spill over from any of the other categories or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than [•] Equity shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. Under-subscription, if any, in the Non-Institutional Portion or Retail Portion would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

- (e) Allocation to NRIs, FIIs, foreign venture capital funds. Multilateral and Bilateral Development Financial Institutions registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by RBI while granting permission for allotment of Equity Shares to them.
- (f) The BRLMs, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) Our Company reserve the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI DIP Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- (h) The BRLMs shall notify the other members of the Syndicate of the Issue Price once the same is finalized.

SIGNING OF UNDERWRITING AGREEMENT AND RoC FILING

- (a) Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, our Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.
- (c) We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

ANNOUNCEMENT OF PRE-ISSUE ADVERTISEMENT

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on this Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one Hindi National newspaper and a regional language newspaper.

ADVERTISEMENT REGARDING ISSUE PRICE AND PROSPECTUS

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

ISSUANCE OF CONFIRMATION OF ALLOCATION NOTE (CAN)

- (a) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail Individual and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that the date of Allotment of the Equity Shares to all Bidders, in all categories, shall be done on the same date.
- (b) The BRLMs or members of the Syndicate would despatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the Allocation Amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.
- (d) The issuance of CAN is subject to 'Allotment Reconciliation and Revised CANs' as set forth below.

Notice to QIBs : Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE / NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supercede in entirety the earlier CAN.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account and Refund Account on the Designated Date, we would allot the Equity Shares to the allottees. Our Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of allotment. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- (b) In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- (a) Check if you are eligible to apply;
- (b) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) as the case may be;
- (c) Ensure that the details about Depository Participant and beneficiary account are correct as allotment of Equity Shares will be in the dematerialized form only;
- (d) Investor must ensure that the name given in the Bid cum Application Form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (f) Ensure that you have been given a TRS for all your Bid options;
- (g) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (h) Ensure that the Bid is within the Price Band;
- (i) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more. The copy of the PAN card or the PAN allotment letter should be submitted with the application form;
- (j) If you have mentioned "Applied For" or "Not Applicable" in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;
- (k) Ensure that Demographic details (as defined herein below) are updated true and correct in all respects; and
- (l) QIB bidders shall submit their bids only to the BRLMs.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/ revise Bid Amount to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid Amount in cash; by money order or by postal order;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at Cut Off Price (for QIB Bidders, Non-Institutional Bidders);
- (g) Do not Bid at Bid Amount exceeding Rs. 100,000 (for Retail Individual Bidders);
- (h) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- (i) Do not submit Bid accompanied with Stockinvest;
- (j) Do not submit GIR number instead of PAN as Bid is liable to be rejected on this ground;
- (k) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate.

BIDS AND REVISIONS OF BIDS

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRI, FII or foreign venture capital fund registered with SEBI applying on repatriation basis).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- (c) For Retail Individual Bidders, the Bid must be for a minimum of 350 Equity Shares and in multiples of 350 thereafter subject to a maximum Bid Amount of Rs. 100,000.
- (d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 350 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- (e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

BIDDER'S BANK DETAILS

Bidders should note that on the basis of names of the Bidders, Depository Participant's name, Depository Participant Identification Number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the Bidder bank Account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through ECS, Direct Credit, NEFT or RTGS, hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refund to Bidders at the Bidders sole risk and neither the BRLMs nor our Company shall have any responsibility and undertake any liability for the same.

BIDDER'S DEPOSITORY ACCOUNT DETAILS

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or give credit through ECS and occupation (hereinafter referred to as "Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ ECS credit or credit through Direct Credit, NEFT or RTGS for refunds/CANs/Allocation advice and printing of Company particulars on the refund order or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advices/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. In case of Bidders receiving refunds through Electronic Transfer of Funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company nor the Registrar nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Our Company at its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through the Electronic Transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

BIDS BY NON RESIDENTS, NRIS, FIIs AND FOREIGN VENTURE CAPITAL FUNDS REGISTERED WITH SEBI ON A REPATRIATION BASIS

Bids and revision to Bids must be made:

- (a) On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- (b) In a single name or joint names (not more than three and in the same order as the Depository Participants details).
- (c) Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by FIIs for a minimum of such number of Equity Shares and in multiples of 350 thereafter that the Bid Amount exceeds Rs. 100,000. For further details, please refer to the sub-section titled 'Maximum and Minimum Bid Size' beginning on page no. 189 of this Red Herring Prospectus. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- (d) Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.
- (e) There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.
- (f) Bids by NRIs and FIIs on a repatriation basis shall be in the names of individuals or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Equity Shares have not been registered under the US Securities Act and are not being sold in the US. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "US Securities Act"), or any state securities laws in the United States and may not be offered or sold within the United

States, (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Equity Shares will be offered and sold only outside the United States in offshore transactions in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

BIDS UNDER POWER OF ATTORNEY

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore. In case of Bids made pursuant to a power of attorney by FIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company, and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Our Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

PAYMENT INTO ESCROW ACCOUNT

1. The applicable Margin Amount for Non Institutional and Retail Individual Bidders is equal to 100% and while submitting the Bid cum Application Form, shall be drawn as a payment instrument for the Bid Amount in favour of the Escrow Account and submitted to the members of the Syndicate.
2. QIB Bidders will be required to deposit a QIB Margin Amount at the time of submitting of their Bids. After the closure of bidding, the level of subscription shall be determined. Based on the level of subscription, additional margin money, if any, shall be called for from the QIB Bidders. The QIB Bidders shall pay such additional margin money within a period of two days from the date of the letter communicating the request for such additional margin money.
3. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
4. The payment instruments for payment into the Escrow Account should be drawn in favour of:

In case of Resident QIB Bidders: "Escrow Account -MOL Public Issue- QIB-R"

In case of Non Resident QIB Bidders: "Escrow Account -MOL Public Issue- QIB-NR"

In case of Resident Non-Institutional and Retail Individual Bidders: "Escrow Account -MOL Public Issue"

In case of Non-resident Non-Institutional and Retail Individual Bidders: "Escrow Account -MOL Public Issue - NR"

5. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
6. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder by the Refund Banker from the Refund Account.
8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue. Further, on the Designated Date, the Escrow Collection Banks shall transfer all amounts liable to be refunded to unsuccessful bidders and the excess amounts paid on Bidding to the Refund Account held by the Refund Banker for the benefit of the Bidders entitled to a refund.
10. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall, from the Refund account refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
11. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stock invest/Money Orders/ Postal orders will not be accepted.
12. Bidders are advised to mention the number of Bid-cum-application form on the reverse of the cheque/demand Draft to avoid misuse of instruments submitting along with the Bid-cum application form.

PAYMENT BY STOCKINVEST

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

SUBMISSION OF BID CUM APPLICATION FORM

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In this regard, the procedures, which would be followed by the Registrar to the Issue to detect multiple applications, are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.
2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.

3. The Registrar will obtain, form depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application form and create an address master.
4. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names.
5. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.
6. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Our Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

PERMANENT ACCOUNT NUMBER OR PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form. Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

UNIQUE IDENTIFICATION NUMBER ("UIN")

With effect from July 1, 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/ quote UIN under the SEBI (Central Database of Market Participants) Regulations, 2003 by its circular bearing number MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of this Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

OUR RIGHT TO REJECT BIDS

In case of QIB Bidders, our Company, in consultation with the BRLMs may reject a bid placed by a qualified QIB for reasons to be recorded in writing, provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefore shall be disclosed to the QIB Bidders. In case of QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders, we have a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft or RTGS and will be sent to the Bidder's address at the Bidder's risk.

