



RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated 22nd November, 2010
100% Book Building Issue

RAVI KUMAR DISTILLERIES LIMITED

(Our Company was incorporated as “Ravi Kumar Distilleries Limited” on 11th October, 1993 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu and our Company received its Certificate for Commencement of Business on 4th day of December, 1998)

Registered Office: 1-C, Nandita Apartments, No. 47, Thirumalai Pillai Road, T. Nagar, Chennai, Tamil Nadu, India- 600 017 **Tel:** +91-44-2834 4434, **Fax:** +91-44-2834 1301;

Corporate Office: 17, Kamaraj Salai, Puducherry, India-605 011, **Tel:** +91-413-2343278, **Fax:** +91-413- 2346386;

Website: www.ravikumardistilleries.com; **E-Mail:** cs@ravikumardistilleries.com

(For details of changes in our registered office, see the section titled “Our History and Corporate Structure” on Page 108 of this Red Herring Prospectus.)

Works- R.S 89/4A, Katterikuppam Village, Mannadipet Commune, Puducherry, Pin - 605 502

Tel: +91-413-2674444/2674888, **Fax:** +91-413-2674553;

Contact Person & Compliance Officer: Mr. G Raghavan, Compliance Officer/Company Secretary; **Email:** cs@ravikumardistilleries.com

Our Promoter is Mr. R. V. Ravikumar, having his residential address at No: 2, Villa Balaji, Ist Cross Extention, Rainbow Nagar, Puducherry, Pin - 605 011.

INITIAL PUBLIC OFFERING OF 1,15,00,000 EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS [•] PER EQUITY SHARE FOR CASH (INCLUDING SHARE PREMIUM OF RS. [•] PER SHARE) AGGREGATING RS. [•] LACS (HEREIN REFERRED TO AS THE ISSUE). THE ISSUE SHALL CONSTITUTE 47.92% OF THE FULLY DILUTED POST ISSUE CAPITAL OF OUR COMPANY.

PRICE BAND: RS. 56 TO RS. 64 PER EQUITY SHARE OF FACE VALUE RS. 10
THE FLOOR PRICE IS 5.6 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 6.4 TIMES OF THE FACE VALUE

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three (3) additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate Members. This Issue is being made through a 100% Book Building Process wherein upto 50% of the Issue shall be allotted on a proportionate basis to eligible Qualified Institutional Buyers (“QIBs”), out of which 5% of the 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 eligible Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be made 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 THE FIRST ISSUE TO THE PUBLIC

This being the first issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. **The face value of the Equity Shares is Rs. 10 per Equity Share and the Issue Price is [•] times of the face value.** The Issue Price (as determined by the Company in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares offered 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 or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled “Risk Factors” beginning on page 11 of this Red Herring Prospectus.

ISSUER’S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the BSE and the NSE. The Company has received in-principle approval from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated 31st May, 2010 and 1st July, 2010 respectively. BSE shall be the Designated Stock Exchange for the purpose of this Issue.

IPO GRADING

Our Company has appointed CARE Limited for IPO Grading. CARE Limited has assigned “CARE IPO Grade 2” indicating below average fundamentals to the Initial Public Offering of our Company. For more information on IPO Grading, see the section titled “General Information” on page 34 of this Red Herring Prospectus.

BOOK RUNNING LEAD MANAGER



COMFORT SECURITIES PRIVATE LIMITED
A-301, Hetal Arch, Opp. Natraj Market,
S.V.Road, Malad(West),
Mumbai - 400 064.
Tel : +91-22-28449765
Fax: +91-22-28892527
Email: rkd@comfortsecurities.co.in
Website: www.comfortsecurities.co.in
Contact Person: Mr. Sarthak Vijlani
SEBI Registration Number: INM 000011328

REGISTRAR TO THE ISSUE



Karvy Computershare Private Limited
Plot nos.17-24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081.
Tel : +91-40-2342 0815-28
Fax: +91-40-2343 1551
E-mail: ravikumar.ipo@karvy.com
Website: http://karisma.karvy.com
Contact Person: Mr.M.Murali Krishna
SEBI Registration Number: INR0000000221

ISSUE PROGRAMME

BID / ISSUE OPENS ON : DECEMBER 8, 2010

BID / ISSUE CLOSES ON : DECEMBER 10, 2010

TABLE OF CONTENTS

SECTION	TITLE	PAGE NO
I	GENERAL	
	DEFINITION AND ABBREVIATIONS	1
	PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA	9
	FORWARD LOOKING STATEMENTS	10
II	RISK FACTORS	11
III	INTRODUCTION	
	SUMMARY	27
	SUMMARY OF FINANCIAL DATA	31
	ISSUE DETAILS IN BRIEF	33
	GENERAL INFORMATION	34
	CAPITAL STRUCTURE	43
	OBJECTS OF THE ISSUE	51
	BASIS FOR ISSUE PRICE	62
	STATEMENT OF TAX BENEFITS	65
IV	ABOUT OUR COMPANY	
	INDUSTRY OVERVIEW	75
	OUR BUSINESS	82
	KEY INDUSTRY REGULATIONS AND POLICIES	100
	OUR HISTORY AND CORPORATE STRUCTURE	108
	OUR MANAGEMENT	112
	OUR PROMOTER	128
	OUR PROMOTER GROUP / GROUP COMPANIES / ENITIES	130
	RELATED PARTY TRANSACTIONS	140
	DIVIDEND POLICY	141
V	FINANCIAL INFORMATION	
	FINANCIAL INFORMATION	142
	MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	172
VI	LEGAL AND OTHER INFORMATION	
	OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS	179
	GOVERNMENT & OTHER APPROVALS	191
	OTHER REGULATORY AND STATUTORY DISCLOSURES	196
VII	ISSUE RELATED INFORMATION	
	TERMS OF THE ISSUE	207
	ISSUE STRUCTURE	210
	ISSUE PROCEDURE	214
	ASBA PROCESS	244
VIII	MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION	255
IX	OTHER INFORMATION	
	MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	270
	DECLARATION	272

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
"RKDL", "Ravi Kumar" or "our Company"	Ravi Kumar Distilleries Limited a public limited company incorporated under the Companies Act, 1956
"We" or "us" and "our"	Unless the context otherwise require, refers to "Ravi Kumar Distilleries Limited"

CONVENTIONAL/GENERAL TERMS

Terms	Description
AOA/Articles/ Articles of Association	Articles of Association of Ravi Kumar Distilleries Limited
Auditors	The statutory auditors of Ravi Kumar Distilleries Limited being M/s. Ramanand & Associates, Chartered Accountants
Bankers to our Company	Axis Bank Limited
Board of Directors / Board	The Board of Directors of Ravi Kumar Distilleries Limited
BSE	Bombay Stock Exchange Limited (the designated stock exchange)
CARE	Credit Analysis & Research Limited
Companies Act	The Companies Act, 1956
Depositories Act	The Depositories Act, 1996
Director(s)	Director(s) of Ravi Kumar Distilleries Limited, unless otherwise specified
Equity Shares	Equity Shares of our company of face value of Rs. 10 each unless otherwise specified in the context thereof
EPS	Earnings Per Share
GIR Number	General Index Registry Number
Promoter	Mr. R. V. Ravikumar
Promoter Group Companies	Ravikumar Properties Private Limited, Ravikumar Powergen Private Limited, Ravikumar Resorts & Hotels Private Limited, Reality Projects & Entertainments Private Limited, Craze (India) Private Limited, RKR Hotels Private Limited, Brahmar Cellulose Products Private Limited, RV Matrix Software Technologies Private Limited
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
MOA/ Memorandum/ Memorandum of Association	Memorandum of Association of Ravi Kumar Distilleries Limited
Non Resident	A person resident outside India, as defined under FEMA
Non-Resident Indian/ NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations
NSE	The National Stock Exchange of India Limited
Overseas Corporate Body / OCB	OCB/Overseas Corporate Body - Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to

Terms	Description
	Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Issue
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Qualified Institutional Buyers or QIBs	Public financial institution as defined in section 4A of the Companies Act, 1956, scheduled commercial bank, mutual fund registered with the SEBI, foreign institutional investor and sub-account registered with SEBI (<i>other than a sub-account which is a foreign corporate or foreign individual</i>), multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with the Insurance Regulatory and Development Authority, provident fund with minimum corpus of Rs. 250 Million, pension fund with minimum corpus of Rs. 250 Million, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated 23 rd November, 2005 of Government of India published in the Gazette of India, Insurance fund set up and managed by army, navy or airforce of union of India and Insurance fund set up and managed by Department of Posts, India
Registered Office of our Company	1-C, Nandita Apartments, No. 47, Thirumalai Pillai Road, T. Nagar, Chennai, Tamil Nadu, India-600 017
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Regulation/ SEBI (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended
Stock Exchanges	BSE & NSE, referred to as collectively

ISSUE RELATED TERMS

Terms	Description
Allotment/Allot	Issue of Equity Shares pursuant to the Issue to the successful Bidders as the context requires.
Allottee	The successful bidder to whom the Equity Shares are being / have been issued
Application Supported by Blocked Amount (ASBA)	Means an application, whether physical or electronic, used by all Bidders to make a bid authorizing a SCSB to block the bid amount in their ASBA Account maintained with a SCSB.
ASBA Account	Account maintained by an ASBA Bidder with a SCSB which shall be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder, as specified in the ASBA Bid cum Application Form
ASBA Investors / ASBA Bidder	Prospective investor in this Issue, who intend to bid / apply through ASBA.
ASBA Bid cum Application Form	The Bid cum Application Form, whether physical or electronic, used by a Bidder to make a Bid through ASBA process, which contains an

Terms	Description
	authorization to block the Bid amount in an ASBA Account and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and Prospectus.
ASBA Public Issue Account	A Bank Account of the Company under Section 73 of the Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Investors
ASBA Revision Form	The form used by ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Form or any previous ASBA Revision Form(s).
Bankers to the Issue/Escrow Collection Bank (s)	HDFC Bank Limited, Axis Bank Limited and YES Bank Limited
Basis of Allotment	The basis on which Equity Shares will be allotted to the Investors under the Issue and which is described in "Issue Procedures - Basis of Allotment" on page 236 of the Red Herring Prospectus
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to or purchase our 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 in the Issue
Bid Opening Date/ Issue Opening date	The date from which the members of the Syndicate will accept Bids for the issue, which shall be notified in an English National Newspaper, a Hindi National Newspaper and a Regional Newspaper, all with wide circulation
Bid Closing Date/ Issue Closing date	The date after which the members of the Syndicate will not accept any Bids for the issue, which shall be notified in an English National Newspaper, a Hindi national Newspaper and a Regional Newspaper, all with wide circulation
Bid cum Application Form/ Bid Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of this Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application Form (if applicable)
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and Bid cum Application Form
Bidding Period/ 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 may submit their Bids
Book Building Process	Book Building route as provided under Schedule XI of the SEBI Regulations, in terms of which the Issue is being made
BRLM/Book Running Lead Manager	Book Running Lead Managers to the Issue being Comfort Securities Private Limited
Business Day	Any day on which commercial banks in Mumbai are open for the business
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which Issue Price will not be finalized and above which no Bids will be accepted. In this case Rs. 64
Controlling Branches	Such branches of the SCSB which coordinate with the BRLMs, the registrar to the Issue and the Stock Exchanges and a list of which is

Terms	Description
	available on http://www.sebi.gov.in
Cut-off Price	The Issue Price finalized by our company in consultation with the BRLM. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
CSPL	Comfort Securities Private limited
Depository Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant	A depository participant as defined under the Depositories Act
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Forms used by the ASBA Bidders and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
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 the Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus	The Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst our company, Syndicate Member, the Registrar, the Escrow Collection Bank(s) and the BRLM for collection of the Bid Amounts and for remitting refunds (if any) of the amounts collected to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Bankers to the Issue at which bank the Escrow Account of our company, will be opened
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein
First Bidder	The Bidder whose name appears first in the bid cum application form or revision form
Floor Price	The price disclosed by our Company prior to the Bid/Issue Opening Date, below which the Issue Price will not be finalized and below which no Bids will be accepted. In this case Rs. 56.
Issue	Initial public offering of 1,15,00,000 Equity Shares of Rs. 10 each at a price of Rs. [•] per Equity Share for cash (including share premium of Rs. [•] per share) aggregating Rs. [•] Lacs (herein referred to as the Issue). The Issue shall constitute 47.92% of the fully diluted post issue capital of our Company
IPO	Initial public offering
Issue Price	The final price at which the Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by our Company in consultation with BRLM on the Pricing Date
Issue Account / Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Issue Period	The period between the Bid / Issue Opening Date and Bid / Issue

Terms	Description
	Closing Date including both these dates
Mutual Funds	A mutual Fund registered with SEBI under SEBI (Mutual Funds) Regulations, 1996
Members of the Syndicate	Syndicate Member
Memorandum of Understanding	The arrangement entered into on 27 th October, 2009 between our Company, and BRLM pursuant to which certain arrangements are agreed in relation to the Issue
Mutual Fund portion	5% of QIB Portion or 2,87,500 Equity Shares available for allocation to Mutual Funds only, out of QIB Portion
Non-Institutional Portion	The portion of Issue being up to 15% of the Issue or 17,25,000 Equity Shares at the issue price available for allocation to Non-Institutional Bidders
Non-Institutional Bidders	All Bidders that are not eligible Qualified Institutional Buyers for this Issue, including affiliates of BRLM and Syndicate Member, or Retail Individual Bidders and who have bid for an amount more than Rs. 200,000
Non - resident	A person resident outside India, as defined under FEMA and includes a on Resident Indian
Pay-in-Date	Bid Closing Date
Pay-in-Period	The period commencing on the Bid/Issue Opening Date and extending until the Closure Pay-in-Date
Price Band	Being the price band of a minimum price of Rs. 56 per Equity Share (Floor Price) and the maximum price of Rs. 64 per Equity Share (Cap Price)(both inclusive), and including revision thereof
Pricing Date	Means the date on which our Company, in consultation with the BRLM, finalizes the Issue Price
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Bid / Issue Opening Date
QIB Portion	Consists of 57,50,000 Equity Shares of Rs. 10 each aggregating at a price of Rs. [●] for cash aggregating Rs [●] Lacs being up to 50% 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
Red Herring Prospectus or RHP	Document issued in accordance with Section 60B of the Companies Act and does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with RoC after the pricing and allotment
Registrar/Registrar to the Issue	Registrar to the Issue being Karvy Computershare Private Limited, Plot nos.17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.
RoC / Registrar of Companies	Registrar of Companies, Tamil Nadu, Chennai
Retail Portion	Consists of 40,25,000 Equity Shares of Rs. 10 each aggregating Rs. [●] Lacs, being up to 35% of the Issue, available for allocation to Retail Individual Bidder(s)
Retail Individual Bidders	Individual Bidders (including HUFs applying through their karta and NRIs) who have made their bid for Equity Shares for a cumulative

Terms	Description
	amount of not more than Rs. 200,000.
Revision Form	The form used by the Bidders, excluding ASBA Bidders, to modify the quantity of Equity Shares or the Bid amount in any of their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any.
Refund Account	The account opened with HDFC Bank Limited from which refunds, if any, of the whole or part of the Bid Amount (excluding to the ASBA Bidders) shall be made.
Refund banker	HDFC Bank Limited
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, RTGS or the ASBA process, as applicable
Self Certified Syndicate Bank(s) or SCSB(s)	A banker to the Issue registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Regulation/ SEBI (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
Syndicate Agreement	Agreement entered into between Syndicate Member(s) and our Company in relation to the collection of Bids in the Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLM and in this case, being Comfort Securities Private Limited
TRS or Transaction Registration Slip	The slip or document registering the Bids, issued by the Syndicate Members to the Bidder as proof of registration of the Bid on submission of the Bid cum Application Form in terms of this Red Herring Prospectus
Underwriters	The BRLM and the Syndicate Member
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

COMPANY/INDUSTRY RELATED TERMS/TECHNICAL TERMS

Term/abbreviation	Description
AIDA	All India Distillers Association
BII	Bottled in India
BPH	Bottles Per Hour
BIO	Bottled in Origin
BL	Bulk Liters
BOD	Biological Oxygen Demand
Case	Box containing liquor as follows: (a) 180 ml : Box containing 8.64 liters of liquor (b) 375 ml: Box containing 9.00 liters of liquor (c) 750 ml: Box containing 9.00 liters of liquor
CDM	Clean Development Mechanism
COD	Chemical Oxygen Demand
CPH	Canes Per Hour
CL	Country Liquor
CO2	Carbon Dioxide
CSD	Canteen Stores Department
Cum	Cubic Meter

Term/abbreviation	Description
DDGS	Distillers Dried Grain Slops
DG	Diesel Generator
DM	De-mineralised Water
ENA	Extra Neutral Alcohol
FRP	Fibre Reinforced Plastic
HDPE	High Density Polyethylene
HP	Horse Power
IMFL	Indian Made Foreign Liquor
KL	Kilo Liters
KLPD	Kilo Liters Per Day
KSBC	Kerala State Beverages Corporation Ltd.
TASMAC	Tamil Nadu State Marketing Corporation Limited
CIF price	Cost, insurance and freight price
KW	Kilo Watt
MT	Metric Tonne
MTPA	Metric Tonne Per Annum
PLL	Potable Liquor License
PPM	Particles per million
PRT	Potassium Permanganate Reaction Test
RCC	Reinforced Cement Concrete
RO	Reverse Osmosis
RS	Rectified Spirit
RTD	Ready to Drink
SS	Suspended Solids
TPD	Tonnes Per Day
TPH	Tonnes Per Hour
v/v	Volume by Volume

ABBREVIATIONS

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
AMBI	Association of Merchant Bankers of India
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
AY	Assessment Year
B.B.A	Bachelor of Business Administration
B.Com	Bachelor of Commerce
BSE	Bombay Stock Exchange Limited
BG/LC	Bank Guarantee/ Letter of Credit
CAGR	Compounded Annual Growth Rate
CAIIB	Certified Associate of the Indian Institute of Bankers
CDSL	Central Depository Services (India) Limited
DCA	Diploma in Computer Application
DCT	Diploma in Chemical Technology
DP	Depository Participant
EGM / EOGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.

ABBREVIATION	FULL FORM
ESOP	Employee Stock Option Plan
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	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.
FIs	Financial Institutions.
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Gol/ Government	Government of India
HUF	Hindu Undivided Family
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India
M.A.	Master of Arts
M.Com	Master of Commerce
NAV	Net Asset Value
NECS	National Electronic Clearing Service
NR	Non Resident
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC/Registrar of Companies	The Registrar of Companies, Tamil Nadu, Chennai
RoNW	Return on Net Worth
SWOT	Analysis of Strength, Weakness, Opportunities and Threats
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless otherwise stated, the financial data in this Red Herring Prospectus is derived from the restated financial statements of Ravi Kumar Distilleries Limited as of and for the five (5) years ended 31st March, 2010, 31st March, 2009, 31st March, 2008, 31st March, 2007, 31st March, 2006 and three (3) months ended 30th June, 2010 prepared in accordance with Indian GAAP, audited by the Auditors and restated in accordance with the applicable SEBI Regulations.

There are significant difference between Indian GAAP, US GAAP and the International Financial Reporting Standards (IFRS). Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and our Company urges you to consult your own advisor regarding such differences and their impact on our financial data. Accordingly, the degree to which 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, Indian GAAP, the Companies Act and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting practices; Indian GAAP, the Companies Act and the SEBI Regulations should accordingly be limited.

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

Currency of Presentation

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "\$", "US\$", "USD", "U.S.\$", "U.S. Dollar(s)" or "U.S. Dollar(s)" are to United States Dollars, if any, the official currency of the United States of America. This Red Herring Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees (and certain Indian Rupee amounts into U.S. Dollars and other currency amounts). These have been presented solely to comply with the requirements of the SEBI Regulations. These translations should not be construed as a representation that such Indian Rupee or U.S. Dollar or other amounts could have been, or could be, converted into Indian Rupees, at any particular rate, or at all.

In this Red Herring Prospectus, throughout all figures have been expressed in Lacs. The word "Lakhs" or "Lakh" or "Lacs" means "One hundred thousand" unless otherwise indicated.

Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in this Red Herring Prospectus, unless otherwise indicated, have been calculated based on our financial statement prepared in accordance with Indian GAAP.

Industry & Market Data

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

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

For additional definitions, please refer the section titled "Definitions and Abbreviations" on page 1 of this Red Herring Prospectus.

FORWARD LOOKING STATEMENTS

Our Company has included statements in this Red Herring Prospectus, that contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "project", "shall", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will continue", "will pursue" and similar expressions or variations of such expressions that are "forward-looking statements". However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our company objectives, plans or goals, expected financial condition and results of operations, business, plans and prospects are also forward-looking statements.

These forward-looking statements include statements as to business strategy, revenue and profitability, planned projects and other matters discussed in this Red Herring Prospectus regarding matters that are not historical fact. These forward-looking statements contained in this Red Herring Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

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

- Our ability to successfully implement strategy, growth and expansion plans;
- Our dependence on key personnel;
- Government approvals;
- Our ability to comply with the financial conditions and other covenants of our borrowings;
- General economic and business conditions in India and other countries;
- Changes in political conditions in India;
- Occurrence of natural disasters or calamities affecting our areas of operations;
- A slowdown in economic growth in India;
- Changes in the foreign exchange control regulations in India and fluctuations in foreign exchange rates;
- Changes in the regulatory framework governing us;
- Any downgrading of India's debt rating by an independent agency.

For further discussion of factors that could cause Company's actual results to differ, see the section titled "Risk Factors" on page 11 of this Red Herring Prospectus. By their nature, certain 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. Our Company, the Book Running Lead Manager(s), the members of the Syndicate, and their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM 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

An Investment in equity involves a higher degree of risks. Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Red Herring Prospectus before making any investment decision relating to the Equity Shares. The occurrence of any of the following events could have a material adverse effect on the business, results of operation, financial condition and prospects and cause the market price of the Equity Shares to decline and you may lose all or part of your investment.

Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Red Herring Prospectus, including the sections titled "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Financial Information" included in this Red Herring Prospectus beginning on pages 82, 172 and 142 respectively. The occurrence of any of the following events could have a material adverse effect on our business, results of operation, financial condition and prospects and cause the market price of the Equity Shares to fall significantly.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

INTERNAL RISK FACTORS

- 1. Our Company is involved in various litigation, the outcome of which could adversely affect our business and financial operations.*

Summary of litigation are given below:

No.	Particulars	No. of cases / disputes	Amount involved where quantifiable (Rs. In Lacs)
LITIGATION BY AND AGAINST OUR COMPANY			
<i>Litigation filed by our Company</i>			
1.	Civil cases filed by our Company	1	38.00
<i>Litigation against our Company</i>			
1.	Civil cases against our Company	1	Not Quantifiable
2.	Labour Law cases against our Company	1	Not Quantifiable
<i>Indirect tax proceedings involving our Company</i>			
1.	Related to Turnover tax	6	119.22
2.	Related to Sales Tax	1	83.09

*For details of the above litigation, please refer to the section titled "Outstanding Litigation" appearing on page 179 of this Red Herring Prospectus.

- 2. The Company has received a show cause notice from Registrar of Companies, Tamil Nadu stating the violation of section 297 of Companies Act, 1956 and in this regard Company has filed a compounding application for violation of the Companies Act and may face certain liabilities as a result.**

During the year 2007-08, the Company has received a Notice from the Registrar of Companies, Tamil Nadu for non-compliance of provisions of Section 297 of the Companies Act, 1956 for the financial year 2004-05, 2005-06 and 2006-2007, as Company has entered in to agreement with its Managing Director for hiring cars on lease rental basis owned by its Directors and relatives. The Registrar of Companies observed that the Company had not complied with the provisions of Section 210, 295 and 297 of the Companies Act, 1956 for this agreement and issued Show Cause Notice for levy of Penalty. The Company has filed its application under section 621A of Companies Act, 1956 for compounding of aforesaid non compliances. The Chennai Bench of Company Law Board has compounded aforesaid non compliances by its order dated 15th September, 2010. The Company has paid Rs. 19,500/- as compounding fees.

- 3. The Company has received a letter from Registrar of Companies, Tamil Nadu seeking replies for non-compliance of provisions of Section 211(3C), 227 and 255 of the Companies Act, 1956**

The Company has received a Letter from the Registrar of Companies, Tamil Nadu seeking replies for non-compliance of provisions of Section 211(3C), 227 and 255 of the Companies Act, 1956. The Registrar of Companies observed that the Company had not complied the provisions of Section 211(3C), 227 and 255 of the Companies Act, 1956. The Company has sent a reply letter to the Registrar of Companies, Tamil Nadu pleading condonation of non-compliance under the Companies Act relating to the financial year 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09. The Registrar of Companies, Tamil Nadu has vide their letter dated 31st March, 2010 has decided to take a lenient view on Section 211(3C) and 255 of the Companies Act, 1956 and to await the instruction of ministry in respect of Section 227 of the Companies Act, 1956. However the proceedings is still pending and action report from RoC is awaited. Any adverse outcome of the same may affect our results of operations.

- 4. We have entered into an agreement with one of our Group Company i.e Ravikumar Properties Private Limited to acquire 33.54 acres of land situated at Nilayur Village, Madurai, Tamil Nadu in order to set up a manufacturing facility of IMFL for a total consideration of Rs. 1500.00 Lacs of which Rs. 1099.68 Lacs advance payment has been made to them. This transaction have been conducted on the arms length basis, however, there can be no assurance that we could not have been achieved more favorable terms had such transactions not been entered into with related parties.**

We have entered into an agreement on dated 24th day of March, 2008 with one of our Group Company i.e Ravikumar Properties Private Limited to acquire 33.54 acres of land situated at Nilayur Village, Madurai South Taluk, Madurai, Tamil Nadu in order to set up a manufacturing facility of IMFL for a consideration of Rs. 1500.00 Lacs of which Rs. 1099.68 Lacs advance payment has been made to them. The total consideration of the said land constitute 98.39 % of our Net Worth as of 30th June, 2010. We believe that

such transaction has been carried out on arms length basis and at fair value but there can be no assurance that we could not have been achieved more favourable terms had such transactions not been entered into with related parties. Furthermore this transaction may adversely affect our results of operations.

- 5. *Our Company may face risks of delays/non-receipt of the requisite regulatory approvals for our Objects arising out of the Issue. Any delay in receipt or non-receipt of such approval could result in cost and time overrun.***

We have applied to the Chief Inspector of Factories, Factory Inspectorate, Puducherry, for approval of the erection of fully automatic lines vide application letter dated January 4, 2010 for our proposed object of replacing of Semi Automatic Lines in to Automatic Lines. Any delay in receipt or non-receipt of such approval could result in cost and time overrun, and accordingly adversely affecting our operations and profitability. However our Company possesses all the relevant licenses for the manufacturing, possession and sale of Indian Made Foreign Liquors. For details, please refer to section titled "Government & other Approvals" on page 191 of this Red Herring Prospectus.

- 6. *At present We are having our market presence only in Puducherry and We propose to tap the markets of adjoining states of Kerala, Karnataka and Andhra Pradesh and these states are characterized by regulatory restrictions and we would be dependent on government agencies for sale of our products and any change in government policies will adversely affect our business operations.***

At present we have a presence in Puducherry and Puducherry is an open market. The channel is manufacturer, distributor and retailer. We propose to tap the markets of adjoining states of Kerala, Karnataka and Andhra Pradesh and distribution of liquor is completely controlled through government agencies such as Kerala State Beverages Corporation Ltd. (KSBC) in Kerala, the Andhra Pradesh Beverage Corporation in Andhra Pradesh and Karnataka State Beverages Corporation Limited (KSBCCL). Distribution controls take various forms viz. auctions, free-market system, government controlled markets and canteen stores department. We will be dependent on the monthly orders placed by these agencies for sale of our products in these States. Since these agencies are the sole wholesalers, they also have the ultimate say in deciding on the entry of a brand into the State. These restrictions limit the free availability and marketability of Company's products outside states also. Any change in government policies in respect of production, distribution or marketing of IMFL products would materially adversely affect our business operations and in turn adversely affect financials of our Company. As these agencies are government controlled, any material failure or inability, financial or otherwise, on their part to fulfill their obligations in respect of payments would also have a material adverse affect on the business and operations of our Company.

- 7. *Some of our Group Companies have incurred losses in the preceding three (3) financial years and registered negative Net Worth for the same period. The following statement showing losses incurred by them during the preceding three (3) financial years:***

Particulars	(Rs. in Lacs)		
	31 Mar- 10	31 Mar- 09	31-Mar-08
<u>Ravikumar Properties Private Limited</u>			
(Loss) after Tax	(64.91)	(103.30)	(31.63)
Negative Net Worth	(289.91)	(225.01)	(121.70)

Particulars	31 Mar- 10	31 Mar- 09	31-Mar-08
<u>Ravikumar Resorts & Hotels Private Limited</u>			
(Loss) after Tax	(1.35)	(0.39)	(0.61)
Negative Net Worth	-	-	-
<u>Craze (India) Private Limited</u>			
(Loss) after Tax	(67.96)	(129.66)	(45.11)
<u>RKR Hotels Private Limited</u>			
(Loss) after Tax	(41.57)	(69.21)	-
<u>Reality Projects & Entertainments Private Ltd</u>			
(Loss) after Tax	(1.62)	(20.99)	(0.31)
<u>Ravikumar Powergen Private Limited</u>			
(Loss) after Tax	(1.40)	(0.17)	(0.12)
Negative Net Worth	(4.15)	(2.75)	(2.58)
<u>Brahmar Cellulose Products Private Ltd</u>			
(Loss) after Tax	(584.66)	(129.81)	-
Negative Net Worth	(214.47)	(69.30)	-

8. Our Promoter has interests in us other than reimbursement of expenses incurred or normal remuneration or benefits and may create potential conflict of interest.

Our Promoter Mr. R.V.Ravikumar is interested in the Company to the extent of lease rentals receivable by him from our Company other than the extent of his shareholding and remuneration in the Company. The Corporate office of our Company is leased out from him for a monthly rental of Rs.1,08,000. For further details please refer to section titled Related Party Transactions on page 140 of this Red Herring Prospectus.

9. Contingent Liabilities could adversely affect our financial condition.

As on 30th June, 2010, we have contingent liabilities of Rs. 796.01 Lacs. The break up of contingent liabilities are as follows:

(Rs. In Lacs)	
Particulars	30.06.2010
Liabilities in respect of turnover tax	222.55
Liabilities towards Bank Guarantee	1.00
Liabilities towards Counter Guarantee provided By Bank on Behalf of the Company	90.00

Particulars	30.06.2010
Liabilities towards Compounding fee	2.80
Liabilities towards Income Tax Matters	479.66
Total	796.01

10. We have reported negative cash flows.

The detailed break up of cash flows is summarized in below mentioned table and we have reported negative cash flow in certain financial years and which could affect our business and growth:

(Rs. In Lacs)						
Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Net Cash flow from Operative activities	267.60	465.58	407.97	338.13	(54.23)	235.82
Net Cash Flow from investing activities	(3.06)	(452.49)	17.94	(888.36)	(13.24)	(30.41)
Net Cash Flow from Financing activities	(307.15)	43.79	(438.27)	449.28	230.62	(210.30)
Net Cash Flow for the Year	(42.62)	56.88	(12.38)	(100.95)	163.15	(4.89)

11. We have yet to place orders for our plant & machinery and equipment requirements for our proposed expansion, as specified in the Objects of the Issue. Any delay in procurement of plant & machinery, equipment, etc. may delay the implementation schedule which may also lead to increase in prices of these equipments, future affecting our costs, revenue and profitability.

We propose to purchase, plant & machinery worth Rs.1082.19 Lacs. We have yet to place orders for our plant & machinery required for our proposed expansion project, as specified in the Objects of the Issue on page 51 of this Red Herring Prospectus. Any delay in procurement of plant & machinery, equipment, etc may delay the implementation schedule. We may also be subject to risks on account of inflation in the price of plant & machinery and other equipments that we require. Hence our project could face time and cost over-run which could have an adverse effect on the operations of our Company.

12. Any delay in the commencement of operations as scheduled as per the proposed expansion plan may affect our profitability.

We propose to carry out expansion in our unit by increase in existing capacity and installation of Re-distillation plant with an investment of approximately Rs.1122.19 Lacs, as specified in the Objects of the Issue on page 51 of this Red Herring Prospectus. Timely commencement of commercial operations of new machinery and equipments will have a critical bearing on our financial performance. Any delay in their completion or beginning of the production may adversely impact the results of our operations and would also affect the market price of the Equity Shares.

13. The fund proposed to be utilized for general corporate purpose may constitute more than 20% of the Issue size. As on date we have not identified the use of such funds.