GROUND'S FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. NRI's except Eligible NRI's.
4. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
5. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
6. PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
7. Bank account details for refund are not given;
8. Bids for lower number of Equity Shares than specified for that category of investors;
9. Bids at a price less than lower end of the Price Band;
10. Bids at a price more than the higher end of the Price Band;
11. Bids at Cut Off Price by Non-Institutional and QIB Bidders bidding in excess of Rs. 100,000;
12. Bids for number of Equity Shares which are not in multiples of 350;
13. Category not ticked;
14. Multiple Bids as defined in this Red Herring Prospectus;
15. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
16. Bids accompanied by Stockinvest/money order/postal order/cash;
17. Signature of sole and / or joint Bidders missing;
18. Bid cum Application Forms does not have the stamp of the BRLMs, or Syndicate Members;
19. Bid cum Application Forms does not have Bidder's depository account details;
20. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
21. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number;
22. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act;
23. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations, refer section titled "Maximum and Minimum Bid size " beginning on page no. 189 of this Red Herring Prospectus;
24. Bids by OCBs;
25. If GIR number is mentioned instead of PAN Number;
26. Bids in respect of whereof the Bid cum Application Form do not reach the Registrar prior to finalization of the basis of allotment;
27. Bids where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s); and
28. Bids by persons prohibited from buying, selling or dealing in shares directly or indirectly by SEBI or any other regulatory authority.

EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- (a) Agreement dated January 02, 2007 with NSDL, our Company and the Registrar to the Issue;
- (b) Agreement dated February 02, 2007 with CDSL, our Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- (f) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrars to the Issue.
- (g) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- (h) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (i) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository account details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through Electronic Transfer of Funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Modes of Refund

The payment of refund, if any, shall be undertaken in the following order of preference:

1. NEFT

Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this

method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

2. ECS

Payment of refund shall be undertaken through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the above mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

3. Direct Credit

Applicants having bank accounts with the Refund Banker(s) shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

4. RTGS

Applicants having a bank account at any of the abovementioned fifteen centers and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY AND INTEREST IN CASE OF DELAY

We shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 days of the Bid Closing Date / Issue Closing Date. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicants are otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS.

In case of other applicants, our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the Direct Credit, NEFT, RTGS or ECS.

Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

We shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or ECS, Direct Credit, NEFT or RTGS as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.

We shall ensure dispatch of allotment advice, refund orders (except for Bidders who receive refunds through Electronic Transfer of Funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI DIP Guidelines, our Company further undertakes that:

- (a) allotment shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;

- (b) dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- (c) our Company shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if allotment is not made and refund orders are not despatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

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

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

BASIS OF ALLOTMENT OR ALLOCATION

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to [•] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 350 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 350 Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- At least 60% of the Issue shall be allotted to the QIB Bidders, failing which the full subscription monies shall be refunded.
- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- 60% of the Issue size shall be available for allotment to QIBs who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allocated on a proportionate basis to QIB Bidders, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above Issue price. If at least 60% of the Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded forthwith.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIBs shall be determined as follows:
 - (i) In the event that the over subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

Except for any shares allocated to QIB Bidders due to under subscription in the Retail Portion and/or Non Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis at least to the extent of 350 Equity Shares and in multiples of one Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

Under subscription, if any in Non Institutional Bidders or Retail Individual Bidders category would be allowed to be met with spill over from any other category at the sole discretion of our Company and the BRLMs.
 - (c) The aggregate allocation to QIB Bidders shall not be less than [•] Equity Shares.

PROCEDURE AND TIME OF SCHEDULE FOR ALLOTMENT AND CREDIT OF EQUITY SHARES IN DEMATERIALISED FORM

The Issue will be conducted through a "100% book building process" pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on June 04, 2007 and expire on June 07, 2007. Following the expiration of the Bidding Period, our Company, in consultation with the BRLMs, will determine the issue price, and, in consultation with the BRLMs, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the BSE / NSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence. This typically takes three trading days from the date of crediting the investor's demat account, subject to final approval by the Stock Exchanges.

METHOD OF PROPORTIONATE BASIS OF ALLOTMENT

In the event of the Issue being over-subscribed, we shall finalize the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders and QIB's in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- (b) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.
- (d) If the proportionate Allotment to a Bidder is a number that is more than 350 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (e) In all Bids where the proportionate Allotment is less than 350 Equity Shares per Bidder, the Allotment shall be made as follows:
 - Each successful Bidder shall be Allotted a minimum of 350 Equity Shares; and
 - The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above.
- (f) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares. The basis of allocation will be finalised in consultation with the Designated Stock Exchange.
- (g) If the proportionate allotment to a Bidder is a number that is more than 350 but is not a multiple of 1 (which is the marketable lot), the number in excess of the multiple of 1 would be rounded off to the higher multiple of 1 if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of 1. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

LETTERS OF ALLOTMENT OR REFUND ORDERS

We shall give credit of Equity Shares allotted, if any, to the beneficiary account with Depository Participants within two working days from the date of the Allotment. Applicants residing at 15 centres where clearing houses are managed by the RBI will get refunds through ECS (subject to availability of information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS. In case of other applicants, our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid /Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post intimating them about the mode of credit of refund within 15 working days of the closure of the Issue. Our Company shall ensure dispatch of refund orders/refund advice (for Direct Credit, NEFT, RTGS or ECS), if any, by "Under Certificate of Posting" or registered post or speed post, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date and adequate funds for making refunds to applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode, i.e. Direct Credit, NEFT, RTGS or ECS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by our Company as an Refund Banker and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

ISSUE PROGRAM

BID/ISSUE OPENS ON	:	June 04, 2007
BID/ISSUE CLOSES ON	:	June 07, 2007

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) or uploaded till such

time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date. Bids will only be accepted on working days i.e. Monday to Friday (excluding public holidays). Bidders are cautioned that a high inflow of Bids typically experienced on the last day of the Bidding may lead to some Bids received on that day not being uploaded due to lack of sufficient uploading time and such bids may not be considered for allocation.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes as follows:

- (a) that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- (b) that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the 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 issuer;
- (d) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- (e) that the certificates of the securities/refund orders to non resident Indians shall be despatched within specified time; and
- (f) that no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

- (a) all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act; details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- (b) details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- (c) Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality, interest/dividend bearing liquid instruments including money market mutual funds, deposits with banks for the necessary duration. Such investments would be in accordance with investment policies approved by the Board from time to time.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. **As per current foreign investment policies, FDI in the sectors in which our Company operates is allowed up to 100% under the automatic route.**

RBI, vide its circular A.P.(DIR Series) Circular No. 53 dated December 17, 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of RBI, so long as the price of equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian Companies is available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the

portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of our Company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of our Company. No single NRI may own more than 5% of the post-issue paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of our Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of directors and shareholders of our Company. The issue of equity shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in equity shares of a Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that Company.

Registration of Equity Shares under US Laws

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders and neither our Company nor the BRLM are liable for any changes in the regulations after the date of this Red Herring Prospectus.