We intend to utilize Rs. [•] which constitutes [•] of the Issue Size, for general corporate purposes, including strategic initiatives, expanding in to new geographies,

pre operative expenses, brand building exercises and the strengthening of our marketing capabilities or any other purposes as approved by our Board. The funds proposed to be utilized for general corporate purposes may constitute more than 20% of the Issue Size. The deployment of such fund is entirely at the discretion of our management and our Board of Directors.

14. Delay in raising funds from the IPO could adversely impact the implementation schedule

The proposed expansion at our manufacturing facility is to be largely funded from the proceeds of this IPO. 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. We therefore, cannot assure that we would be able to execute the expansion process within the given timeframe, or within the costs as originally estimated by us. Any time overrun or cost overrun may adversely affect our growth plans and profitability.

15. We have not appointed any Public Relations Agency for our Brand Development. Due to this we may face risk of cost escalation and this could adversely affect our implementation schedule and our results of operations.

One of the Objects of the Issue is to build the brand of our Company. We have not yet appointed any Public Relations Agency for our brand development, which is proposed to be funded from the Issue Proceeds. The amount allocated for our brand development is based on our internal estimates and surveys. We are subject to risk of cost escalation, which may require us to raise additional funds by way of debt or equity.

16. There is no monitoring agency appointed by our Company and the deployment of funds are at the discretion of our Management and our Board of Directors, though it shall be monitored by the Audit Committee.

As per SEBI (ICDR) Regulations, 2009 appointment of monitoring agency is required only for Issue size above Rs. 50,000 Lacs. Hence, we have not appointed a monitoring agency to monitor the utilization of Issue proceeds. However, the Audit Committee of our Board, will monitor the utilization of Issue proceeds. Further, our Company shall inform about material deviations in the utilization of issue proceeds to the stock exchanges and shall also simultaneously make the material deviations / adverse comments of the Audit Committee public through advertisement in newspapers.

17. Upon completion of the Issue, our Promoter / Promoter Group may continue to retain significant control over us, which will allow them to influence the out come of matters submitted to the shareholders for approval. Such a concentration of ownership may have the effect of delaying or deterring a change in control.

Upon completion of this Issue, our Promoter / Promoter Group will continue to own majority of our Equity Shares on a fully diluted basis. As a result, our Promoter / Promoter Group will have the ability to exercise significant influence over all matters requiring shareholders approval, including the election of directors and approvals of significant corporate transactions. Our Promoter / Promoter Group will also be in a position to influence any shareholders action or approval requiring a majority vote, except where it is required by applicable laws or where they abstain from voting. Such a concentration of ownership may also have the effect of delaying or deterring a change in control.

18. *We are dependent on our management team for success whose loss could seriously impair the ability to continue to manage and expand business efficiently.*

Our success largely depends on the continued services and performance of our management and other key personnel. The loss of service of the promoter and other senior management could seriously impair the ability to continue to manage and expand the business efficiently. Further, the loss of any of the senior management or other key personnel may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently retain and manage its human resources would adversely affect our ability to implement new projects and expand our business.

19. *Our business is dependent on our manufacturing facility. The loss of or shutdown of operations of our manufacturing facility may have a material adverse effect on our business, financial condition and results of operations.*

Our manufacturing facility is subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, earthquakes and other 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 carry out planned shutdowns of our plant for maintenance. 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.

20. *Our Insurance coverage may not adequately protect us against certain operating risks and this may have a material adverse impact on our business.*

We have maintained insurance coverage of our assets and accident policies to the tune of Rs. 1766 Lacs as specified in section titled Insurance Policies on page 98 of the Red Herring Prospectus. We believe that the Insurance coverage maintained, would reasonably cover all normal risks associated with the operation of our business, however, there can be no assurance that any claim under the insurance policies maintained by us will be met fully, in part or on time. In the event we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected.

21. *Accidents in our factory may lead to public liability consequences. Further, the value of our brand, and our revenue could be diminished if we are associated with negative publicity.*

Occurrence of accidents at our manufacturing facility may expose our Company to pay compensation and penalty to our workmen and third parties for any losses or damage to human life/health or the environment.

22. *The success of our manufacturing process is dependent on the timely supply of quality raw materials to our plant, which are subject to various uncertainties and risks. We are dependent on third party suppliers and transport agencies, and our raw material prices are subject to fluctuations.*

We are dependent on third-party vendors for supply of raw materials in the manufacturing process of liquor. We do not have long-term contracts with any of our

third party vendors for supply of raw materials. We typically order most raw materials after receiving the contract. We are significantly dependent on the timely and adequate availability of Spirits, bottles, caps, ENA etc as our primary raw materials. Any adverse factors including natural disasters, changes in legislation or any other force majeure events may adversely impact availability of these critical and other raw materials which may adversely affect our ability to meet client commitments and consequently our sales and profitability. Spirits, Alcohol etc have witnessed significant price fluctuations/upside in the past, and although we endeavor to have contractual protection against price fluctuations in raw materials from the quoted price vis-à-vis the price when the actual order is placed, we cannot assure that the contractual protection would be adequate to mitigate of impact of fluctuations in the intermittent period between the submission of bid/quotation and the date of actual order. It is also critical for us that our suppliers adhere to the quality standards and product specifications that have been furnished to them by us, and failure by them to adhere to the same would adversely affect the quality and/or timely delivery of our products. In the event we become subject to product liability or performance guarantees caused by defective raw materials obtained from an outside supplier, it may adversely affect our reputation as a supplier, financial condition and results of operations, and we cannot assure that we would be able to enforce or successfully assert, wholly or in part, warranty claim(s) against the suppliers/subcontractors concerned. Further, we depend on transportation mode to receive raw materials used in the manufacture of liquor, and to transport our products to the distributors. Disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could adversely impair the ability of our suppliers to deliver raw materials and adversely affect our ability to reach our products to our clients on time, which may have an adverse effect on our profitability.

23. Unauthorized parties may infringe upon or misappropriate our intellectual property, which could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

We have in total 30 brand names of which only three (3) brand names are registered namely, Capricorn, Super White Rum and Freedom Brandy. If we are unable to successfully enforce or protect our material intellectual property rights, unauthorized parties may infringe upon or misappropriate our intellectual property which could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline. For further details in respect of our trade mark applications, please refer to section titled "Our Business" appearing on page no. 82 of this Red Herring Prospectus.

24. The Company's products lack adequate brand presence and awareness and also have limited geographical presence across the country.

The Company's products and brand presence are limited to Puducherry region and are yet to have a national reach. The Company's failure or inability to accomplish a national presence may impede its growth and business prospects as compared to established players.

25. Our lenders have charge over our movable and immovable properties in respect of finance availed by us.

We have secured our lenders by creating a charge over our movable and immovable properties in respect of loans / facilities availed by us from banks and financial institutions. The total amounts outstanding and payable by us as secured loans were Rs.

2488.89 Lacs as on 30th June, 2010. In addition to that amounts outstanding and payable by us as unsecured loans were 144.91 Lacs as on 30th June, 2010 and out of these unsecured loans Rs. 8.28 Lacs are repayable by us on demand. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be forfeited by lenders. For further information on the financing and loan agreements along with the total amounts outstanding and the details of the repayment schedule please refer to Annexure-09 of section titled "Financial information" on page 164 of this Red Herring Prospectus.

26. We have substantial indebtedness and will continue to have debt service obligations following the Issue. The total amounts outstanding and payable by us as principal and interest were Rs. 2633.80 Lacs as on 30th June, 2010.

The total amounts outstanding and payable by us as principal and interest on account of the loan arrangements with various banks, financial institutions and other lenders as on 30th June, 2010 are Rs. 2633.80 Lacs. Out of this, amounts outstanding and payable by us as secured loans were Rs. 2488.89 Lacs as on 30th June, 2010 and as unsecured loans were 144.91 Lacs as on 30th June, 2010. For further information on the financing and loan agreements along with the total amounts outstanding and the details of the repayment schedule, see Annexure -09 & Annexure -10 of section titled Financial Information on page 164 & page 165 of this Red Herring Prospectus.

27. Our restated financial statements contain auditors' qualifications.

The restated financial statements included in this Red Herring Prospectus contain certain qualifications, which appear in the notes to the restated financial statements included in this Red Herring Prospectus.

Our financial statements have been qualified with respect to the following:

(a) Audit qualifications made in March 31, 2008, which do not require any corrective adjustment in the financial statement in relation to delay in deposit of certain taxes as summarized in Annexure-3 of Financial Information on Page 148 of this Red Herring Prospectus.

(b) Audit qualifications made in the financial year ended on 31st March, 2010 in relation to non compliance of certain Company Law Matters as summarized in Annexure-3 of Financial Information on Page 148 of this Red Herring Prospectus.

28. We have taken unsecured loans of Rs. 8.28 Lacs as on 30th June, 2010, which are repayable on demand. In case of untimely demand, we will have to arrange these funds which may carry higher cost of funding, which may have an impact on our financial operations.

Our Company had taken unsecured loan of Rs. 8.28 Lacs as on 30th June, 2010, which can be recalled at any time and in that event, it may affect the financial operations of our Company to that extent.

29. In the past 12 months we have issued Equity Shares at a price which is lower than the Issue Price.

We have allotted 25,00,000 Equity Shares as bonus to our existing Equity shareholders pursuant to a Board resolution dated 8th August, 2009. For more details on the issuance of Bonus shares, please see "Capital Structure" on page 43 of this RHP.

30. We have entered into certain related party transactions and may continue to do so in the future. These transactions are carried at the arms length basis but there can

be no assurance that these transactions were / will be achieved in the most favorable terms. Further there could be no assurance that in future such transactions will not have any adverse effect on our financial condition and results of operation.

We have entered into related party transactions with our Promoters, Group Companies, Directors and related entities. While we believe that all such transactions have been conducted on the arms length basis, there can be no assurance that we could not have been achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will also enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details, please refer to section titled "Related Party Transactions" on page no. 140 of this Red Herring Prospectus.

31. The IMFL Industry is heavily regulated by the Government. Any changes in regulations or applicable government policies would materially adversely affect our operations and growth prospects.

The business of our Company is subject to the State Government policies on the IMFL industry. Change in the fiscal policies of the State Government(s) could have an adverse effect on the profitability of our Company. Moreover any material and significant change in the Government liberalization and deregulation policies could effect business and economic conditions in India and in turn the business of our Company in particular. Further adverse changes in other regulations pertaining to distribution norms may also affect the operations of our Company.

32. Our response to latest trends in the distillery industry may adversely affect the competitiveness and the ability of the Company to develop newer generation products.

Our success depends in part on our ability to develop new products and markets. We are constantly scanning the environment for developments related to market perceptions, consumer preferences, competition, regulation, etc. However, our failure to develop new and improved products or develop markets may have an adverse effect on our business.

33. The Industry is politically sensitive and any adverse decisions on prohibition by the ruling party in the State adversely impacts the operations and financials of our Company.

The Industry is politically sensitive and is dependent on ideologies of the party ruling the State. Prohibition has played critical role with the survival and profitability of many breweries and distillery companies in the Industry. On one hand, the revenues loss because of prohibition can threaten the solvency of State governments; the very clamping of the dry order can threaten the regime's existence itself. The prohibition not only ban production, but also ban sale outside the State, which in turn adversely impact the industry. Already Gujarat, Haryana, Nagaland, Mizoram and Manipur are dry and the pressure for prohibition can be felt in other States as well. The decision of State government if any, in future, in prohibition in the states where we operate, can directly and adversely impact our financial operations materially.

- 34. *The IMFL Industry has negative perception in the Indian cultural context, leading to circumstances like ban on liquor consumption, advertising of alcoholic beverages etc which is not conducive to business development.***

The Industry faces the ban on advertising of alcoholic beverages and brand promotion is more of retailer-push rather than consumer pull. Other advertising has been through sponsorship of sports events, offer of free drinks, and sponsorship of contests.

At the lower end of the market, brand promotion has been mainly through retailer discounts. These generally push up the marketing costs. But at the same time, the industry is wary about ad spend as even some serious effort can go waste if the threat of prohibition becomes a reality. We therefore, cannot assure that our marketing efforts bring the desired results.

EXTERNAL RISK FACTORS

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

Our performance and growth is directly related to the performance of the Indian economy. The performance of the Indian Economy is dependent among other things on the interest rate, political and regulatory actions, liberalization policies, commodity and energy prices etc. A change in any of the factors would affect the growth prospects of the Indian economy, which may in turn adversely influence our results of operations, and consequently the price of our Equity Shares.

- 36. *Changes in Indian Government policies could adversely affect economic conditions in India, and thereby adversely impact our results of operations and financial condition.***

The market price and liquidity of the equity shares, may be affected by Indian Government's policy changes in India. For example, rising interest rates, increases in taxation or the creation of new regulations could have a detrimental effect on the Indian economy generally and us in particular. The Indian Government has in recent years sought to implement economic reforms, and the current Indian Government has implemented policies and undertaken initiatives that continue the economic liberalization policies pursued by previous Indian Governments.

- 37. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect our business and the Indian financial markets.***

Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our equity shares.

- 38. *Any downgrading of India's debt rating by an independent agency may have a material impact on our operations.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely influence our ability to raise additional financing, and the interest rates and other commercial terms at 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 expenditures, and the price of our Equity Shares.

39. Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, Tsunami, floods and droughts in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. Unforeseen circumstances, such as prolonged spells of below normal rainfall and other natural calamities, could have a negative impact on the Indian economy, especially on the rural areas, which could adversely affect our business, financial condition, results of operation and the price of our Equity Shares.

40. There may be changes in the regulatory framework that could adversely affect us.

The statutory and regulatory framework for the IMFL industry may see changes in the future. We presently do not know what the nature or extent of the changes will be and cannot assure that such changes will not have an adverse impact on our financial condition and results of operations.

RISK RELATING TO INVESTMENTS IN EQUITY SHARES

41. After this Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, changing perceptions in the market about investments in the IMFL industry, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalisation and deregulation policies, and significant developments in India's fiscal regulations.

There has been no recent public market for the Equity Shares prior to this Issue and an active trading market for the Equity Shares may not develop or be sustained after this Issue.

42. Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issuances by us, including in a primary offering, may lead to the dilution of your shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales could also affect the trading price of our Equity Shares.

PROMINENT NOTES:

1) SIZE OF THE ISSUE:

Initial public offering of 1,15,00,000 Equity Shares of Rs. 10 each at a price of Rs. [•] per Equity Share for cash (including share premium of Rs. [•] per share) aggregating Rs. [•] Lacs (herein referred to as the issue). The issue shall constitute 47.92 % of the fully diluted post issue capital of our company.