SECTION IX - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the abstract of the main provisions of our Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

(i) Preliminary

Title of Article	Article Number and contents
Table "A" not to apply but Company to be governed by these Articles	The regulations contained in Table "A" in the First Schedule to the Companies Act, 1956, shall not apply to this Company, but the regulations for the Management of the Company and for the observance of the members thereof and their representatives shall subject to any exercise of the Statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolutions, as prescribed by the Companies Act, 1956, be such as are contained in these Articles.
	<p>2. (A) The Assets specified in Schedule A of the Memorandum shall belong to and become property of the Company having regard to the obligation imposed on the Company these Articles shall be taken to be of the value of Rs. 17,01,83,170.71 and the shares to which the parties hereto are to be entitled as specified in the Memorandum.</p> <p>(B) The assets mentioned in the said Schedule shall vest in the Company free from all claims by parties hereto and pending the registration they shall hold the same in trust.</p> <p>(C) The Company shall undertake, pay, observe, satisfy, perform and fulfill the agreement and liabilities of the parties hereto or the firm of M/s. GUJARAT INDUSTRIES entered into or incurred in their separate or joint names or in the name of the firm in relation to the said business, and assets them respectively from and against all actions, proceedings, damages, claims and demands in respect thereof.</p> <p>(D) The business in respect of the said assets shall be deemed to be carried on as from the date of these Articles on the Company's behalf and accordingly the parties hereto shall be allowed all payments made and expenses incurred and shall account for all moneys received by them respectively in relation to such business from that date.</p>

(ii) Articles relating to rights of members regarding voting, dividend, lien on shares, process for modification of such rights and forfeiture of shares

VOTES OF MEMBERS

Title of Article	Article Number and contents
Member paying money in advance not to be entitled to vote in respect thereof	112. A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.
Restriction on exercise of voting rights of members who have not paid calls	113. No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
Number of votes to which member entitled	114. Subject to the provisions of Article 112 every member of the Company, holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person or by proxy (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative) or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company.

	<p>Provided however, if any preference share-holder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions before the meeting which directly affect the rights attached to his preference shares. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period proceeding the date on which the vote is taken.</p>
Votes of members of unsound mind	<p>115. A member of unsound mind or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll vote by proxy.</p>
Votes of joint members	<p>116. If there be joint registered holders of any shares one of such persons may vote at any meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such shares, as if he were solely, entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint holders be present at any meeting either personally or by agent or by proxy, that one of the said persons so present who stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the holders shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the register in respect of such shares. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.</p>
Representation of body corporate	<p>117. (a) A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures) authorise such person as it thinks fit by a resolution of its Board of Directors or other Governing Body, to act as its representative at any meeting of the Company or any class of members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company.</p> <p>A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of debentures of the Company. The production of a copy of the resolution referred above, certified by Director or the Secretary of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative's appointment and his right to vote thereat.</p> <p>(b) Where the President of India or the Governor of a State is a member of the Company, the President or as the case may be, the Governor may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be entitled to exercise the same rights and powers including the right to vote by proxy, as the President or as the case may be the Governor could exercise as a member of the Company.</p>
Votes in respect of deceased or insolvent members	<p>118 Any person entitled under the transmission Article to transfer any share may vote any General Meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the rights to transfer such shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.</p>
Voting in person or by proxy	<p>119. Subject to the provisions of these Articles, vote may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.</p>

Rights of members to use votes differently	120. On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other persons 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.
Proxies	121. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right whatever to speak at the meeting. Every notice convening a meeting of the Company shall state that a member entitled to attend and vote is entitled to appoint one or more proxies.
Proxy either for specified meeting or for a period	122. An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and adjournment thereof or it may appoint a proxy for the purpose of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.
No proxy to vote on a show of hands	123. No proxy shall be entitled to vote by a show of hands.
Instrument of proxy when to be deposited	124. The instrument appointing a proxy and the Power of Attorney or Authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or Authority, shall be deposited at the Registered Office of the Company forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
Form of proxy	125. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit be in the form set out in Schedule IX to the Act and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate be under its seal or be signed by any officer or attorney duly authorised by it.
	125A. An instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll.
Validity of votes given by proxy notwithstanding revocation of authority	126. A vote given in accordance with the terms of instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of any Power of Attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the meeting or adjourned meeting at which the proxy is used, provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.
Time for objection to vote	127. No objection shall be made to the qualification of any vote or to the validity of a vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes and such objection made in due time shall be referred to the Chairman of the meeting.
Chairman of any meeting to be the judge of validity of any vote	The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.
Custody of instrument	129. If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If embracing other objects, copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

DIVIDENDS AND CAPITALISATION

Title of Article	Article Number and contents
Division of profits	182. (a) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any shares in the Company, dividends may be declared and paid according to the amounts of the shares.
The Company in General Meeting may declare dividends	183. The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors but the Company may declare a smaller dividend in General Meeting.
Dividend out of profits only	184. No dividend shall be payable except out of profits of the Company arrived at in the manner provided for in Section 205 of the Act.
Interim Dividend	185. The Board of Directors may from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies.
Debts may be deducted Company may retain dividends	186. (a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists. (b) The Board of Directors may retain the dividend payable upon shares in respect of which any person is under the transmission Article entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member or shall duly transfer the same.
Capital paid up in advance at interest not to earn dividend	187. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
Dividends in proportion to amount paid up	188. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms, providing that it shall rank for dividends as from a particular date, such share shall rank for dividend accordingly.
No member to receive dividend whilst indebted to the Company and the Company's right of reimbursement thereof	189. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any member, all such sums of money so due from him to the Company.
Effect of Transfer of shares	190. A transfer of shares shall not pass the right to any dividend declared therein before the registration of the transfer.
Dividend to joint holders	191. Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such shares.
Dividend how remitted	192. The dividend payable in cash may be paid by cheque or warrant sent through post direct to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders, to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holders or the joint holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost to the member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
Notice of dividend	193. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

Reserves	194. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors be applicable for meeting contingencies or for any other purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.
Dividend to be paid within thirty days	195. The Company shall pay the dividend or send the warrant in respect thereof to shareholders entitled to the payment of dividend, within thirty days from the date of the declaration unless : (a) Where the dividend could not be paid by reason of the operation of any law. (b) Where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with. (c) Where there is a dispute regarding the right to receive the dividend. (d) Where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or (e) Where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
Unclaimed dividend	196. No unpaid/unclaimed dividend shall be forfeited by the Board and the Directors shall comply with the provisions of Section 205A(1) of the Companies Act, 1956, as regard unclaimed dividends.
Set-off of call against dividend	197. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.
Dividends in cash	198. No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing duly paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.
Dividend right shares and bonus shares to be held in abeyance	199. Where any instrument of transfer of shares has been delivered to any company for registration and the transfer of such shares has not been registered by the Company, it shall, notwithstanding any thing contained in any other provision of this Act : (a) Transfer the dividend in relation to such shares to the special account referred to in Section 205A unless the Company is authorised by the registered holder of such share in writing to pay such dividend to the transferee specified in such instrument of transfer; and (b) Keep in abeyance in relation to such shares any offer of right shares under clause (a) of sub-section (1) of Section 81 and any issue of fully paid-up bonus shares in pursuance of sub-section (8) of Section 205.
Capitalisation	200. (1) The Company in General Meeting may, upon the recommendation of the Board, resolve : (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions. (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) either in or towards.

	<ul style="list-style-type: none"> (i) paying up any amount for the time being unpaid on any shares held by such members respectively. (ii) paying up in full unissued shares of the Company to be allocated and distributed, credited as fully paid up to and amongst members in the proportions aforesaid; or (iii) partly in the way specified in such clause (i) and partly in that specified in sub-clause (ii). (3) A share premium account and a capital redemption reserve account may, for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares. (4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.
Fractional certificates	<p>201. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall</p> <ul style="list-style-type: none"> (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares and (b) generally do all acts and things required to give effect thereto <p>(2) The Board shall have full power :</p> <ul style="list-style-type: none"> (a) to make such provision, by the issue of fractional cash certificate or by payment in cash or otherwise as it think fit, in the case of shares becoming distributable in fractions, also (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf, by the application thereof of either respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing shares. (3) Any agreement made under such authority shall be effective and binding on all such members. (4) That for the purpose of giving effect to any resolution, under the preceeding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question of difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

LIEN

Title of Article	Article Number and contents
Company to have lien on shares	<p>41. The Company shall have a first and paramount lien upon all shares (other than fully paid up shares registered in the name of each member whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such shares or called upon by law to pay in respect of such shares of the members or deceased member and no equitable interests in any share shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends from time to time declared in respect of shares, PROVIDED THAT the Board of Directors may, at any time, declare any share to be wholly or in part exempt from the provision of this Article.</p>
As to enforcing lien by sale	<p>42. The Company may sell, in such manner as the Board think fit, any shares on which the Company has a lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:</p> <ul style="list-style-type: none"> (a) Unless a sum in respect of which the lien exists is presently payable or

	<p>(b) Until the expiration of fourteen days after a notice in writing starting and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency. For the purposes of such sale, the Board may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their members to execute a transfer thereof on behalf of and in the name of such members.</p> <p>(c) The purchaser shall not be bound to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.</p>
Application of proceeds of sale	<p>43. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable; and</p> <p>(b) The residue, if any, after adjusting for costs, expenses, unpaid calls and accrued interest, if any, incurred at that date of the sale, shall be paid to the person whose shares have been forfeited or to his executors, administrators or assignees or as he directs, subject to a like lien for sums not presently payable existed on the shares before the sale.</p>

FORFEITURE OF SHARES

Title of Article	Article Number and contents
If money payable on share not paid notice to be given	<p>44. If any member fails to pay the whole or any part of any call or any instalment of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for instalment remains unpaid, give notice to his requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.</p>
Sum payable on allotment to be deemed a call	<p>45. For the purposes of the provisions of these presents relating to forfeiture of shares the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such share on the day of allotment.</p>
Form of Notice	<p>46. The notice shall name a day (not being less than one month from the day of the notice) and a place or places on and at which such call or instalment and such interest thereon at such rate not exceeding eighteen per cent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, shares in respect of which the call was made or instalment is payable will be liable to be forfeited.</p>
In default of payment shares to be forfeited	<p>47. If the requirements of any such notice as aforesaid are not complied with any share or shares in respect of which such notice has been given may at any time thereafter before payment of all calls or instalments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors 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.</p>
Notice of forfeiture to a member	<p>48. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.</p>
Forfeited share to be the property of the Company and may be sold etc.	<p>49. Any share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed off, either to the original holder or to any other person upon such terms and in such manner as the Board of Directors shall think fit.</p>

Member still liable to pay money owing at the time of forfeiture and interest	50. Any member whose shares have been forfeited shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen per cent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.
Effect of forfeiture	51. The forfeiture of a share shall involve the extinction at the time of the forfeiture of all interest in and all claims and demand against the Company in respect of the share and all other rights incidental to the share, except only such to those rights as by these Articles are expressly saved.
Power to annul forfeiture	52. The Board of Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit.
Declaration of forfeiture	53. (a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. (b) The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off. (c) The person whom such share is sold, re-allotted or disposed off shall thereupon be registered as the holder of the share. (d) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay any calls, amounts, instalments, interest and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment. (e) Such purchaser or allottee shall not be bound to see to the application of the irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.
Provisions of these Articles as to forfeiture to apply in case of non payment of any sum	54. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any such which by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
Cancellation of share certificate in respect of forfeited shares	55. Upon sale, re-allotment or other disposal, under the provisions of these Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.
Surrender of Shares	56. The Directors may, subject to the provisions of the Act, accept a surrender of any share from any member desirous of surrendering on such terms and conditions as they think fit.

MODIFICATION OF RIGHTS

Title of Article	Article Number and contents
Modification of rights	<p>10. Whenever the capital, by reason of the issue of the preference shares or otherwise is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders, of not less than three-fourth of the issued capital of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class and all the provisions hereinafter contained as to general meeting shall mutatis mutandis apply to every such meeting, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting. This Article is not to derogate from any power the Company would have if this Article was omitted.</p> <p>The rights conferred upon the holders of the shares (including preference shares if any) of any class issued with preferred or other rights or privileges shall unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated dealt with or varied by the creation of issue of further shares ranking <i>pari passu</i> therewith.</p>

(iii) Other provisions of Articles of Association

CAPITAL

Title of Article	Article Number and contents
	<p>4(a). The Authorised Share Capital of the Company shall be as per Paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time, in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preferences Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary modify and abrogate the same in such manner as may be determined by or in accordance with these presents.</p> <p>In the event of the Preference shares being issued, total nominal value of the issued Preference shares shall not at any time exceed the total nominal value of the issued Ordinary shares. The Preference shares to be issued shall rank equally with or in priority to Preference shares already issued.</p> <p>Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company.</p> <p>The preference shareholders shall have the right to vote at any meeting convened for the purpose of:</p> <ul style="list-style-type: none"> (a) reducing the capital or winding up; or (b) sanctioning a sale of the undertaking of the issuer; or (c) where the proposition to be submitted to the meeting directly affects their rights and privileges; or (d) when the dividend on the preference shares is in arrear for not less than 2 years.
Increase of Capital by the Company; how carried into effect	<p>4(b) The Company may in General Meeting, from time to time by ordinary resolution, increase its capital by creation of new shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new shares shall be issued upon such terms and conditions with such rights and privileges annexed thereto as the</p>

	<p>resolution shall be prescribed and in particular, such shares may be issued with a preferential or qualified right to dividend and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Sections 87 and 88 of Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.</p>
New Capital same as existing capital	<p>5. Except in so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.</p>
Redeemable Preference Shares	<p>6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company are liable to be redeemed in accordance with Section 80A of the Act and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.</p>
Provisions to apply on issue of Redeemable Preference Shares	<p>7. On the issue of redeemable preference shares under the provisions of Article 6 hereof, the following provisions shall take effect.</p> <p>(a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purposes of the redemption.</p> <p>(b) No such shares shall be redeemed unless they are fully paid.</p> <p>(c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Shares Premium Account, before the shares are redeemed.</p> <p>(d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits, which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act, relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.</p> <p>(e) Subject to the provisions of Sections 80 and 80A of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.</p>
Reduction of Capital	<p>8. The Company may subject to the provisions of Sections 78, 80 and 100 to 105, both inclusive and other applicable provisions, if any of Act) from time to time by special resolution reduce (a) the share capital (b) any capital redemption reserve account or (c) any share premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power Company would have, if it were omitted.</p>
Consolidation division, sub-division and cancellation of Shares	<p>9. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time by an ordinary resolution alter the conditions of its Memorandum as follows:</p> <p>(a) Consolidate and divide all or any of its share capital into shares of large amount than its existing shares.</p> <p>(b) Sub-divide its shares or any of them into shares of smaller amount than fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on such reduce share shall be the same as it was in the case of the share from which the reduced share is derived.</p>

	<p>(c) Cancel any shares which at the date of the passing of the resolution 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. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.</p> <p>Whenever the Company shall do any one or more of the things provided for in the foregoing sub-clauses (a), (b) and (c), the Company shall within thirty days thereafter give notice thereof to the Registrar as required by Section 95 of the Act, specifying, as the case may be the shares, consolidated, divided, sub-divided or cancelled.</p>
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SHARES AND CERTIFICATES

Title of Article	Article Number and contents
Restriction on allotment and return of allotment	The Board of Directors shall observe the restrictions to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.
Power to Company to dematerialize and rematerialize Intimation to Depository Option for Investors The Company recognize under Depositories Act, Interest in the Securities other than that of Registered Holder Securities in Depositories and Beneficial Owner Rights of depositories and Beneficial Owners	<p>11(5)</p> <p>I. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing shares, debentures and other securities and rematerialize its such shares, debentures and other securities held by it with the Depository and/or offer its fresh shares and debentures and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any.</p> <p>II. Notwithstanding anything contained in this article, where securities are dealt with a Depository, the Company shall intimate the Details of allotment of securities to Depository immediately on allotment of such Securities.</p> <p>III. Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. A beneficial owner of any security can at any time opt out of a Depository. If permitted by law, in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed issue to the beneficial owner the required certificates of securities.</p> <p>IV. The Company or the investor may exercise an option to issue, dealing, hold the securities (including shares) with Depository in electronic form and the certificates in respect thereof shall be, dematerialized in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996.</p> <p>V. All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.</p> <p>VI. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.</p> <p>(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.</p> <p>(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 the securities, which are held by a depository.</p>