2) The average cost of acquisition of Equity Shares by the Promoter:

Name of the Promoter	Average Cost of Acquisition (Rs.) per share of face value of Rs.10/- per share
Mr. R.V. Ravikumar	Rs. 2.51*

**The average cost of acquisition of our Equity Shares by our Promoters has been calculated by taking into account the amount paid by them to acquire, by way of fresh issuance or transfer, the Equity Shares, including the issue of bonus shares to them. The average cost of acquisition of our Equity Shares by our Promoters has been reduced due to the issuance of bonus shares to them. For more information, please refer to the section titled "Capital Structure" on page 43.*

- 3) The Net worth of our Company as on 30th June, 2010 is Rs. 1524.50 Lacs
- 4) The Book -Value per share of our Company as on 30th June, 2010 is Rs. 12.20.
- 5) Investors may please note that in the event of over subscription, allotment shall be made on proportionate basis in consultation with the Bombay Stock Exchange Limited, the Designated Stock Exchange. For more information, please refer to "Basis of Allotment" on page 236 of the Red Herring prospectus.
- 6) Investors are advised to refer to the paragraph on "Basis for Issue Price" on page 62 of this Red Herring Prospectus before making an investment in this issue.
- 7) No part of the Issue proceeds will be paid as consideration to Promoter, Promoter Group, Directors, key management employee, associate companies, or Group Companies.
- 8) Investors may contact the BRLM or the Compliance Officer for any complaint/clarifications/information pertaining to the Issue. For contact details of the BRLM and the Compliance Officer, refer the front cover page.
- 9) Other than as stated in the section titled "Capital Structure" beginning on page 43 of this Red Herring Prospectus, our Company has not issued any Equity Shares for consideration other than cash.
- 10) Except as mentioned in the sections titled "Capital Structure" beginning on page 43 of this Red Herring Prospectus, we have not issued any Equity Shares in the last twelve months.
- 11) Trading in Equity Shares of our Company for all the Investors shall be in dematerialized form only.
- 12) The Issue is being made through a 100% Book Building Process wherein up to 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") (including 5% thereof to be allocated to Mutual Funds). Further, at least 15% of the

Issue will be available for allocation on a proportionate basis to Non-Institutional bidders and at least 35% of the Issue will be available for allocation on a proportionate basis to the Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

- 13) Any clarification or information relating to the Issue shall be made available by the BRLM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLM for any complaints pertaining to the Issue. Investors are free to contact the BRLM for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.
- 14) For transactions in Equity Shares of our Company by the Promoter Group and directors of our Company in the last six (6) months, please refer to paragraph under the section entitled "Capital Structure" on page 43 of this Red Herring Prospectus.
- 15) Our Company and the BRLM shall update this RHP in accordance with the Companies Act, 1956. All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
- 16) There are no contingent liabilities as on 30th June, 2010, except as mentioned in the section entitled "Financial Information" on page 142 of this Red Herring Prospectus.
- 17) For details of any hypothecation, mortgage or other encumbrances on the movable and immovable properties of our Company please refer to the section entitled "Financial Information" on page 142 of this Red Herring Prospectus.
- 18) For interest of promoters/directors, please refer to the section titled "Our Promoter" beginning on page no. 128 of this Red Herring Prospectus.
- 19) The details of transactions with the Group Companies and our other related party transactions are as follows:

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Revenue Items						
Debits (A)						
Payment of Remuneration						
Key Management Personnel	5.58	24.57	38.53	39.68	34.32	34.32
Payment of Rent						
Key Management Personnel	3.24	12.96	12.96	12.96	11.61	19.76
Payment of Vehicle Hiring Charges						
Key Management Personnel	-	-	-	-	34.50	34.98
Benefits & Perquisites:						

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Key Management Personnel	-	-	-	1.40	1.16	-
Credits (B)	-	-	-	-	-	-
Non Revenue Items						
Debits (A)						
Loans & Advances Given / Repaid						
Group Company	-	-	103.72	0.39	-	-
Key Management Personnel	-	0.65	-	-	-	-
Advance Made for Purchase of Property :						
Group Company	-	600.00	-	499.68	-	-
Outstandings / Year End Balances :						
Advances outstanding to Group Company for Purchase of Property	1099.68	1099.68	499.68	499.68	-	-
Loans & Advances receivable/ outstanding from Group Company	-	-	104.10	0.39	-	-
Loans & Advances receivable/ outstanding from Key Management Personnel	-	-	-	-	-	-
Sales Proceeds Receivable from Key Management Personnel	-	-	85.23	-	-	-
Credits (B)						
Loans & Advances Received						
Group Company	-	81.10	-	-	-	64.40
Key Management Personnel	-	-	8.10	9.61	0.54	13.39
Outstanding / Year End balances Payable :	-					

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Remuneration payable to Key Management Personnel	-	12.81	13.82	2.00	0.88	4.24
Loans & Advances payable to Key Management Personnel	-	-	0.65	10.80	1.18	0.64
<u>Equity Contribution</u>						
Allotment of Shares other than Bonus Issue						
Group Company	-	-	-	24.60	-	-
Key Management Personnel	-	-	-	0.40	-	-

Also see the section titled “Related Party Transactions” on page 140 of this Red Herring Prospectus

SECTION III: INTRODUCTION

SUMMARY

This is only the summary and does not contain all information that you shall consider before investing in Equity Shares. You should read the entire Red Herring Prospectus, including the information on “Risk Factors” and related notes on page 11 of this RHP before deciding to invest in Equity Shares.

INDUSTRY OVERVIEW

India is the third largest market for alcoholic beverages in the world. The demand for spirits and beer is estimated to be around 373 million cases. (Source: Annual Report, Government of India, Ministry of Food Processing Industries).

The Alcohol Industry in India can be divided into the following five categories: -

- Industrial Alcohol
- Potable Alcohol
- Mixed Distilleries (Industrial and Potable Alcohol)
- Bottling Plants (purchasing alcohol and bottling alcoholic beverages)
- Distilleries producing alcohol from substrates other than molasses.

Majority of distilleries manufacture alcohol from Sugar Cane Molasses.

Alcohol industry is the second largest source of revenue of the State Exchequer - Rs. 25,000 crores. The Industry turnover is Rs. 6,000 crores. It is the only Industry where inputs are de-controlled (free market price) and output is controlled (selling price is determined by State Excise in most States).

(Source: Pioneer Distillery HDFC Report)

Market Size:

Indian demographics are favorable to consumption of alcohol. Alcohol consumption begins at age 16-18 in India and peaks at 30-35. The 18-35 age group in India is 247 mn strong and growing at 3.4% p.a. With net addition of 40mn to this segment over next 5 years, alcohol demand will aggregate 40mn cases over FY05-10. Of this, IMFL will account for 45-50%, owing to the higher aspiration levels of the new generation. With growing income of young consumers and increasing consumption of lifestyle products, demand for alcohol is set to rise.

Potable alcohol segment has been growing at rate of 10 % over the last few years and is expected to rise at a CAGR of 13% over the next 5 years. IMFL accounts for only a third of the total liquor consumption in India. Consumption is largely skewed towards whisky, which accounts for more than half of the market. Country Liquor market is a regional market and there exist a large number of small manufacturers spread across various States. Major IMFL manufacturers, however, have a countrywide presence.

Liquor manufactured in India is categorized as beer, country liquor and Indian-made Foreign Liquor (IMFL). Indian alcohol industry comprises IMFL like Whisky, Rum, Brandy, Gin, Vodka. (Source: KPMG Report)

IMFL includes liquor produced, manufactured or compounded in India in the same manner as gin, brandy, whisky or rum imported into India and other liquor. The size of organized liquor Industry included around 40 Breweries and 25 IMFL manufacturing units. The IMFL Industry with a size of around 214 million cases (each case with 12 bottles containing 750ml liquor in each bottle) produces Extra Neutral Alcohol (ENA) Products and Rectified Spirits (RS) based

products. Rectified Spirit is plain undenatured alcohol of strengths of not less than 52 degrees and includes absolute alcohol.

ENA-based products, which are of better quality and have a longer shelf life, are the focus of main players like the UB Group and Shaw Wallace. The low-priced Rectified Spirit Segment is quite price-sensitive and characterized by the presence of a number of small players.

IMFL (Indian-made foreign liquor) industry is poised to grow at 15% CAGR over 2007-10. The total market for spirits (alternatively referred to as IMFL) in India for the year 2007 was estimated at Rs 9,31,367 million. The market grew at 12.5-13% between year 2001 and 2007. In volume terms, the spirits market was estimated at approximately 3.7 billion litres for FY '07 (excluding beer and country liquor segments). The shares of whisky and rum in the overall spirits market in India were approximately 30% and 4% respectively for the year 2007, alcoholic beverages industry sources said. (Source: FnB News: <http://www.fnbnews.com/>)

In the financial year 2008-09, the IMFL industry grew at 12-15 per cent, of which value growth was 8-10 per cent and volume growth was 3-5 per cent,” (Source: Business Standard: Mumbai August 19, 2009)

However, the IMFL industry in India is constrained by a multitude of factors:

- Capacity Restrictions
- High Duty Structure
- Distribution and Trading Restrictions

BUSINESS OVERVIEW

Our Company was incorporated as "Ravi Kumar Distilleries Limited" on 11th October, 1993 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu and received its Certificate for Commencement of Business on 4th day of December, 1998.

We are engaged in the business of manufacturing and trade of Indian Made Foreign Liquor (IMFL) under our own brand portfolio as well as under tie-up arrangements with other companies. The IMFL comprises of Whisky, Brandy, Rum, Gin & Vodka.

We started with initial capacity of 7,20,000 cases per annum and a bond capacity of 6300 cases of Excise Bonded warehouse. Presently our plant is having an installed capacity of 14,25,000 cases per annum and 26000 cases of Excise Bonded Warehouse. We are an ISO 9001: 2000 certified company since 2007.

We currently operate through our manufacturing unit located at - R.S 89/4A, Katterikuppam Village, Mannadipet Commune, Puducherry. Our unit is equipped with State -of - art infrastructure facilities & technology, which encompasses all modern facilities for blending and bottling, can undertake the manufacturing of IMFL.

Our core competencies are our in house technical and formulation knowledge, skilled workforce and well-equipped manufacturing facilities, which enables us to manufacture a wide range of IMFL products, to meet diverse client requirements.

Our Competitive Strengths

Experienced management team

Our Company is managed by a team of experienced and professional managers with experience in different aspects of Distillery industry including production, sales, marketing and finance. Our management is well qualified and has an experience of around 30 years in Liquor industry.

Brand presence

We have established several brands successfully across segments and flavors thereby enjoying brand recall from customers. IMFL products under our own brand portfolio as well as under various tie-up arrangements with other Companies include CAPRICORN, 2 BARRELS, CHEVALIER, KONARAK, and GREEN MAGIC amongst others.

Entry barrier for new entrants

It is at the discretion of the State and Union Territory Government for permitting any new entrants and preference is given to existing licensees and manufacturers for manufacturing and marketing of IMFL products. Thus the market is presently fully protected in respect of our Company's existing business operations.

Established Manufacturing facility

Our existing manufacturing facility is located in Puducherry and is equipped with State -of - art infrastructure facilities & technology. We started with initial capacity of 7,20,000 cases per annum and a bond capacity of 6300 cases of Excise Bonded warehouse. Presently our plant is having an installed capacity of 14,25,000 cases per annum and 26000 cases of Bonded warehouse. Further, we aim to expand the capacity to 36,00,000 cases per annum as set out in our Objects of the Issue.

Research & development and designing capabilities

Due to very existence in the Industry for past 10 years, our company has developed its brand on technical front. Our company has developed state-of-the-art Quality Control and in-house R&D Department. Our Company has already developed technology in the field of manufacturing a wide range of IMFL products.

Leveraging the experience of our Promoter, Mr. R.V. Ravikumar

Our Promoter Mr. R. V. Ravikumar, has experience in the Industry for past 30 years, and has developed good clientele base, technical expertise & has contributed immensely in making RKDL a specialized player in manufacturing of IMFL products.

Wide product portfolio and ability to cater to diverse needs of markets

Our product portfolio consists of a variety of IMFL products such as of Whisky, Brandy, Rum, Gin & Vodka, thus catering to diverse needs of markets.

SWOT

Strengths

- Cordial relationship with Customers
- Knowledge of Industry - Commercial & Technical

- Established Manufacturing facility
- Low Overhead cost
- Bottling high quality IMFL products
- Brand Presence
- Experienced management team

Weaknesses

- Limited distribution network of IMFL
- Lack of nation-wide presence.

Opportunities

- Establishment of market in neighboring states
- Potential to increase capacity in the existing facility

Threats

- Industry is prone to change in government policies, any material changes in the duty may adversely impact our financials
- The Industry has negative perception in the Indian culture context leading to circumstances like ban on liquor consumption, advertising of alcoholic beverages etc which is not conducive to business development.

SUMMARY OF FINANCIAL DATA

The following tables set forth summary financial information derived from our restated financial statements for the financial years ended March 31, 2010, 2009, 2008, 2007, 2006 and period ended June 30, 2010.

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Lacs)

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Assets						
Fixed Assets-Gross Block	1465.07	1461.27	1,605.48	1,614.37	1,213.11	1,217.11
Less: Depreciation	845.35	829.87	761.53	684.45	622.66	576.61
Net Block	619.72	631.40	843.95	929.92	590.45	640.50
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve	619.72	631.40	843.95	929.92	590.45	640.50
CAPITAL WIP	1099.68	1099.68	499.68	499.68	-	-
Total (A)	1719.40	1731.08	1343.63	1,429.60	590.45	640.50
Investments (B)	0.51	0.51	0.51	0.51	0.51	0.51
Current Assets, Loans and Advances						
Inventories	1108.13	989.72	874.48	808.87	505.49	511.53
Receivables	1857.16	2057.31	1964.17	1,863.28	1,797.18	1,226.23
Cash & Bank Balances	128.17	170.79	113.91	126.29	227.24	64.09
Loans & Advances	328.40	372.76	411.21	262.71	496.78	419.91
Other Current Assets	48.12	51.32	36.65	166.19	99.06	64.08
Total Current Assets (C)	3469.98	3641.90	3,400.42	3,227.34	3,125.75	2,285.84
Total Assets (D) = (A) + (B) + (C)	5189.89	5373.49	4,744.56	4,657.45	3,716.71	2,926.85
Liabilities & Provisions						
Loan Funds :						
Secured Loans	2488.89	2483.23	2,181.37	2,149.66	1,487.02	1,253.27
Unsecured Loans	144.91	347.01	312.03	482.99	721.36	570.58
Current Liabilities & Provisions:						
Current Liabilities	860.14	897.53	827.06	684.53	601.95	344.69
Provisions	130.10	100.09	60.44	148.06	108.46	68.16
Deferred Tax Liability	41.35	42.45	46.53	45.67	66.44	60.67
Total Liabilities & Provisions (E)	3665.39	3870.31	3,427.43	3,510.90	2,985.23	2,297.39
Net Worth (D) - (E)	1524.50	1503.18	1,317.13	1,146.54	731.48	629.48
Represented By:						
Share Capital	1250.00	1250.00	1,000.00	1,000.00	450.00	450.00
Reserves & Surplus	325.63	266.59	317.13	146.54	281.48	179.48

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Less: Revaluation Reserve	-	-	-	-	-	-
Reserves (Net of Revaluation Reserve)	325.63	266.59	317.13	146.54	281.48	179.48
Less : Misc. expenditure to the extent not written off	51.13	13.41	-	-	-	-
Total Net Worth	1524.50	1503.18	1,317.13	1,146.54	731.48	629.48

STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(Rs. In Lacs)

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Income						
Sales of Goods Manufactured by Company	1814.82	8042.58	6,993.05	6,339.36	6,059.22	4,889.82
Sales of Goods Traded by Company	686.50	1729.20	1,489.98	694.61	439.90	364.56
Gross Sales	2501.32	9771.78	8,483.03	7,033.97	6,499.12	5,254.38
Less - Excise Duty	1177.99	4936.80	4,196.07	3,234.39	2,279.81	1,728.60
Net Sales	1323.33	4834.98	4,286.96	3,799.58	4,219.31	3,525.78
Discounts Received	18.80	67.90	60.84	34.10	19.35	22.78
Surplus on Excise Holograms	5.61	22.36	15.43	-	-	-
Other Income	1.99	6.03	9.04	16.13	7.42	2.92
Increase / (Decrease) in Inventories	43.49	92.11	(61.97)	69.64	(7.85)	15.29
Total	1393.22	5023.38	4310.30	3,919.45	4,238.23	3,566.77
Expenditure						
Raw Material & Packing Material Consumed	467.02	1830.79	1,818.09	1,804.85	1,781.85	1,331.83
Other Manufacturing & Operating Expenses	147.22	503.44	442.47	630.27	1,160.48	981.01
Cost of Goods Traded	474.61	1637.38	1,008.15	684.66	401.02	309.81
Employee's Cost	32.10	132.94	127.22	132.60	138.48	123.64
Administration Expenses	35.02	97.10	111.12	71.05	129.87	143.75
Selling & Distribution Expenses	60.84	185.92	195.26	121.78	253.84	263.25
Total	1216.81	4387.57	3,702.32	3,445.21	3,865.54	3,153.30
Profit before Depreciation, Interest and Tax	176.41	635.81	607.99	474.24	372.69	413.48
Depreciation	15.48	70.95	77.08	65.34	70.71	102.98
Profit before Interest & Tax	160.93	564.86	530.91	408.90	301.98	310.50
Interest & Finance Charges	72.99	279.64	299.02	224.99	153.91	188.54
Net Profit before Tax	87.94	285.22	231.89	183.91	148.07	121.96
Less: Provision for Tax-Current Tax	30.00	89.83	56.59	35.57	36.00	34.92
Deferred Tax	(1.10)	(4.07)	0.86	(20.76)	5.77	32.79
Fringe Benefit Tax	-	-	3.85	4.04	4.30	1.90
Net Profit After Tax & Before Extraordinary Items	59.04	199.46	170.59	165.06	102.00	52.35
Net Profit After Extraordinary Items	59.04	199.46	170.59	165.06	102.00	52.35

ISSUE DETAILS IN BRIEF

Issue:	1,15,00,000 Equity Shares
Of which	
Qualified Institutional Buyers Portion	57,50,000 Equity Shares
Non Institutional Portion	17,25,000 Equity Shares
Retail Portion	40,25,000 Equity Shares
Equity Shares outstanding prior to the Issue	1,25,00,000 Equity Shares
Equity Shares outstanding after the Issue	2,40,00,000 Equity Shares
Objects of the Issue	Please see the section entitled “Objects of the Issue” on page 51 of this Red Herring Prospectus.