Shares under control of Directors	13. Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may allot or otherwise dispose off the same to such person on such terms and conditions and at such time as they think fit with full power, subject to the sanction of the Company in General Meeting to give any person the option to call for or be allotted shares of any class of the Company either at a premium or at par or at a discount subject to the provisions of Sections 78 and 79 of the Act, and such option being exercisable for such time and for such consideration as the Directors think fit.
Power also to Company in General Meeting to issue shares	15. In addition to and without derogating from these powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, by Special Resolution other than Bonus Share Issue, determine that any shares (whatever forming part of the original capital or of any increased capital of the Company) shall be offered to any person (Whether a Member or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full powers to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (Subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such considerations as may be directed by such General Meeting of the Company and General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.
Instalment of shares to be duly paid	17. If by the conditions of any allotment of any shares the whole or any part of the amount or issue price thereof shall be payable by instalments, every such instalment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the shares or his legal representatives and shall for the purposes of these Articles, be deemed to be payable on the date fixed for payment and in the case of non-payment the provisions of these Articles as to payment of interest and expenses of forfeiture and like and all the other relevant provisions of the Articles shall apply as if such instalments were a call duly made notified as hereby provided.
The Board may issue shares as fully paid-up	18. Subject to the provisions of the Act and these Articles, the Board may allot and issue shares in the Capital of the Company as payment of any property sold or transferred or for services rendered to the Company in the conduct of its business or in satisfaction of any shares, which may be so issued shall be deemed to be fully paid-up or partly paid-up shares.
Acceptance of shares	19. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.
Deposit and Call to be a debt payable	20. The money, if any, which the Board of Directors 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 inscription of the name of the allottee in the register or members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.
Liability of Members	21. Every member or his heirs, executors or administrators to the extent of his assets which come to their hands shall be liable to pay of the Company the portion of the capital represented by his shares or shares which may, for the time being remain unpaid thereon in such amount at such time or times and in such manner as the Board of Directors shall from time to time, in accordance with the Company's requisitions, require or fix for the payment thereof.

<p>Share Certificate</p>	<p>22. (a) Every member or allottee of shares shall be entitled, without payment to receive one certificate for all the shares of the same class registered in his name. Every share certificate shall specify the name of the person in whose favour it is issued, the share certificate number and the distinctive number(s) of 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 cases of issues, against letters of acceptance or of renunciation or in cases of issue of bonus shares. PROVIDED THAT if the letter of allotment is lost or destroyed, the Board may impose such reasonable terms, if, any as it think fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating the evidence. If any member shall require additional certificate he shall pay for each additional certificate (not being in the marketable lot) such sum not exceeding One Rupee as the Directors shall determine.</p> <p>(b) Any two or more joint allottee or holders of shares 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 delivered to any one of such joint owners on behalf of all of them.</p> <p>(c) I. Nomination</p> <p>(a) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.</p> <p>(b) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be, shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.</p> <p>(c) Notwithstanding anything contained in any other law for the time being in force or in any disposition whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall on the death of the shareholders or debenture holder or, as the case may be, all the joint holders, in relation to such shares persons unless the nomination is varied or cancelled in the manner as may be Prescribed under the Act.</p> <p>(d) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of the Company in the manner prescribed under the Act, in the event of his death, during the minority.</p> <p>II Option of nominee</p> <p>A nominee upon production of such evidence as may be required by the Board and subject as hereinafter provided elect, either</p> <p>(a) to register himself as holder of the share or debenture, as the case may be; or</p> <p>(b) To make such transfer of the shares and /or debentures, as the deceased shareholder or debenture holder, as the case may be, could have made.</p>
<p>Renewal of Shares Certificate</p>	<p>23. No Certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decreipt, worn out or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.</p>
	<p>Every Certificate under this Article shall be issued without payment of fees if the Directors so decide or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe.</p>

New certificates to be granted on delivery of the old certificates	24. New certificates shall not be granted under the provisions of the foregoing Article except upon delivery of the worn out or defaced or used up certificate for the purpose of cancellation and upon proof of destruction or loss and upon such terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating evidence as the Board of Directors may think fit in the case of any certificate having been destroyed, lost or defaced beyond identification.
The first named of joint holders deemed sole holder	25. If any share stands in the name of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notice and all or any other matter connected with the Company except voting at meeting and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's regulations.
Company not bound to recognise any interest in share other than of registered holder	<p>26. Except as ordered by a Court of Competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any share or (except only as if by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, of the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons (but not exceeding 3 persons) except in the case of requests received from executors or trustees of a deceased shareholder.</p> <p>(b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor (except in case where they are fully paid) or in the name of a person of unsound mind or in the name of any firm or partnership.</p> <p>27A. Subject to and in full compliance of the requirements of Section 77 A, 77AA and 77 B of the Companies Act, 1956 or corresponding provisions of any re-enactment thereof and any Rules and regulations that may be prescribed by the Central Government, the Securities and Exchange Board of India {SEBI} or any other appropriate authority in this regard, the Company, upon a resolution at the Board or a Special Resolution at a General Meeting authorise Buy Back of any part of the Share Capital of the Company fully paid on that date.</p> <p>27B. On listing of equity shares under depository mechanism on the Singapore Exchange Securities Trading Limited, subject to and in accordance with the provisions of the listing rules of the Singapore Exchange Securities Trading Limited and any applicable legislation or regulation, the Company may authorise the Directors in General Meeting to purchase or otherwise acquire any of its issued shares on such terms as the Company may think fit and in the manner prescribed by the listing rules of the Singapore Exchange Securities Trading Limited and any applicable legislation or regulation. On cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire.</p>

UNDERWRITING AND BROKERAGE

Title of Article	Article Number and contents
Commission may be paid	28. Subject to the provisions of Section 76 of the Act, the Company may at any time pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company, but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares are issued and in the case of debentures two and 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 debentures as the case may be or partly in one way and partly in the other.
Brokerage	29. The Company may on any issue of shares or debentures or on deposits pay such brokerage as may be reasonable and lawful.

DEBENTURES

Title of Article	Article Number and contents
Debentures with voting rights not to be issued	<p>32. (a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business. Debentures-stock, bonds or other securities with the right to allotment of or conversion into share shall not be issued except with the sanction of the Company in general meeting.</p> <p>(b) The Company, shall have power to reissue redeemed debentures in certain case in accordance with Section 121 of the Act.</p>
	(c) Payment of Certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
	(e) A contract with the Company to take up and pay any debentures of the Company may be enforced by a decree for specific performance.
	(f) Unless the conditions of issue thereof otherwise provide, the Company shall (Subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debenture-stock have completed and delivered the certificate of all debenture-stock allotted or transferred.