Under subscription, if any, in any of the categories, would be allowed to be met with spill over inter se from any other category, at the sole discretion of our Company in consultation with the BRLMs.

GENERAL INFORMATION

RAVI KUMAR DISTILLERIES LIMITED

Our Company was incorporated as "Ravi Kumar Distilleries Limited" on 11th October, 1993 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu and our Company received its Certificate for Commencement of Business on 4th day of December, 1998.

Registered Office: 1-C, Nandita Apartments, No. 47, Thirumalai Pillai Road, T. Nagar, Chennai, Tamil Nadu, India- 600 017 ; Tel: +91-44-2834 4434, Fax: +91-44-2834 1301

Corporate Office: 17, Kamaraj Salai, Puducherry, India- 605 011; Tel: +91-413 2343278, Fax: +91-413-2346386;

Website: www.ravikumardistilleries.com; E-Mail: cs@ravikumardistilleries.com

Works- R.S 89/4A, Katterikuppam Village, Mannadipet Commune, Puducherry, Pin - 605 502
Tel: +91-413 - 2674444/2674888, Fax: +91-413 -2674553

Contact Person: Mr. G. Raghavan, Company Secretary & Compliance Officer, Email: cs@ravikumardistilleries.com

Our Company's Company Identification Number is (CIN):U51909TN1993PLC025981 and is registered with the Registrar of Companies, Tamil Nadu, Chennai, having its address at Block No. 6, B-Wing, 2nd Floor, Shastri Bhawan 26, Haddows Road, Chennai-600 034.

Board of Directors:

Our Board of Directors comprise of the following members:

Name	Designation	Status
Mr. R. V. Ravikumar	Managing Director	Executive & Non-Independent
Mrs. R. Amirthavalli	Director	Executive & Non- Independent
Mrs. S. Vijayalakshmi	Director	Executive & Non- Independent
Mr. Badrinath S. Gandhi	Director	Non Executive & Non- Independent
Mr. Popatlal Kathariya	Director	Non- Executive & Independent
Mr.K.S.M.Rao	Director	Non- Executive & Independent
Mr.R.Ramanujam	Director	Non- Executive & Independent
Mr. Ashok Shetty	Director	Non- Executive & Independent

For further details of Management of our Company, please refer to section titled "Our Management" on page 112 of this Red Herring Prospectus.

Company Secretary & Compliance Officer

Mr. G. Raghavan
1-C, Nandita Apartments,
No. 47, Thirumalai Pillai Road,
T. Nagar, Chennai- 600 017.
Tel: +91-44-2834 4434
Fax: +91-44-2834 1301
E-mail: cs@ravikumardistilleries.com

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

BOOK RUNNING LEAD MANAGER

COMFORT SECURITIES PRIVATE LIMITED

A-301, Hetal Arch, Opposite Natraj Market,
S.V.Road, Malad (West),
Mumbai- 400 064.

Tel: +91-22- 28449765

Fax: +91-22- 28892527

Email: rkdl@comfortsecurities.co.in

Website: www.comfortsecurities.co.in

Contact Person: Mr. Sarthak Vijlani

SEBI Regn. No: INM 000011328

LEGAL ADVISORS TO THE ISSUE

CORPORATE LAW CHAMBERS INDIA

44A, Nariman Bhavan,

Nariman Point

Mumbai - 400 021.

Tel : +91-22- 6632 1528 , Fax : +91-22-6632 1531

E.mail: mail@corplawchambers.com

Contact person: Mr. A. Y. Srinivasan

LEGAL ADVISORS TO THE BRLM FOR THE ISSUE

Sunil Shukla

4, Shanti Sadan,

Opp. Haweli Poddar Road,

Malad (East),

Mumbai- 400 097

Tel: 022-28808726

Email: advshukla@rediffmail.com

REGISTRAR TO THE ISSUE

KARVY COMPUTERSHARE PRIVATE LIMITED

Plot nos.17-24, Vittal Rao Nagar,

Madhapur,

Hyderabad - 500 081.

Tel : +91-40-2342 0815-28

Fax: +91-40-2343 1551

E-mail: ravikumar.ip@karvy.com

Website: http://karisma.karvy.com

SEBI Registration Number: INR000000221

Contact Person: Mr.M.Murali Krishna

SELF CERTIFIED SYNDICATE BANKS

The list of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount (“ASBA”) Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer to the above-mentioned SEBI link.

STATUTORY AUDITORS

RAMANAND & ASSOCIATES

Chartered Accountants
6/C, Ostwal Park Bulding No. 4 CHSL,
Near Jesal Park Jain Temple,
Bhayander (East), Thane-401105
Tel : +91-22-28171199
Telefax : +91-22-28171199
E-mail: ramanand_associates@rediffmail.com
Contact Person: Mr. Ramanand Gupta
Firm Registration No.-117776W

ESCROW COLLECTION BANKS / BANKERS TO THE ISSUE

HDFC BANK LIMITED

I Think Techno Campus
Level 0-3, Next to Kanjur Marg Railway Station
Kanjur Marg(East)
Mumbai-400042
Attn: Uday Dixit
Email: uday.dixit@hdfcbank.com
Contact No.: +91-22 30752927
Fax No.: +91-22 25799801

AXIS BANK LIMITED

Building “M” Palm Court Complex,
New Link Road, Malad(W)
Mumbai-400064
Attn: Uthra Sawant/ Babu Gani
Email: babu.gani@axisbank.com
Contact No.: +91-22 61415400
Fax No.: +91-22 61415444

YES BANK LIMITED

2nd Floor, Tiecicon House, Dr. E. Moses Road,
Mahalaxmi, Mumbai - 400011
Attn: Mr. Mahesh Shirali
Email: dlbtiservices@yesbank.in
Tel: +91 (22) 6622 9031
Fax: +91 (22) 2497 4875

REFUND BANKER

HDFC BANK LIMITED

I Think Techno Campus
Level 0-3, Next to Kanjur Marg Railway Station
Kanjur Marg(East)

Mumbai-400042
Attn: Uday Dixit
Email: uday.dixit@hdfcbank.com
Contact No.: +91-22 30752927
Fax No.: +91-22 25799801

SYNDICATE MEMBER

COMFORT SECURITIES PRIVATE LIMITED
A-301, Hetal Arch, Opposite Natraj Market,
S.V.Road, Malad (West),
Mumbai- 400 064.
Tel: 022 - 28449765
Fax: 022 - 28892527
Email: rkdl@comfortsecurities.co.in
Website: www.comfortsecurities.co.in
Contact Person: Mr. Sarthak Vijlani
SEBI Regn. No: INM 000011328

IPO GRADING

CREDIT ANALYSIS & RESEARCH LIMITED

4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai - 400 022.
Tel: +91-22-6754 3434
Fax: +91-22- 6754 3457
Contact person: Ms. Padmaja Paranje
E-mail: care@careratings.com
Website: www.careratings.com

We have appointed above-mentioned IPO Grading Agency for grading of proposed Initial Public Offering of our Company. This IPO Grading Agency has assigned "**CARE IPO Grade 2**" indicating below average fundamentals to the Initial Public Offering of our Company. For details in the relation to this report of CARE furnishing rational for the IPO Grading, please refer to Annexure after the Declaration i.e on page no. 272 of this Red Hearing Prospectus. Attention of the investors is drawn to the disclaimer of CARE appearing on the said Annexure and on page 201 of this Red Herring Prospectus.

IPO Grading concept is relatively new and the investors should carefully consider all of the information provided in this Red Herring Prospectus including IPO Grading Information and should make their own judgment prior to making any investment in this Issue. This IPO Grading does not take cognizance of the Issue Price of our Equity Shares and it is not a recommendation to buy, sell or hold our Equity Shares.

Credit Rating

As the Issue is of Equity shares, credit rating is not mandatory.

Trustees

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

Brokers to the Issue

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

Monitoring Agency

As the net proceeds of the Issue will be less than Rs.50,000 Lacs, under the SEBI (ICDR) Regulations it is not required that a monitoring agency be appointed by our Company.

Inter-se allocation of Responsibilities

Comfort Securities Private Limited being the sole Book Running Lead Manager shall be responsible for the following:

1. Capital structuring with the relative components and formalities such as type of instruments.
2. Due diligence of our Company including our operations, management and business plans. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, prospectus and statutory advertisement including memorandum containing salient features of the Prospectus. (The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalization of Prospectus and the RoC filing of the same.)
3. Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, road show presentations, FAQs and corporate films.
4. Appointment of other intermediaries namely, Registrar, printers, advertising agency and Bankers to the Issue.
5. Institutional marketing of the Issue, which will cover, inter alia,
 - a. Finalizing the list and division of investors for one to one meetings and
 - b. Finalizing road show schedule and investor meeting schedules
 - c. Selection of Underwriters
 - d. Holding Conferences and Brokers Meetings
6. Non-Institutional and retail marketing of the Issue, which will cover, inter alia,
 - a. Formulating marketing strategies, preparation of publicity budget;
 - b. Finalizing media and public relations strategy;
 - c. Finalizing centres for holding conferences of stock brokers, investors etc;
 - d. Finalizing collection centres;
 - e. Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material;
 - f. Co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading;
 - g. Selection of Underwriters;
 - h. Holding Conferences and Brokers Meetings;
7. Follow - up with the bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
8. The post bidding activities including management of escrow accounts, coordination of non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc.
9. The post issue activities will involve essential follow up steps, which include the finalization of listing of instruments, dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company.

10. Underwriting arrangements involving invoking underwriting obligations in case of under-subscription.

BOOK BUILDING PROCESS

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalized after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- The Company;
- The Book Running Lead Manager, in this case being Comfort Securities Private Limited.;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager;
- Registrar to the Issue;
- Escrow Collection Banks and
- Self Certified Syndicate Banks

The Issue is being made through the 100% Book Building Process where upto 50% of the Issue to the public shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers (“QIBs”). 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 other eligible QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue 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.

In accordance with the SEBI Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details, see section “Terms of the Issue” on page no. 207 of this Red Herring Prospectus.

The Company shall comply with the SEBI Regulations and any other directions issued by SEBI for this Issue. In this regard, we have appointed the Comfort Securities Private Limited as the Book Running Lead Manager to manage the Issue.

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

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40/- to Rs. 48/- per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centres’ during the bidding period. The illustrative book as shown below indicates the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	48	500	8.33%
700	47	1200	20.00 %
1,000	46	2200	36.67%
400	45	2600	43.33%
500	44	3100	51.67%
200	43	3300	55.00%
2,700	42	6000	100.00%
800	41	6800	113.33%
1,200	40	8000	133.33%

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. 42/- in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price i.e. at or below Rs. 42/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see section titled "Issue Procedure - Who Can Bid?" on page no. 215 of this Red Herring Prospectus);
2. Ensure that you have a active demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN (see "Issue Procedure - PAN" on page no. 230 of this Red Herring Prospectus); and
4. Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form/ASBA Form;
5. Bids by QIBs will only have to be submitted to the BRLMs.

WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the BRLM, reserve the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares.

In such an event, our Company would issue a public notice in the newspapers, in which the pre Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

If the Company withdraws the Issue and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	DECEMBER 8, 2010
BID/ISSUE CLOSES ON	DECEMBER 10, 2010

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period (excluding the ASBA Bidders) and uploaded till (i) 4.00 p.m. in case of Bids by QIBs and Non-Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by the NSE

and the BSE, in case of Bids by Retail Individual Bidders. It is clarified that the Bids not uploaded in the book would be rejected. Bids by the ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/ Issue Closing Date. All times mentioned in the Red Herring Prospectus are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Company, the BRLM and Syndicate member will not be responsible. Bids will be accepted only on Business Days.

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

The Company in consultation with the BRLM, reserve the right to revise the Price Band during the Bidding/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed in this Red Herring Prospectus and the Cap Price will be revised accordingly

In case of revision of the Price Band, the Issue Period will be extended for a minimum of three additional working days after revision of Price Band subject to the Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the changes on the websites of the BRLM and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with Registrar of Companies, Tamil Nadu, Chennai, Company 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 BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

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 Registrar of Companies, Tamil Nadu, Chennai.)

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rupees In Lacs)
COMFORT SECURITIES PRIVATE LIMITED A-301, Hetal Arch, Opposite Natraj Market, S.V.Road, Malad (West), Mumbai- 400 064. Tel : +91-22- 28449765 Fax: +91-22- 28892527 Email: mbdivision@comfortsecurities.co.in Website: www.comfortsecurities.co.in Contact Person: Mr. Sarthak Vijlani SEBI Regn. No: INM 000011328	[•]	[•]
Total	[•]	[•]

The above-mentioned amount is an indicative 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 the 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 and are eligible to underwrite as per applicable guideline.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM 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, 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. For further details about allocation please refer to “Other Regulatory and Statutory Disclosures” on page 196 of this Offer Document.

CAPITAL STRUCTURE

(Rs. In Lacs)

	Aggregate Nominal Value	Aggregate value at Issue Price
(A) Authorized Share Capital		
2,50,00,000 Equity Shares of Rs. 10/- each	2500.00	
(B) Issued, Subscribed and Paid-up Equity Capital		
1,25,00,000 Equity Shares of Rs. 10/- each	1250.00	
(C) Present Issue in terms of this Red Herring Prospectus		
1,15,00,000 Equity Shares of Rs. 10/- each	1150.00	[•]
Of which		
Qualified Institutional Buyers Portion of up to 57,50,000 Equity Shares	575.00	[•]
Non Institutional Portion of at least 17,25,000 Equity Shares	172.50	[•]
Retail Portion of at least 40,25,000 Equity Shares	402.50	[•]
(D) Issued, Subscribed and Paid-up Equity Capital after the Issue		
2,40,00,000 Equity Shares of Rs. 10/- each (fully paid up)	2400.00	
(E) Share Premium Account		
	Before the Issue	Nil
	After the Issue	[•]

DETAILS OF CHANGES IN AUTHORISED CAPITAL

Date	Authorised Capital (Rs.)	Face Value (Rs.)	No. of Shares	Particulars
11/10/1993	Rs. 26 Lacs	10/-	2,60,000	Incorporation
09/07/1997	From Rs. 26 Lacs to Rs. 200 Lacs	10/-	20,00,000	Increase
30/04/2003	From Rs. 200 Lacs to Rs. 400 Lacs	10/-	40,00,000	Increase
27/02/2006	From Rs. 400 Lacs to Rs. 500 Lacs	10/-	50,00,000	Increase
07/11/2007	From Rs. 500 Lacs to Rs. 1000 Lacs	10/-	1,00,00,000	Increase
26/04/2008	From Rs. 1000 Lacs to Rs. 2000 Lacs	10/-	2,00,00,000	Increase
27/11/2009	From Rs. 2000 Lacs to Rs. 2500 Lacs	10/-	2,50,00,000	Increase

NOTES FORMING PART OF THE CAPITAL STRUCTURE:

- Equity Share Capital History of our Company

Date of Allotment	Number of Equity Shares	Cumulative no. of shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (cash, bonus, consideration other than cash*)	Reasons for allotment (bonus, swap etc.)	Securities Premium Account (Rs. in Lacs)	Cumulative Share Premium (Rs. in Lacs)
11/10/1993	80	80	10	10	Cash	Subscription to MOA	Nil	Nil
15/11/1993	15,000	15,080	10	10	Cash	Further issue of shares	Nil	Nil
05/08/1995	10,000	25,080	10	10	Cash	Further issue of shares	Nil	Nil
01/03/1996	1,00,000	1,25,080	10	10	Cash	Further issue of shares	Nil	Nil
25/06/1996	2,68,000	3,93,080	10	10	Cash	Further issue of shares	Nil	Nil
20/12/1996	80,000	4,73,080	10	10	Cash	Further issue of shares	Nil	Nil
15/03/1997	3,85,000	8,58,080	10	10	Cash	Further issue of shares	Nil	Nil
02/07/1997	2,85,000	11,43,080	10	10	Cash	Further issue of shares	Nil	Nil
27/03/1998	95,000	12,38,080	10	10	Cash	Further issue of shares	Nil	Nil
01/06/1998	1,08,000	13,46,080	10	10	Cash	Further issue of shares	Nil	Nil
23/10/1998	90,000	14,36,080	10	10	Cash	Further issue of shares	Nil	Nil
06/01/1999	1,25,000	15,61,080	10	10	Cash	Further issue of shares	Nil	Nil
26/03/1999	4,03,000	19,64,080	10	10	Cash	Further issue of shares	Nil	Nil
27/02/2006	35,920	20,00,000	10	100	Cash	Further issue of shares	32.33	32.33
29/03/2006	25,00,000	45,00,000	10	Nil	Nil	Shares issued as Bonus @ 5:4	Nil	32.33
07/11/2007	30,00,000	75,00,000	10	Nil	Nil	Shares issued as Bonus @ 2:3	Nil	Nil
28/02/2008	25,00,000	1,00,00,000	10	10	Other than Cash	Further issue of shares pursuant to conversion of loan**	Nil	Nil
08/08/2009	25,00,000	1,25,00,000	10	Nil	Nil	Shares issued as Bonus @ 1:4	Nil	Nil

**Other than bonus issues detailed as above and allotment pursuant to conversion of loan on dated 28th February 2008, none of the Equity Shares have been issued for consideration other than cash.*

*** The Company has availed loan of Rs. 246 Lacs from its group company i.e Ravikumar Properties Private Limited and Rs. 4 Lacs from its Managing Director i.e Mr. R V Ravikumar. The Company has taken loan to meet its working capital requirements as an interest free loan. The Company has considered that the aforesaid loans are being required for continuous basis and option to convert the loan in to Equity Shares has already been given to lenders. Hence the Company has considered to allot 24,60,000 Equity Shares to Ravikumar Properties Private Limited and 40,000 Shares to Mr. R V Ravikumar at an issue price of Rs. 10 each to settle their amount outstanding.*

2. SHAREHOLDING OF OUR PROMOTER

Following is the build up of Promoter shareholdings:

Name of the Promoter	Date of Allotment / acquisition /	Consideration	No. of shares	Face Value (Rs.)	Issue Price/ Purchase Price (Rs.)	Remarks	Pre-Issue Shareholding %	Post Issue Shareholding %
Mr. R .V. Ravikumar	11/10/1993	Cash	20	10	10	Allotment due to Subscription of MOA	-	-
	15/11/1993	Cash	15,000	10	10	Further Allotment		
	05/08/1995	Cash	10,000	10	10	Further Allotment		
	01/03/1996	Cash	1,00,000	10	10	Further Allotment		
	25/06/1996	Cash	2,68,000	10	10	Further Allotment		
	20/12/1996	Cash	80,000	10	10	Further Allotment		
	15/03/1997	Cash	3,85,000	10	10	Further Allotment		
	02/07/1997	Cash	2,85,000	10	10	Further Allotment		
	27/03/1998	Cash	95,000	10	10	Further Allotment		
	01/06/1998	Cash	92,000	10	10	Further Allotment		
	23/10/1998	Cash	90,000	10	10	Further Allotment		
	06/01/1999	Cash	1,25,000	10	10	Further Allotment		
	26/03/1999	Cash	4,03,000	10	10	Further Allotment		
	27/02/2006	Cash	35,920	10	100	Further Allotment		
	29/03/2006	Nil	24,79,925	10	Nil	Allotment of Bonus Shares		
	07/11/2007	Nil	29,75,910	10	Nil	Allotment of Bonus Shares		
	28/02/2008	Other than Cash	40,000	10	10	Further Allotment pursuant to conversion of Loan		
	08/08/2009	Nil	18,69,944	10	Nil	Allotment of Bonus Shares		
		TOTAL	93,49,719	10			74.80	38.96

3. Details of Promoters contribution locked-in for three years

Name of Promoter	Date of Allotment / acquisition and when made fully paid-up	Allotment / Transfer	Nature of consideration	No. of shares locked in	Face value (Rs.)	Issue Price / Purchase Price (Rs. per share)	% of Post Issue Paid up Equity capital
Mr. R .V. Ravikumar	11/10/1993	Allotment	Cash	20	10	10	-
Mr. R .V. Ravikumar	15/11/1993	Allotment	Cash	15,000	10	10	0.06
Mr. R .V. Ravikumar	05/08/1995	Allotment	Cash	10,000	10	10	0.04
Mr. R .V. Ravikumar	01/03/1996	Allotment	Cash	1,00,000	10	10	0.42
Mr. R .V. Ravikumar	25/06/1996	Allotment	Cash	2,68,000	10	10	1.12
Mr. R .V. Ravikumar	20/12/1996	Allotment	Cash	80,000	10	10	0.33
Mr. R .V. Ravikumar	15/03/1997	Allotment	Cash	3,85,000	10	10	1.60
Mr. R .V. Ravikumar	02/07/1997	Allotment	Cash	2,85,000	10	10	1.19
Mr. R .V. Ravikumar	27/03/1998	Allotment	Cash	95,000	10	10	0.40
Mr. R .V. Ravikumar	01/06/1998	Allotment	Cash	92,000	10	10	0.38
Mr. R .V. Ravikumar	23/10/1998	Allotment	Cash	90,000	10	10	0.38
Mr. R .V. Ravikumar	06/01/1999	Allotment	Cash	1,25,000	10	10	0.52
Mr. R .V. Ravikumar	26/03/1999	Allotment	Cash	4,03,000	10	10	1.68
Mr. R .V. Ravikumar	27/02/2006	Allotment	Cash	35,920	10	100	0.15
Mr. R .V. Ravikumar	29/03/2006	Allotment	Nil (Bonus Issue)	24,79,925	10	Nil	10.33
Mr. R .V. Ravikumar	07/11/2007	Allotment	Nil (Bonus Issue)	3,36,135	10	Nil	1.40
Total				48,00,000			20.00

Specific written consent has been obtained from the Promoter for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post -Issue paid-up Equity Share Capital from the date of allotment in the proposed public issue. Promoters' contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

Shares held by the person other than the Promoters, prior to this Issue, which are subject to lock in as per Regulation 37 of SEBI (ICDR) Regulations, 2009 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 Promoter(s) which are locked in as per the relevant provisions of Regulation 36 of the SEBI Regulations, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the 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. As per Regulation 39 of SEBI (ICDR) Regulations, 2009, the locked-in Equity Shares held by the Promoter(s) 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.

Provided that if securities are locked in as minimum promoters' contribution under Regulation 36 of the SEBI Regulations, the same may be pledged, only if, in addition to fulfilling the requirements of this clause, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue. Other than those shares that are locked in as promoter's contribution for three years, the entire pre-issue share capital will be locked in for a period of one year from the date of allotment in this public issue.

4. Our Promoter, Promoter Group have not purchased or sold any Equity Shares during the period of six (6) months preceding the date on which the Draft Red Herring Prospectus and Red Herring Prospectus is filed with SEBI.

5. Shareholding Pattern of our Company:

The table below represents the shareholding pattern of our Company before the proposed issue and adjusted for this issue as on 31st October, 2010.

Particulars	No. of Equity Shares held prior to the Issue	% of Pre-Issue Capital	No. of Equity Shares-Post Issue	% of Post-Issue Capital
Promoters				
Mr. R.V. Ravikumar	93,49,719	74.80	93,49,719	38.96
Sub-Total	93,49,719	74.80	93,49,719	38.96
Promoters Group				
Mrs. R. Amirthavalli	75,056	0.60	75,056	0.31
M/s. Ravikumar Properties Pvt. Ltd.	30,75,000	24.60	30,75,000	12.81
Mr. G. Ramaraja	45	-	45	-
*Mrs.V. Chitra	45	-	45	-
Mr.V. Sivasankar	45	-	45	-
*Mr.R. Ramanujam	45	-	45	-
*Mr.S. Rajendran	45	-	45	-
Sub-Total	31,50,281	25.20	31,50,281	13.12
Total Promoter and Promoter Group Holding	1,25,00,000	100.00	1,25,00,000	52.08
Non Promoter Holding	Nil	-	1,15,00,000	47.92
Grand Total	1,25,00,000	100.00	2,40,00,000	100.00

* Holding Shares as a nominee of Mr. R.V. Ravikumar

6. Details of Top ten Shareholders of our Company

(a) Top shareholders as on the date of filing of the Red Herring Prospectus.

No.	Name of Shareholders	No. of Equity shares held	% of pre-issue shareholding
1.	Mr. R.V. Ravikumar	93,49,719	74.80
2.	M/s. Ravikumar Properties Pvt. Ltd.	30,75,000	24.60
3.	Mrs. R. Amirthavalli	75,056	0.60
4.	Mr. G. Ramaraja	45	-
5.	*Mrs.V. Chitra	45	-
6.	Mr.V. Sivasankar	45	-
7.	*Mr.R. Ramanujam	45	-
8.	*Mr.S. Rajendran	45	-
	Total	1,25,00,000	100.00

* Holding Shares as a nominee of Mr. R.V. Ravikumar

(b) Top shareholders, ten (10) days prior to filing of Red Herring Prospectus

No.	Name of Shareholders	No. of Equity shares held	% of pre-issue shareholding
1.	Mr. R.V. Ravikumar	93,49,719	74.80
2.	M/s. Ravikumar Properties Pvt. Ltd.	30,75,000	24.60
3.	Mrs. R. Amirthavalli	75,056	0.60
4.	Mr. G. Ramaraja	45	-
5.	*Mrs.V. Chitra	45	-
6.	Mr.V. Sivasankar	45	-
7.	*Mr.R. Ramanujam	45	-
8.	*Mr.S. Rajendran	45	-
	Total	1,25,00,000	100.00

* Holding Shares as a nominee of Mr. R.V. Ravikumar

(c) Top shareholders, two (2) years prior to filing the Red Herring Prospectus

No.	Name of Shareholders	No. of Equity shares held	% of pre-issue shareholding
1.	Mr. R.V. Ravikumar	74,79,775	74.80
2.	M/s. Ravikumar Properties Pvt. Ltd.	24,60,000	24.60
3.	Mrs. R. Amirthavalli	60,045	0.60
4.	Mr. G. Ramaraja	36	-
5.	*Mrs.V. Chitra	36	-
6.	Mr.V. Sivasankar	36	-
7.	*Mr.R. Ramanujam	36	-
8.	*Mr.S. Rajendran	36	-
	Total	1,00,00,000	100.00

7. There is no "Buyback", "Standby", or similar arrangement for the purchase of Equity Shares by our Company/Promoter/Directors/BRLM for purchase of Equity Shares offered through the Red Herring Prospectus.

8. Our Company has not raised any bridge loans against the proceeds of this Issue.

9. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in paragraph on "Basis of Allotment" on page 236 of this Red Herring Prospectus.
10. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allotment to the nearest integer during finalizing the allotment, subject to minimum allotment lot.
Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock-in shall be suitably increased to ensure that 20% of the post issue paid-up capital is locked-in.
11. As on date of filing of this Red Herring Prospectus with SEBI, the entire issued Share Capital of our Company is fully paid-up. The Equity Shares offered through this Public Issue will be fully paid up.
12. On the date of filing the Red Herring Prospectus with SEBI, there are no outstanding financial instruments or any other rights that would entitle the existing Promoter or shareholders or any other person any option to receive Equity Shares after the Issue.
13. Our Company has not issued any Equity Shares out of revaluation reserves.
14. Lead Manager to the Issue viz. Comfort Securities Private Limited does not hold any Equity Shares of our Company.
15. Our Company has not revalued its assets since incorporation.
16. Our Company has not made any public issue since incorporation.
17. There will be only one denomination of the Equity Shares of our Company unless otherwise permitted by law, our Company shall comply with such disclosure, and accounting norms as may be specified by SEBI from time to time.
18. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
19. Except as disclosed in the RHP, our Company presently does not have any intention or proposal to alter its capital structure for a period of six (6) months from the date of opening of the issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of our company.
20. At any given point of time, there shall be only one denomination for a class of Equity Shares of our Company.
21. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when, options are granted to our employees under the ESOP

scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

22. In the Issue, in case of over-subscription in all categories, upto 50% of the Issue shall be available for allocation on a proportionate basis to QIBs out of which up to 5% of the QIB portion shall be available for allocation on a proportionate basis to Mutual Funds and the balance of the QIB portion to QIBs including Mutual Funds, a minimum of 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.
23. An investor cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
24. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoter to the persons who receive allotments, if any, in this issue.
25. Our Company has eight (8) members as on the date of filing of this Red Herring Prospectus.

OBJECTS OF THE ISSUE

The objects of the Issue are stated as below:

1. Expansion in our unit by increase in existing capacity and installation of Re-distillation plant
2. To part -finance the marketing and corporate branding expenses
3. To part-finance incremental working capital requirements
4. To part -finance the general corporate Expenses
5. To meet the expenses of the Issue

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. We believe that the listing of our Equity Shares will provide liquidity to our shareholders and enhance our visibility and brand name.

The main objects of our Memorandum of Association permit us to undertake our existing activities and the activities for which the funds are being raised by us, through the present Issue. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

The fund requirement as shown below is based on our current business plan. In view of the highly competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement may also change. This may include rescheduling of our capital expenditure programmes and increase or decrease the capital expenditure for a particular purpose vis-à-vis current plans at the discretion of our management and conclusion of the Book Building Process. Any shortfall in meeting the Objects of the Issue on determination of Issue price on conclusion of the Book Building Process would be met from internal accruals and/or debt. Further, the amount that is in excess of the funds required for the Objects and Issue expenses will be utilized for general corporate purposes, which would be in accordance with the policies of our Board made from time to time.

The details of the proceeds of the Issue are summarized in the table below: -

		(Rs. in Lacs)
No.	Particulars	Amount
I. Expansion of our Unit		
A.	Civil & Structure related work	40.00
B.	Purchase & Installation of Machines	1082.19
II. To part -finance the marketing and corporate branding expenses		300.00
III. To part finance the incremental working capital requirements		3397.19
IV. General Corporate Purposes		[•]
V. Issue Expenses		[•]
TOTAL		[•]

MEANS OF FINANCE

(Rs. in Lacs)

Particulars	Amount
Initial Public Offering	[•]
Internal Accruals	[•]
Total	[•]

The entire fund requirement towards the aforesaid Objects of the Issue is proposed to be funded through the Proceeds from the Issue and Internal Accruals of our Company.

In the event of a shortfall in raising the requisite capital from the proceeds of the Issue, towards meeting the Objects of the Issue, the extent of the shortfall will be met by internal accruals and/or from fresh debt.

Details of Utilization of Issue Proceeds

I. Expansion of our Unit

(A) Increase in Existing Capacity

Our manufacturing unit is spread over a total plot area of 2,42,676 square feet and is equipped with State -of - art infrastructure facilities & technology to manufacture IMFL products. The installed capacity of this unit is 14,25,000 cases. We have 85 people working at this unit.

At present our Company is manufacturing 60,000 cases per month which is supplied to Puducherry region only. As a part of our business strategy, we propose to penetrate in the adjoining markets like Kerala, Karnataka and Andhra Pradesh. Therefore, we propose to increase our production capacity to 3,00,000 cases per month in our existing manufacturing unit.

Our State wise capacity planner for our IMFL products:

Size	Kerala		Andhra Pradesh		Karnataka		Puducherry		Total in Cases
	%	Cases	%	Cases	%	Cases	%	Cases	
750ML	40%	30000	20%	15000	20%	15000	25%	18750	78750
375ML	50%	37500	10%	7500	20%	15000	5%	3750	63750
180ML	10%	7500	70%	52500	60%	45000	70%	52500	157500
Total in Cases		75000		75000		75000		75000	300000

Presently, 60,000 to 65, 000 Cases per month are manufactured with 3(three) Semi- Automatic Lines and 1(one) Automatic Line. We are aiming to increase our production capacity to 3,00,000 Cases per month, for which we will have to install high speed production machineries. Therefore, we propose to replace our 3(three) Semi- Automatic Lines and 1(one) Automatic Line with obsolete technology into fully Automatic Lines. This replacement will increase the production immensely and also avoid wastage of machine hours and the machines will be utilized to the extent of 90%.

(B) Installation of re-distillation plant in our manufacturing unit

In Puducherry, there is no availability of Extra Neutral Alcohol which is the main raw material for IMFL products. We have to depend upon other states like Maharashtra, Madhya Pradesh and Uttar Pradesh for its supply. The transit time for transportation of ENA from these States to

Puducherry is over ten days. Further, in Karnataka plenty of Rectified Spirit is available at a cost lower than ENA. Hence we have decided to install a re-distillation plant in our manufacturing unit for the supply of ENA from Rectified Spirit in order to reduce the cost of production of our final IMFL products.