CALLS

Title of Article	Article Number and contents
Directors may make call	<p>33. Subject to the provisions of Section 91 of the Act the Board of Directors may, from time to time by a Resolution passed at a meeting of a Board (and not be a circular resolution) make such calls as it think fit upon the members in respect of all moneys unpaid on the shares whether on account of the nominal value of the shares or by way of premium, held by them respectively and not be conditions of allotment thereof made payable at fixed time and each member shall pay the amount of every calls so made payable at fixed time 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 of Directors. A call may be made payable by instalments. A call may be postponed or revoked as the Board may determine.</p>
Evidence in action by Company against share holders	<p>39. On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any moneys claimed to be due to the Company in respect of his shares it shall be sufficient to prove that the name of the members in respect of whose shares the money is sought to be recovered and entered on the register of member as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which the money is sought to be recovered that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, not that a quorum of Directors was present at the Board or at which any call was made not that the meeting at which any call was made was duly convened or constituted or any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.</p>
Payment in anticipation of calls may carry interest	<p>40. The Board of Directors may, if it thinks fit, agree to and receive from any member willing to advance the same all or any part of the amount due upon the shares held by him beyond the sums actually called for and upon the moneys so paid up in advance or so much thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and in respect of its shares on accounts of which such advances are made, the Board of Directors may pay or allow interest at such rate not exceeding to, unless the Company in General Meeting shall otherwise direct, fifteen percent per annum as the member paying the sum in</p>

	advance and the Board of Directors agree upon. The Board of Directors may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to such members three months notice in writing. Money so paid in advance of the amount of calls shall not confer a right to participate in profit or dividend. No member paying such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.
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TRANSFER AND TRANSMISSION OF SHARES

Title of Article	Article Number and contents
No transfer to minor etc.	57. The Board shall not issue or register a transfer of any shares for a minor (except in case when they are fully paid) or insolvent or person of unsound mind.
Execution of transfer	60. The instrument of transfer of any share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be attested. The transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.
	PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.
	60A. There shall be no restriction on transfer of fully paid security except where required by law or by the rules, bye-laws or Listing Rules of the stock exchange on which the Company is listed.
Register of Members etc. when closed	62. The Board of Directors shall have power on giving not less than ten market days notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of Debenture Holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty five days is each year as it may seem expedient to the Board. For so long as the equity shares of the Company are listed under the depository mechanism on the Singapore Exchange Securities Trading Limited, "market day" shall mean a day on which the Singapore Exchange Securities Trading Limited is open for securities trading.
Directors may refuse to register transfers	63. Subject to the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force, the Directors may at any time in their own absolute and uncontrolled discretion decline to register or acknowledge any transfer of any share giving reasons therefor and in particular may so decline in any case in which the Company has a lien upon the shares desired to be transferred or any call or instalment regarding any of them remain unpaid or unless the transferee is not approved by the Directors and such refusal shall not be affected by the fact that, the proposed transferee is already a member, the registration of transfer shall be conclusive evidence of the approval of the Directors of the transferee.
Directors may refuse any application for split or consolidation of Certificate(s)	64. Subject to the power of the Directors stated in Article 63 and the provisions of this clause, transfer of Shares/Debentures, in whatever lot should not be refused, however, the Company may refuse to split a Share Certificate/Debenture Certificate into several scrips of very small denominations or to consider a proposal for transfer of Shares/Debentures comprised in a Share Certificate/Debenture Certificate to several parties, involving such splitting if on the face of its such splitting/transfer appears to be unreasonable or without a genuine need or a marketable lot.
Death of one or more joint holders of shares	66. In case of the death of any one 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 recognised by the Company as having any title 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 with any other person.

Registration of persons entitled to shares otherwise than by transfer (Transmission clause)	68. Subject to the provisions of Article 66, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by the transfer in accordance with these Articles, may with the consent of the Board of Directors (which it shall not be under obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under these Articles or of his title, as the Board of Directors shall require and upon giving such indemnity as the Directors shall require either be registered as member in respect of such shares or elect to have some person nominated by him had approved by the Board of Directors registered as members in respect of such shares. PROVIDED NEVERTHELESS that if such person shall elect to have his nominee registered, he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares, this clause is herein referred to as "THE TRANSMISSION CLAUSE".
Refusal to register nominee	69. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse on legal grounds to register a person entitled by transmission to any share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.
No fees on transfer or transmission	71. No fee shall be charged for registration of transfer, Probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other documents.
The Company not be liable for discharge of a notice prohibiting registration of a transfer	73. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice and give effect thereto if the Board of Directors shall so think fit.

SHARE WARRANTS

Title of Article	Article Number and contents
Power to issue share warrants	74. The Company may issue warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act and accordingly, the Board may in its discretion with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to identify of the person signing the application and on receiving the certificates (if any) of the share and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Title of Article	Article Number and contents
Share may be converted into stock	78. The Company may, by Ordinary Resolution : (a) convert any paid up share into stock; and (b) reconvert any stock into paid-up shares of any denomination.

BORROWING POWERS

Title of Article	Article Number and contents
Power of Borrow	82. Subject to the provisions of Sections 58A, 292 and 293 of the Act and of these Article, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept, deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in general meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
The payment or repayment of money borrowed	83. 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 Board of Directors may think fit and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular Resolution) by the issue of bonds, debentures or debenture-stock of the Company, charged 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 debentures and the 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.
Term of issue of debenture	84. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at General Meeting, appointment of Directors and otherwise, debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution.
Mortgage of uncalled capital	85. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security executed.

MEETING OF MEMBERS

Title of Article	Article Number and contents
Annual General Meeting and the persons entitled to attend	87(4) For as long as the equity shares of the Company are listed under depository mechanism on the Singapore Exchange Securities Trading Limited, the interval between the close of a financial year of the Company and the date of the Company's annual general meeting shall not exceed four months.
Notice of business to be given	97. No General Meeting, Annual or Extra-ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notice convening the meeting.
Chairman's casting vote	108. In the case of equality of votes the Chairman shall both on a show of hands and a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

DIRECTORS

Title of Article	Article Number and contents
Number of Directors	130. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.
Debenture Directors	132. Any Trust Deed for securing debentures or debenture-stocks, may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture-stocks, of some person to be a Director of the Company and may empower such Trustees or holder of debentures or debenture-stocks, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.
Nominee Director	<p>133. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Credit and Investment Corporation of India Limited (ICICI) or to any other Finance Corporation or Credit Corporation or to any other Financing Company or body out of any loans granted by them to the Company or so long as ICICI or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which ICICI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continued to hold debentures in the Company as a result of underwriting or by direct subscription or private placement or so long as the Corporation holds shares in the Company as result of underwriting or direct subscription 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 Director/s") on the Board of the Company and to the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s. 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, Subject as aforesaid the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the Company.</p> <p>The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meeting, Board meetings or the Committee of which the Nominee Director/s is/are member/s as also the minutes of such meetings. The Corporation also be entitled to receive all such notices and minutes.</p> <p>The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled but if any others fees, commission, moneys or remuneration in any other form is payable to the Directors of the Company. The fees, commission, moneys, remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the 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.</p> <p>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.</p>

	<p>Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India, the sitting fee in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI. Limit on number of retiring Directors.</p> <p>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 Lenders and have such rights as are usually exercised or available to a whole time Director, in the management of the affairs of the Borrower such Nominee Director/s shall be entitled to receive any remuneration, fees, commission and moneys as may be approved by the Lenders.</p>
Additional Directors	137. The Directors shall also have power at any time and from time to time appoint any other person to be a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum fixed. Any person so appointed as an addition to the Board shall hold his office only upto the date of the next Annual General Meeting but shall be eligible for election at such meeting.
Qualification of shares	138. A Director need not hold any qualification shares.
Remuneration of Directors	<p>139. The remuneration of a Director for his service shall be such sum as may be fixed by the Board of Directors subject to a ceiling as may be prescribed by the Central Government from time to time for each meeting of the Board or a Committee thereof attended by him. The Directors subject to the sanction of the Central Government (if any required) may be paid such further remuneration as the Company in General Meeting shall, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine and in default of such determination shall be divided among the Directors equally.</p> <p>A Director may receive remuneration by way of a fee for each meeting of the Board or a committee thereof attended by him as prescribed by Central Government.</p>
Extra remuneration to Directors for special work	140. Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a member of any committee formed by the Directors or in relation to signing Share Certificates) or to make special exertions in going or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company shall remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.
Travelling expenses incurred by Directors on Company's business	141. The Board of Directors may, subject to the limitations provided by the Act, allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence for the purpose of attending a meeting such sum as the Board may consider fair compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fees for attending such meeting as above specified.

ROTATION AND APPOINTMENT OF DIRECTORS

Title of Article	Article Number and contents
Directors may be Directors of the Companies promoted by the Company	148. If a Director of the Company is appointed a Director of any Company promoted by the Company or in which it may become interested as a vendor, shareholder or otherwise, such Director shall not be accountable for any benefits received as Director or shareholder of such Company except in so far as Section 309(6) or Section 314 of the Act may be applicable.
Appointment of Directors to be voted individually	156 (a) For as long as the equity shares of the Company are listed under depository mechanism on the Singapore Exchange Securities Trading Limited, a person who is a substantial shareholder in the Company or a Director shall give notice in writing to the Company stating his name and address and full particulars of the voting shares in the Company in which he has an interest or interests and full particulars of each such interest and of the circumstances by reason of which he has that interests, within two (2) business days after becoming a substantial shareholder or Director, as the case may be.

	<p>Where there is a change in the percentage level of the interest or interests of a substantial shareholder or Director in a Company in voting shares in the Company, he shall give notice in writing to the Company stating the name and address, the date of the change and the circumstances leading to that change and any such other particulars as may be prescribed, such notice to be given within two (2) business days after he becomes aware of such a change.</p> <p>Where a person ceases to be a substantial shareholder or Director in the Company, he shall give notice in writing to the Company stating his name and the date on which he ceased to be a substantial shareholder or Director (as the case may be) and full particulars of the circumstances by reason of which he ceased to be a substantial shareholder or director, such notice to be given within two (2) business days after he becomes aware of such a change.</p> <p>For the purposes of this Article, a person has a substantial shareholding in a company if he has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than 5% of the nominal amount of all the voting shares included in that class.</p>
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MANAGING DIRECTOR, WHOLE-TIME DIRECTOR

Title of Article	Article Number and contents
Board may appoint Managing Director or Managing Directors or Whole-time Directors	159. Subject to the provisions of the Act and these Articles, the Directors shall have power to appoint from time to time one or more of their body to be Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company and may from time to time (subject to the provisions of any contract between him and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.
Remuneration of Managing or Whole-time Director(s)	161. The remuneration of the Managing Director or Whole-time Director shall (subject to Section 309 and other applicable provisions of the Act, including Schedule XIII of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time. The remuneration in the case of a Director who is not in the whole time employment of the Company shall be by a fixed sum, and not by a commission on or a percentage of profits or turnover, and no Director shall be remunerated by a commission on or a percentage of turnover.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Title of Article	Article Number and contents
Powers of Board Meeting	169. A meeting of the Board of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or these Articles or the regulations for the time being of the Company are vested in or exercisable by the Board of Directors generally.
Acts of Board or Committee valid notwithstanding defect in appointment	173. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director. Provided nothing contained here shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

POWERS OF THE BOARD

Title of Article	Article Number and contents
General powers of Management vested in Directors	<p>174. The business of the Company shall be managed by the Directors who 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 Company required to be exercised by the Company in General Meeting, subject nevertheless to any regulation of these Articles or the provisions of the Act or any other Act and to such regulation being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made, provided that the Board of Directors shall not except with the consent of the Company in General Meeting;</p> <ul style="list-style-type: none"> (a) Sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking; (b) Remit or give time for the payment of any debt due by a Director; (c) Invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time; (d) Borrow moneys, where 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; 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 provisions of Sections 349 and 350 of the Act during the three financial years immediately proceeding, whichever is greater, provided that the Company in General Meeting or the Board of Directors shall not contribute any amounts to any political party or for any political purpose to any individual or body.
Certain powers of the Board	<p>176. Without prejudice to the general powers conferred by the last preceeding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles but subject to the restrictions contained in the last preceeding Articles, it is hereby declared that the Directors shall have the following powers, that is to say, power:</p> <ul style="list-style-type: none"> (1) To pay the costs, charges and expenses preliminary and incidental to the formation, promotion, establishment and registration of the Company. (2) To pay and charge to the Capital Account of the Company any commission or interest, lawfully payable thereout under the provisions of Sections 76 and 208 of the Act. (3) Subject to Sections 292 and 297 and other applicable provisions of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit in any such purchase or other acquisition, accept such title as the Director may believe or may be advised to be reasonably satisfactory. (4) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages or other securities of the Company and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities as may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

	<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, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.</p> <p>(7) To appoint any person to accept and hold in trust for the property belonging to the Company or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.</p> <p>(8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officer or otherwise concerning the affairs of the Company and also to compound and allow time for payment on satisfaction of any debts due and of any claim or demands by or against the Company and to refer any difference to arbitration and observe the terms of any awards made therein either according to Indian Law or according to Foreign Law and either in India or abroad and observe and perform or challenge any award made therein.</p> <p>(9) To act on behalf of the Company in all matters relating to bankruptcy, insolvency, winding up and liquidation of Companies.</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 Sections 291(1), 295, 370 and 372 and other applicable provisions of the Act and these Articles, to invest and deal with any moneys of the Company not immediately required for the purposes thereof, upon such security (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realise such investment. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.</p> <p>(12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgage of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon.</p> <p>(13) To open bank accounts and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipt, acceptances, endorsements, cheques, dividend warrants, release, contracts and documents and to give the necessary authority for such purposes.</p> <p>(14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and do give to any Director, officer or other person employed by the Company a commission on the profits of any particular business and or transaction and to charge such bonus or commission as part of working expenses of the Company.</p> <p>(15) To provide for the welfare of Directors or Ex-Directors or employees or ex-employees of the Company and the wives, widows and families of the dependents or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating and from time to time, subscribing or contributing to provident and other associations, institutions and by providing or subscribing or contributing towards places of instructions and recreation, hospitals, dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provisions of Section 293(1) (e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or the public and general utility or otherwise.</p> <p>(16) Before recommending any dividend, to set aside, out of the profits of the Company, such sums as they may think proper for depreciation or the depreciation fund or to an</p>
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	<p>insurance fund or as a reserve fund or sinking fund or any special or other fund or funds or account or accounts to meet contingencies or to repay redeemable preference shares, debentures or debenture-stock or for special dividends or for equalising dividends for repairing, improving, extending and maintaining any part of the property of the Company and such other purposes (including the purposes referred to in the preceeding clause) as the Board may, in their absolute discretion think conducive to the interest of the Company and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than share of this Company) as they may think fit and from time to time to deal with and vary such investments and dispose off and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended and to divide the General Reserve or Reserve Fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund and/or division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds including the depreciation fund in the business of the Company or in purchase or repayment of redeemable preference shares, debentures or debenture-stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.</p> <p>(17) To appoint and at their discretion remove or suspend such general managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and to fix their salaries or emoluments or remuneration and acquire security in such instances and to such amounts as they may think fit and also from time to time provide for the management and transactions of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit.</p> <p>(18) From time to time and at any time to establish any local Board for managing of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Board or managers or agencies and to fix their remuneration.</p> <p>(19) Subject to Section 292 of the Act, from time to time and at any time, to delegate to any persons so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their powers to make calls or to make loans or borrow moneys and to authorise the members for the time being of such local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and such appointment or delegation may be made on such terms 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>(20) At any time and from time to time by power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also, except in their limits authorised by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointments may (if the Board thinks fit) be made in favour of the members of any local Board established as aforesaid or in favour of any Company or the shareholders, Directors, Nominees or Managers of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of Attorney may contain such powers for the protection of convenience of persons dealing with such Attorneys as the Board may think fit and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.</p>
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	<p>(21) Subject to Sections 294, 297, 300 and other applicable provisions 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>(22) From time to time make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.</p> <p>(23) To purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any Joint Stock Company carrying on the business which the Company is authorised to carry on in any part of India.</p> <p>(24) To purchase, take on lease for any term or terms of years or otherwise acquire any factories, or any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.</p> <p>(25) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co-jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.</p> <p>(26) To purchase or otherwise acquire or obtain licence for the use of and to sell, exchange or grant licence for the use of any trade mark, patent, invention or technical know-how.</p> <p>(27) To sell from time to time any articles, materials, machinery, plants, stores and other articles and things belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and bye-products.</p> <p>(28) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company or by erecting new or additional building and to expend such sum of money for the purpose aforesaid or any of them as may be thought necessary or expedient.</p> <p>(29) To undertake on behalf of the Company any payment of all rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions and otherwise to acquire the free hold sample of all or any of the hands of the Company for the time being held under lease or for an estate less than free hold estate.</p> <p>(30) To improve, manage, develop, exchange, lease, sell, resell and repurchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.</p> <p>(31) To let, sell or otherwise dispose off, subject to the provisions of Section 293 of the Act and of the other Articles, any property of the Company, either absolutely to conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment of satisfaction for the same in cash or otherwise as it thinks fit.</p>
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ACCOUNTS