Process for manufacture of ENA from Rectified Spirit

The concentrated rectified spirit from Pre-Rectifier column is fed to the Extractive Distillation column. Dilution water is fed on the top most of the column with a dilution ratio of 1 :9. This column serves to remove the impurities based on the principles of Hydro- Extraction. The water is fed to the column in such a way that it selects the higher alcohols and other impurities to move upwards and extracts ethanol down. The top vapours of the columns are condensed and feed to the recover column.

The purified dilute ethanol is removed from the bottom of the column and feed to the rectification column, which concentrates ethanol to 96% v/v. Rectifier Column operates under pressure and condensing steam provides energy to this column through a vertical Thermosyphon reboiler. ENA drawn is taken out from appropriate upper trays and fed to Simmering Column after cooling. Simmering Column is operated under high reflux for better separation of methanol and di-acetyls. Final ENA product drawn is taken from the bottom of this column. The lees of the column are recycled as dilution water after a part of it is purged.

Our unit would be equipped with high speed production machineries and all our Semi Automatic Lines and one automatic line with obsolete technology would be replaced to Automatic Lines. This will facilitate us to expand our current business operations i.e. manufacturing and supply of IMFL products.

The break up of the cost of expansion of our existing operation at our Unit is as under:

(Rs. in Lacs)

No.	Particulars	Amount
A	Civil and Structure related work	40.00
B	Purchase & installation of Machines	1082.19
	TOTAL	1122.19

A. Civil and Structure related work:

We are proposing to extend our civil structure by erecting a building & electrical panel installation for re-distillation plant. This civil structure will lead to increase in efficiency.

The detailed cost of Civil and Structure related work are as under:

(Rs. in Lacs)

No.	Particulars	Amount
(I) Re-distillation Plant		
	Building	30.00
	Water Treatment Plant	4.00
	Other Civil Work	6.00
	TOTAL	40.00

B. Purchase of Machines

In order to gear up our expansion process, we intend to acquire machines & equipments for replacing our Semi Automatic Lines and one automatic line with obsolete technology to Automatic Lines and setting up of re-distillation plant.

The detailed cost of purchase of machines is as under:

<i>(Rs. in Lacs)</i>				
Sr. No.	Particulars	Supplier*	No. of Units	Total Amount
(I) For Automatic Lines				
1.	Tunnel type bottling rinsing machine & accessories	M/s. Jagat Industries	4	141.76
2.	Filler & 15 head rotary ROPP Cap sealer & accessories	M/s. Jagat Industries	4	251.36
3.	Automatic Rotary Labeling Machine & accessories	M/s. Rotopack Industries	4	107.75
4.	Automatic Carton Sealer Machine	M/s. Venture Omnitech Pvt. Ltd	4	3.39
5.	Ink Jet Machine	M/s. Domino Printech India Pvt. Ltd	4	13.12
6.	Conveyor for loading	M/s. Maruthi Engineering Enterprises	4	58.45
7.	Pumps & Filter Press and accessories	M/s. Maruthi Machine Tech	1	18.69
(II) Utilities				
1.	Compressor	Yet to Identify	2	2.20
2.	Mezanising Floor in BWH for Carton Storage	M/s. Space Makers Roofing System Private Limited	-	32.00
(III) Electricals				
1.	Electrification	M/s. Srinivasan Electrical Contractors	-	20.00
2.	Generator 320 KVA	M/s. Uni Power Engineers Pvt. Ltd	1	19.47
(IV) Re-distillation Plant (Note 1)				399.00
(V) Miscellaneous Equipment & Accessories (Note 2)				15.00
TOTAL (I+II+III+IV+V)				1082.19

***Details of Quotations of Suppliers for the supply of machines and equipments are tabled as below:**

Sr. No.	Machinery details	Suppliers name	Quotation Number / Date	Amount(Rs. In Lacs)*
1.	Tunnel type bottling rinsing machine & accessories	M/s. Jagat Industries	JI-II:RDL:D-115:09-10 (Sr. No A-H in the Price Schedule) (24-11-2009)	141.76
2.	Filler & 15 head rotary ROPP Cap sealer & accessories	M/s. Jagat Industries	JI-II:RDL:D-115:09-10 (Sr. No I-S in the Price Schedule) (24-11-2009)	251.36
3.	Automatic Rotary	M/s. Rotopack	RP:RDL:D-115(A):09-	107.75

Sr. No.	Machinery details	Suppliers name	Quotation Number / Date	Amount(Rs. In Lacs)*
	Labeling Machine & accessories	Industries	10 (24-11-2009)	
4.	Automatic Carton Sealer Machine	M/s. Ventura Omnitech Pvt. Ltd	VEN/SAL/CHE (26-11-2009)	3.39
5.	Ink Jet Machine	M/s. Domino Printech India Pvt. Ltd	03-12-2009	13.12
6.	Conveyor for loading	M/s. Maruthi Engineering Enterprises	MEE/RD/305 (01-12-2009)	58.45
7.	Pumps & Filter Press and accessories	M/s. Maruthi Machine Tech	MMT/RKD/030 (27-11-2009)	18.69
8.	Compressor	Yet to Identify	-	2.20
9.	Mezanising Floor in BWH for Carton Storage	M/s. Space Makers Roofing System Private Limited	SMRS/MKT/78/09/10 (03-12-2009)	32.00
10.	Electrification	M/s. Srinivasa Electrical Contractors	05.01.2010 (Two Quotations) of Rs. 18.44 Lacs and Rs. 1.83 Lacs (Approximate Value taken of Rs. 20 Lacs)	20.00
11.	Generator 320 KVA	M/s. Uni Power Engineers Pvt. Ltd	15-06-2009	19.47
12.	Redistillation Plant	M/s. Cemtech Enterprises	CE/SS-BLR/20KI RDP (04.12.2009)	399.00
13.	Miscellaneous Equipment & Accessories	Yet to Identify	-	15.00
	TOTAL			1082.19

Note 1: We have identified M/s. Cemtech Enterprises to design, manufacture, supply, erect and commission 20,000 LPD ENA Re- Distillation Plant at our manufacturing unit. The Scope of work to be carried out by them and cost thereof would be as follows:

<i>(Rs. In Lacs)</i>		
Sr. No.	Particulars	Cost
1.	Service and Utilities (consisting of Boiler, Chimney, Water & Fuel tank, Gas ducts, High pressure pipeline, DM Water treatment plant, Cooling Tower, Cables, Water Plants, Spirit Transfer System etc.)	86.00
2.	Re-distillation plant	313.00
TOTAL		399.00

Civil and Structure work like erection of building, electrical panel installation for the re-distillation plant is to be carried out by us.

Note 2: Miscellaneous Equipment & Accessories would consist of fire fighting equipments, fire proof lamp fittings, Dehydrant system, air curtains amongst others.

The status of implementation as per our current business plan is as follows:

No.	Activity	Start Date	Completion Date
(I) Automatic Lines			
1	Orders of Machines & Equipments	December, 2010	January, 2011
2	Electrification	January, 2011	February, 2011
3	Arrival of Machines & Equipments	January, 2011	February, 2011
4	Trial Run and Commercial operations of Machines & Equipments	March, 2011	April, 2011
5	Capacity Expansion	May, 2011	-
(II) Re-distillation Plant			
1	Civil and Structure Work	December, 2010	January, 2011
2	Installation of the Plant	February, 2011	March, 2011

II. To part -finance the marketing and corporate branding expenses

We have already launched our cheap IMFL brands in Puducherry and our medium and premium segment is very low in sales in compare with cheap brands. Therefore, we propose to build up our medium and premium segments to increase our sales considerably. We also propose to create our presence in adjoining states like Kerala, Andhra Pradesh and Karnataka for which we need to boost our marketing efforts.

IMFL industry faces ban on advertising and brand promotion is more of retailer-push rather than consumer pull. Our marketing will be through sponsorship of sports events, offer of free drinks, distribution of gifts in our brand name from retail outlets, exhibition of advertisement of our brand name "Capricorn" on radio stations, television and sponsorship of contests. At the lower end of the market, brand promotion will be mainly through retailer discounts, extend credit period, approach the customers amongst others.

Company is proposing to penetrate in to the adjoining states like Kerala, Andhra Pradesh and Karnataka and where the brand name of the Company is not being known to distributors, retailers and end consumers. For the same Company has to incur certain expenses as initial marketing and branding expenses which are over and above the recurring selling and distribution expenses.

The total expenditure under this head has been estimated to Rs.300.00 Lacs based on the past experience of our Company in launching our own brands and details of the same are herein below:

(Rs. In Lacs)		
Sr. No.	Particulars	Amount
1.	Advertisements	100.00
2.	Distribution of gifts	50.00
3.	Sponsorship of various events	75.00
4.	Organize contests	75.00
TOTAL		300.00

The bifurcation and details of each head of marketing and corporate branding expenses are detailed as below:

1. Advertisements:

(Rs In Lacs)		
Sr. No.	Particulars	Amount
1.	Advertisement of Our Brand name "Capricorn" in newspapers covering the states like Kerala, Karnataka and Andhra Pradesh	60.00
2.	Advertisement of Our Brand name "Capricorn" on Radio Stations popular in Kerala, Karnataka and Andhra Pradesh	40.00
TOTAL		100.00

2. Distribution of Gifts:

For Initial Branding Expenses, the Company has projected the expenses of Rs. 50 Lacs, which would be in the nature of offering one free small drink on purchase of one large drink, offering gifts to Retailers to push our Brand to end consumers etc.

3. Sponsorship of various events:

The Company has projected the expenses of Rs. 75 Lacs for sponsorship of sports events, festivals and events such as Boat Race mainly in the Kerala, Karnataka and Andhra Pradesh to push its Brand Name.

4. Organize contests:

The Company has projected the expenses of Rs. 75 Lacs for organizing contest such as musical shows etc where the company will distribute the prizes as well in the in the states Kerala, Karnataka and Andhra Pradesh to push its Brand Name.

III. To part-finance incremental working capital requirements

We are presently engaged in the business of manufacturing IMFL products which caters to the demand of Puducherry Region. We propose to create our presence in the adjoining regions by way of marketing efforts which would bag orders for us and in turn we will have to increase our production from 60,000 to 65, 000 cases per month to 3,00,000 cases per month. Therefore, our anticipated growth would push up the working capital on account of longer credit period offered to our clients, increase in sales, availing of shorter credit period from creditors etc.

As per our internal estimate, the requirement for the working capital would be Rs. 4659.05 Lacs for Fiscal 2012 and Rs. 5321.23 Lacs for Fiscal 2013 which we plan to finance accordingly:

- (A) Cash Credit Facility: We have a cash credit facility sanctioned by State Bank of India on 24th March, 2009 and for the preceding financial year i.e financial year ended 31st March, 2010, we had availed Rs. 1901.14 Lacs from State Bank of India. We estimate that Rs. 1500.00 Lacs will be utilized to meet the working capital requirement for fiscal 2012 and 2013.
- (B) Issue Proceeds: We intend to utilize Rs. 2835.01 Lacs and Rs. 562.18 Lacs towards the total working capital requirements for Fiscal 2012 and 2013.
- (C) Internal Accruals: We intend to utilize Rs. 324.04 Lacs and Rs. 424.04 Lacs towards the total working capital requirements for Fiscal 2012 and 2013.

The company has estimated the working capital requirement, which is as under:
(Rs. In Lacs)

Particulars		Basis (days)	Amount (Fiscal 2012) Estimated	Basis (days)	Amount (Fiscal 2013) Estimated
Inventories	Raw Material				
	Spirit	40	360.43	40	411.92
	Packing Material	30	205.07	30	234.37
	WIP	3	75.70	3	84.93
	Finished Goods	7	176.63	7	198.16
Debtors	Sales	110	3286.15	110	3755.60
	Excise Duty*	30	804.39	30	919.31
Total (A)			4908.38		5604.29
Less:					
Creditors		30	205.07	30	234.37
Expenses Payable		-	44.26	-	48.69
Total (B)			249.33		283.06
Net Working Capital (A-B)			4659.05		5321.23

The working capital requirement of the company as per the latest annual audited annual accounts i.e. 31st March, 2010 is 2473.49 Lacs excluding cash. The working capital of Fiscal 2012 has been assessed at Rs. 4659.05 Lacs and Rs. 5321.23 Lacs in fiscal 2013. The funding pattern of the incremental working capital is tabled as below:

(Rs. In Lacs)			
Particulars	Fiscal 2010	Fiscal 2012	Fiscal 2013
Total Working Capital	2473.49	4659.05	5321.23
Funding Pattern :			
Proceeds from the public Issue	Nil	2835.01	562.18
Proceeds from fund based facility	1901.14	1500.00	1500.00
Own Funds including internal accruals already in the system	572.35	324.04	3259.05 *

* For Fiscal 2013 total internal accruals would amount to Rs. 3259.05 Lacs (Rs. 2835.01 Lacs from issue proceeds for Fiscal 2012 and own funds already in the system of Rs. 424.04 Lacs for 2013), therefore proceeds from public issue for Fiscal 2013 towards working capital requirement would be Rs. 562.18 Lacs only.

Justification of Holding Level

- Raw materials (Spirit): -

The level of raw material holding for spirits for the Fiscal 2009 is at 129 days and for Fiscal 2010 is at 142 days, while we have estimated the same as 40 days for fiscal 2012 and Fiscal 2013. The level of estimation is comparatively lower in the future taking in to account the faster production cycle on account of replacement of semi automatic lines and obsolete automatic line to automatic lines.

- Raw materials (Packing Materials): -

The level of holding for packing materials for the Fiscal 2009 is at 133 days and for Fiscal 2010 is at 111 days, while we have estimated the same as 30 days for fiscal 2012 and Fiscal 2013. The level of estimation is comparatively lower in the future taking in to account the faster production cycle on account of replacement of semi automatic lines and obsolete automatic line to automatic lines.

- **Stock in process:**

Stock in process level is at 4 days for Fiscal 2009 and for Fiscal 2010 is at 5 days, which is in line with the time taken for production and packaging of IMFL products. While the same has been estimated by us at 3 days in fiscal 2012 and Fiscal 2013.

- **Finished goods:**

The level of finished goods is at 11 days for Fiscal 2009 and for Fiscal 2010 is at 25 days. It is estimated to be maintained at a level of 7 days for Fiscal 2012 and Fiscal 2013 and this level assumed is considered satisfactory.

- **Receivables (Sales):**

The level of receivables as at 31.03.2009 is 98 days and for Fiscal 2010 is at 77 days. The receivables levels for subsequent financial years are estimated at 110 days excluding excise duty and 30 days for excise duty share in total sales. This level assumed is considered satisfactory.

- **Creditors:**

Actual level of creditors as at 31.03.2009 is 180 days and for Fiscal 2010 is at 232 days. As against the same, creditor levels for subsequent financial year are estimated at 30 days Fiscal 2012 and Fiscal 2013 as well. The Company has estimated to avail shorter credit period from its creditors to avail cash discounts and increase its margin level.

IV. To part -finance the general corporate Expenses

Our Company in accordance with the policies set up by our Board, will have flexibility in applying the remaining Net proceeds of this issue aggregating [•] Lacs, for general corporate purpose towards, financing normal capital expenditure, strategic initiatives, expanding into new geographies, pre-operative expenses, brand building exercise and strengthening our marketing capabilities.