Title of Article	Article Number and contents
Inspection by members	<p>204. (a) The Directors shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and works of the Company or any of them shall be open to the inspection of member not being Directors.</p> <p>(b) No member (not being a Director) shall have any right of inspecting any account books or documents of the Company except as allowed by law or authorised by the Board.</p>
Account when audited and approved to be conclusive except as to errors discovered within 3 months	<p>209. Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected and henceforth shall be conclusive.</p>

DOCUMENTS AND NOTICES

Title of Article	Article Number and contents
Members bound by documents or notices served on or given to previous holder	<p>211. Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any share be bounded by every document or notice in respect of such share, which prior to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derived his title to such share.</p>
Take Over	<p>215A. On listing of equity shares under depository mechanism on the Singapore Exchange Securities Trading Limited, the Singapore Take-over and Merger Laws and Regulations, including any amendments, modifications, revisions, variations or re-enactments thereof, shall apply, mutatis mutandis, to all take-over offers for our Company.</p> <p>On listing of the Company on a stock exchange in India, the Singapore Take-over and Merger Laws and Regulations cease to apply to all takeover offers for our Company.</p>

SECTION X - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of this Red Herring Prospectus) which are or may be deemed material have been entered into by our Company. These contracts, and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located Plot No. 184, Phase II, G.I.D.C. Vatva, Ahmedabad -382 445, Gujarat, India from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of this Red Herring Prospectus until the Bid / Issue Closing Date.

Material Contracts for Inspection

1. Letter of Engagement dated June 29, 2006 from Edelweiss Capital Limited and IL&FS Investsmart Limited offering their services to act as BRLMs and Company's acceptance thereto.
2. Memorandum of Understanding dated October 19, 2006 between the Company and the BRLMs.
3. Memorandum of Understanding dated August 17, 2006 between our Company and Intime Spectrum Registry Limited as Registrars to the Issue.
4. Escrow Agreement dated [•] between our Company, the BRLMs, Escrow Collection Bank and the Registrar to this Issue.
5. Underwriting Agreement dated [•] between our Company, BRLMs and the Syndicate Member.
6. Syndicate Agreement dated [•] between our Company, BRLMs and the Syndicate Member.

Material Documents for Inspection

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Certificate of Incorporation of our Company bearing No. 04-24052 dated January 2, 1995 from the RoC.
3. Resolution passed at Annual General Meeting held on July 31, 2006 and the resolution passed at the Board meeting held on May 19, 2006 authorizing this Issue.
4. Copies of the Annual Reports of our Company for the years ended March 31, 2006; 2005; 2004; 2003 and 2002 and audited financial statements for the nine months ended December 31, 2006.
5. Report of the statutory auditors M/s. Patel & Khandwala, Chartered Accountants dated March 31, 2007 as included in this Red Herring Prospectus.
6. Statement of Tax Benefit dated March 31, 2007 given by the statutory auditors M/s. Patel & Khandwala, Chartered Accountants.
7. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, legal advisors to this Company, legal advisors to the Underwriters, Directors, Company Secretary, Registrar to this Issue, Bankers to this Issue, Compliance Officer as referred to, in their respective capacities.
8. Listing application dated October 20, 2006 filed with the BSE and NSE, respectively.
9. In-principle listing approvals dated November 27, 2006 and April 16, 2007 from BSE and NSE, respectively.
10. Tripartite agreement between the NSDL, our Company and the Registrar dated January 02, 2007.
11. Tripartite agreement between the CDSL, our Company and the Registrar dated February 02, 2007.
12. Due diligence Certificate dated October 19, 2006 to SEBI from Edelweiss Capital Limited and IL&FS Investsmart Limited.
13. SEBI observation letter no. CFD/DIL/ISSUES/PB/MKS/91674/2007 dated April 20, 2007.
14. Certified true copies of resolutions passed at Extra Ordinary General Meeting held on July 8, 2004 for appointment of Mr. Jayanti Patel as our Executive Chairman, Mr. Ashish Soparkar as our Managing Director, Mr. Natwarlal Patel as our Managing Director, Mr. Ramesh Patel as our Executive Director, Mr. Anand Patel as our Executive Director and Mr. Ashvin Raythatha as our Executive Director (International Marketing).
15. Copy of Name Licence Agreement for use of trademark name "Meghmani" entered by Meghmani Organics Limited each with Meghmani Chemicals Limited, Meghmani Dyes and Intermediates Limited, Meghmani Industries Limited, M/s Meghmani Chemicals, Meghmani Agrodyne Private Limited dated August 18, 2006.
16. Copy of Power Purchase Agreement dated March 5, 2007 between Meghmani Organics Limited and Meghmani Energy Limited.
17. Copy of Non- Circumvention, Non-Disclosure and Working Agreement dated January 20, 2006 between Meghmani Organics Limited and Real Innovators Group

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors of our Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Red Herring Prospectus are true and correct.

Signed by all the Directors

(sd/-)

Mr. Jayanti Patel, Executive Chairman

(sd/-)

Mr. Ashish Soparkar, Managing Director

(sd/-)

Mr. Natwarlal Patel, Managing Director

(sd/-)

Mr. Ramesh Patel, Executive Director

(sd/-)

Mr. Anand Patel, Executive Director

(sd/-)

Mr. Ashvin Raythatha, Executive Director (International Marketing)*

(sd/-)

Mr. Chinubhai Shah, Independent Director

(sd/-)

Mr. Balkrishna Thakkar, Independent Director

(sd/-)

Mr. Jayaraman Vishwanathan, Independent Director*

(sd/-)

Mr. Pankaj Shah, Independent Director*

(sd/-)

Mr. Foo Meng Tong, Independent Director*

(sd/-)

Mr. K. N. Venkatasubramanian, Independent Director*

*through their duly constituted attorney, Mr. Ashish Soparkar, Managing Director

SIGNED BY THE MANAGING DIRECTOR

(sd/-)

Mr. Ashish Soparkar

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

(sd/-)

Mr. Kamlesh Mehta

Place: Ahmedabad

Date: May 21, 2007

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