V. Issue Expenses

The total estimated expenses are Rs. [•] Lacs which is [•] % of Issue Size. The details of Issue expenses are tabulated below:

(Rs. In Lacs)				
No.	Particulars	Amount	% of Total Issue size	% of Issue Expenses
1	Issue Management Fees	[•]	[•]	[•]
2	Registrars fees	[•]	[•]	[•]
3	IPO Grading Expenses	[•]	[•]	[•]
3	Fee for Legal Counsel	[•]	[•]	[•]
4	Printing and Distribution of Issue Stationery	[•]	[•]	[•]
5	Advertising and Marketing expenses	[•]	[•]	[•]
6	Other expenses (stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges	[•]	[•]	[•]

No.	Particulars	Amount	% of Total Issue size	% of Issue Expenses
	and other related expenses)			
7	Contingencies	[•]	[•]	[•]
	Total	[•]	[•]	[•]

Proposed year-wise deployment of funds:

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

(Rs. In Lacs)					
Particulars	Already Incurred	FY 2010 - 11	FY 2011 - 12	FY 2012 - 13	TOTAL
Expansion of existing operation at our Unit	Nil	1122.19	Nil	Nil	1122.19
Financing Working Capital Requirement	Nil	Nil	2835.01	562.18	3397.19
Marketing and Brand development expenses	Nil	100.00	200.00	Nil	300.00
General Corporate Purpose	Nil	[•]	[•]	[•]	[•]
Issue Expenses	59.71	[•]	[•]	[•]	[•]
Total	59.71	[•]	[•]	[•]	[•]

Details of funds already deployed till date and sources of funds deployed

The funds deployed up to 31st October, 2010 pursuant to the object of this Issue on the Project as certified by the Auditors of our Company, viz. Ramanand & Associates, Chartered Accountants pursuant to their certificate dated 1st November, 2010 is given below:

(Rs. in Lacs)	
Deployment of Funds	Amount
Project related (For Expansion at our Unit)	Nil
Issue Related Expenses	59.71
Total	59.71

(Rs. in Lacs)	
Sources of Funds	Amount
Internal Accruals	59.71
Total	59.71

Appraisal by Appraising Agency

The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

Shortfall of Funds

Any shortfall in meeting the Project cost will be met by way of internal accruals and/ or through additional funding by banks and/ or unsecured loans.

Interim Use of Funds

We in accordance with the policies established by the Board, will have flexibility in deploying Issue proceeds received by us from the Issue. The particular composition, timing and schedule of deployment of the Issue proceeds will be determined by us based upon the deployment of the projects. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures.

Monitoring of Utilization of Funds:

As the Proceeds of the Issue will be less than Rs. 50,000 Lacs, under the SEBI Regulations it is not mandatory for us to appoint a monitoring agency.

Our Company undertakes to disclose the utilization of proceeds in its financial statements. We will disclose the utilization of Issue proceeds under a separate head in our Company's financial statement for fiscal 2011, 2012 & 2013 clearly specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreement with the Stock Exchanges.

According to Clause 43A of the Listing Agreement, We shall furnish to stock exchange on a quarterly basis along with the quarterly results under clause 41 of the listing agreement, a statement indicating the material deviations in the use of proceeds of the Issue from the object of issue as indicated on page 51 of this RHP. The information shall be published in the newspapers and also be available for publicly dissemination on the website of stock exchange & our Company.

According to Clause 49 of the Listing Agreement, Our Company shall on a quarterly basis along with the quarterly results under clause 41 of the listing agreement disclose to our Audit Committee the statement of uses / application of funds (bifurcating in to major category heads) raised through this Issue and also a statement indicating the material deviations in the use of proceeds of the Issue from the object of issue as indicated on page 51 of this RHP. Audit Committee shall review these statements and shall accordingly make the appropriate recommendations to our Board.

No part of the proceeds of this Issue will be paid as consideration to our Promoter, directors, key managerial employees, or companies promoted by our Promoter.

BASIS FOR ISSUE PRICE

The issue price will be determined by our Company in consultation with the BRLMs based on assessment of market demand for the Equity Shares offered by way of book building.

Investors should read the following summary with the Risk Factors included from page number 11 and the details about our Business and its financial statements included on page 82 and 142 respectively in this Red Herring Prospectus.

Qualitative Factors:

- Our Promoter has thirty (30) years of experience in the liquor industry with ten (10) years of experience in the business of manufacture, marketing and sale of, Indian Made Foreign Liquor.
- Existing profit making company.
- One of the few organized players in the Indian Made Foreign Liquor Industry.
- We Possess Quality Management Certificate ISO : 9001:2000
- Our Company is managed by team of experienced and professionals with experience in different aspects of Distillery industry including production, sales, marketing, and finance.
- We have well positioned ourselves in the Indian Made Foreign Liquor Industry over a period of ten (10) years and in advantageous position as now it has been the policy of state and Union Territory Governments of not permitting new entrants.
- Strong market share: In the Indian Made Foreign Liquor segment, the Company is amongst the leading suppliers in Puducherry.
- We have displayed a steady growth in turnover and profits of our Company as our gross turnover has increased 86% over a period of five (5) fiscal years with Rs. 5254.38 Lacs in fiscal 2006 to Rs. 9771.78 Lacs in fiscal 2010, while our profits has grown from Rs. 52.35 Lacs in fiscal 2006 to Rs. 199.46 in fiscal 2010.

Quantitative Factors:

Information presented in this section is derived from the restated financial statements certified by the Statutory Auditors of the Company.

1. Basic Earning Per Equity Share (EPS) (On Rs. 10 per share)

Year	Earning per Share (Rs.)	Weight
FY 2007-08	1.62	1
FY 2008-09	1.36	2
FY 2009-10	1.60	3
Weighted Average	1.52	
Audited three (3) months ended 30 th June, 2010*	0.47	

* The EPS is actual and if annualized EPS works out to Rs. 1.88 per share.

- EPS Calculations have been done in accordance with Accounting Standard 20-“Earning per Share” issued by the Institute of Chartered Accountants of India.
- Basic earnings per share are calculated by dividing the net profit after tax by the weighted average number of Equity Shares outstanding during the period. Weighted Average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
- The weighted average number of Equity Shares outstanding during the period is adjusted for events of bonus issue.
- For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

2. Price / Earning Ratio (P/E) in relation to the Issue Price [•]

- Based on fiscal year as on 31st March, 2010 EPS is Rs. 1.60
- Based on weighted average EPS is Rs. 1.52
- Based on annualized EPS of three (3) months ended 30th June, 2010 EPS is Rs.1.88
- Industry PE

Particulars	At the lower band of Rs. 56 Per Equity Share	At the upper band of Rs. 64 Per Equity Share
Based on 31 st March, 2010 EPS is Rs. 1.60	35.00	40.00
Based on the weighted average EPS Rs. 1.52	36.84	42.10
Based on annualized EPS of three (3) months ended 30 th June, 2010 EPS is Rs.1.88	29.79	34.04
Industry PE*		
Highest	82.0	
Lowest	11.9	
Industry Composite	56.6	

* PE based on 12 months for the entire liquor industry

Source- Capital Market Vol-XXV/18, dated November 01 to November 14, 2010

3. Return on Net Worth

Year	RONW (%)	Weight
FY 2007-08	14.40	1
FY 2008-09	12.95	2
FY 2009-10	13.27	3
Weighted Average	13.35	

- Minimum RONW to maintain the Pre-issue EPS of Rs.1.60 is -

- a) At the Floor price of Rs. 56 per share is 4.82%
- b) At the Cap price of Rs. 64 per share is 4.32%

5. Net Asset Value per Equity Share

	Particulars	NAV (In Rs.)
a)	As on 31 st March, 2010	12.02
b)	As on 30 th June, 2010	12.20
c)	After Issue	[●]
d)	Issue Price	[●]

6. Peer Group Comparison of Accounting Ratios

Name of Company	Face Value (Rs.)	Sales (Rs. In Crores)	PAT (Rs. In Crores)	EPS (Rs.)	P/E Multiple	NAV (Rs. Per Share)	RONW (%)
Ravi Kumar Distilleries Limited(FY 2009-10)	10	48.35	1.99	1.60	[●]	12.20	13.27
Peer Group*-							
Radico Khaitan	2	828.90	41.60	3.00	45.5	44.30	10.30
Tilaknagar Industries Ltd.	10	351.70	33.10	9.80	25.6	40.30	34.70
Globus Spirits Limited	10	265.00	28.50	14.20	11.9	81.70	26.20
Empee Distilleries	10	567.80	17.10	8.00	14.8	125.80	7.20
Jagatjit Industries Ltd.	10	680.10	4.60	1.00	32.7	38.20	2.2

** On the basis of standalone financials*

Source- Capital Market Vol-XXV/18, dated November 01 to November 14, 2010

7. The face value of our shares is Rs.10/- per share and the Issue Price is of Rs. [●] per share is [●] times of the face value.
8. The Issue Price of Rs. [●] has been determined by our Company in consultation with the BRLM and on the basis of assessment of market demand for the Equity Shares through the Book Building Process. BRLMs believe that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Red Herring Prospectus to have a more informed view about the investment proposition.

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

STATEMENT OF TAX BENEFITS

The Board of Directors
Ravi Kumar Distilleries Limited
1-C, Nandita Apartments
No. 47, Thirumalai Pillai Road,
T. Nagar, Chennai,
Tamil Nadu, India-600 017

Dear Sirs,

Statement of Possible Tax Benefits available to Ravi Kumar Distilleries Limited and its shareholders

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

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

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

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

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

For Ramanand & Associates
Chartered Accountants

Ramanand Gupta
Partner
Firm's registration number: 117776W
Membership No: 103975

Place: Mumbai
Date: October 22, 2010

General Tax Benefits to the Company

1. Dividends earned are exempt from tax in accordance with and subject to the provisions of section 10(34) read with section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.
2. The Company will be entitled to amortise certain preliminary expenditure, specified under section 35D(2) of the I.T. Act, subject to the limit specified in Section 35D(3). The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive assessment years beginning with the assessment year in which the business commences.
3. Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under section 10(15) of the Income-tax Act, 1961 (herein after referred to as 'the Act') in accordance with and subject to the conditions and limits as may be specified in notifications.
4. The depreciation rates in respect of Motor Cars is 15%, furniture & fittings is 10%, Intangible assets is 25%, Computers 60%, Buildings (Residential) is 5% and Buildings (Others) is 10%.
5. The amount of tax paid under Section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the Assessment Year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA.
6. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off against other income and the excess loss after set-off can be carried forward for set-off - against business income of the next eight Assessment Years.
7. The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward indefinitely for set-off against the income of future years.
8. If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.
9. Income earned from investment in units of a specified Mutual Fund is exempt from tax under section 10(35) of the Act. However, as per section 94(7) of the Act, losses arising from the sale/ redemption of units purchased within three months prior to the record date (for entitlement to receive income) and sold within nine months from the record date, will be disallowed to the extent such loss does not exceed the amount of income claimed exempt.
10. Further, as per section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus, and is allotted bonus units without any payment on the basis of holding original units on the record date and such person sells/redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of loss ignored shall be regarded as the cost of acquisition of the bonus units.
11. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:

(a) 20 per cent (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost. or

(b) 10 per cent (plus applicable surcharge and education cess) of the capital gains as computed without indexation.

12. In accordance with Section 111A, the tax on capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund, is chargeable to tax at the rate of 15% (plus applicable surcharge and education cess), where such transaction is chargeable to Securities Transaction Tax. And if the provisions of Section 111A are not applicable to the short term capital gains, in case of non chargeability to Securities Transaction Tax, then the tax will be chargeable at the rate of 30% (plus applicable surcharge and education cess) as applicable.

13. Under section 36(1)(vii), any bad debt or part thereof written off as irrecoverable in the accounts is allowable as a deduction from the total income.

14. Under section 36(1)(viii) of the Act, subject to the conditions specified therein, a deduction is allowable in respect of an amount not exceeding 20% of the profits derived from eligible business [viz., providing long-term finance for industrial or agricultural development or development of infrastructure facility in India or development of housing in India] provided such amount is transferred to a special reserve account created and maintained for this purpose. Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves, no further deduction shall be allowable in respect of such excess.

15. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not a tax deductible expenditure.

Section 115-O

Tax rate on distributed profits of domestic companies (DDT) is 15%, the surcharge on Income tax is at 10 %, and the education cess is at 3%.

Tax Rates

The tax rate is 30%. The surcharge on Income tax is 10%, only if the total income exceeds Rs.100 Lacs. Education cess is 3%.

General Tax Benefits to the Shareholders of the Company

(I) Under the Income-tax Act

A) Residents

1. Dividends earned on shares of the company are exempt from tax in accordance with and subject to the provisions of section 10(34) read with section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. Shares of the company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset.

3. Long term capital gain arising on sale of shares is fully exempt from tax in accordance with the provisions of section 10(38) of the Act, where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax.

4. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income (ie dividend/exempt long-term capital gains) is not a tax deductible expenditure.

5. Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

6. As per the provision of Section 71(3), if there is a loss under the head "Capital Gains", it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short term and Long term capital gain. But Long term capital loss cannot be set-off against short term capital gain. The unabsorbed short term capital loss can be carried forward for next eight assessment years and can be set off against any capital gains in subsequent years. The unabsorbed long term capital loss can be carried forward for next eight assessment years and can be set off only against long term capital gains in subsequent years.

7. Taxable long term capital gains would arise [if not exempt under section 10(38) or any other section of the Act] to a resident shareholder where the equity shares are held for a period of more than 12 months prior to the date of transfer of the shares. In accordance with and subject to the provisions of section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:

(a) Cost of acquisition/ improvement of the shares as adjusted by the cost inflation index notified by the Central Government; and

(b) Expenditure incurred wholly and exclusively in connection with the transfer of shares

8. Under section 112 of the Act, taxable long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and education cess) after indexation, as provided in the second proviso to section 48 of the Act. However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and education cess), without indexation, at the option of the shareholder.

9. Short term capital gains on the transfer of equity shares, where the shares are held for a period of not more than 12 months would be taxed at 15% (plus applicable surcharge and education cess), where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax. In all other cases, the short term capital gains would be taxed at the normal rates of tax (plus applicable surcharge and education cess) applicable to the resident investor. Cost indexation benefits would not be available in computing tax on short term capital gain.

10. Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of Rs 50 lacs) for a minimum period of three years.

11. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

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

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

12. If an individual or HUF receives any property, which includes shares, without consideration, the aggregate fair market value of which exceeds Rs 50,000, the whole of the fair market value of such property will be considered as income in the hands of the recipient. Similarly, if an individual or HUF receives any property, which includes shares, for consideration which is less than the fair market value of the property by an amount exceeding Rs 50,000, the fair market value of such property as exceeds the consideration will be considered as income in the hands of the recipient

Tax Rates

For Individuals, HUFs, BOI and Association of Persons:

Slab of income (Rs.)	Rate of tax (%)
0 - 160,000	Nil
160,001 - 500,000	10%
500,001 - 8,00,000	20%
800,001 and above	30%

Notes:

- (i) In respect of women residents below the age of 65 years, the basic exemption limit is Rs. 190,000.
- (ii) In respect of senior citizens resident in India, the basic exemption limit is Rs. 240,000.
- (iii) Education cess will be levied at the rate of 3% on income tax.

B) Non-Residents

1. Dividends earned on shares of the Company are exempt in accordance with and subject to the provisions of section 10(34) read with Section 115-O of the Act. However, as per section

94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt

2. Long term capital gain arising on sale of Company's shares is fully exempt from tax in accordance with the provisions of section 10(38) of the Act, where the sale is made on or after October, 1 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax.

3. In accordance with section 48, capital gains arising out of transfer of capital assets being shares in the company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter in, and sale of, shares and debentures of, an Indian company including the Company.

4. As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

5. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to Securities Transaction Tax, held as long term capital assets will be at the rate of 10% (plus applicable surcharge and education cess). A non-resident will not be eligible for adopting the indexed cost of acquisition and the indexed cost of improvement for the purpose of computation of long-term capital gain on sale of shares.

6. In accordance with Section 111A, the tax on capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund, is chargeable to tax at the rate of 15% (plus applicable surcharge and education cess), where such transaction is chargeable to Securities Transaction Tax. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and education cess as applicable.

7. Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of Rs 50 lacs) for a minimum period of three years.

8. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to regulatory feasibility. Such benefit will not be available if the individual-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or

- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

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

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

C) Non-Resident Indians

Further, a Non-Resident Indian has the option to be governed by the provisions of Chapter XII-A of the Income-tax Act, 1961 which reads as under:

1. In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% (plus education cess). Income by way of long term capital gains in respect of a specified asset (as defined in Section 115C (f) of the Income-tax Act, 1961), shall be chargeable at 10% (plus education cess).
2. In accordance with section 115F, subject to the conditions and to the extent specified herein, long-term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified new asset.
3. In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange or both, and the tax deductible has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act, 1961.
4. In accordance with section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act, 1961.
5. As per the provisions of Section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.
6. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.
7. In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax.

8. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund where such transaction has suffered Securities Transaction Tax is chargeable to tax at the rate of 15% (plus applicable surcharge and education cess). If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and education cess.

9. Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of Rs 50 lacs) for a minimum period of three years.

10. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to regulatory feasibility. Such benefit will not be available if the individual or Hindu Undivided Family-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

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

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

D) Foreign Institutional Investors (FIIs)

1. In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax in the hands of Foreign Institutional Investors (FIIs).

2. In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharge and education cess) on long-term capital gains (computed without indexation of cost and foreign exchange fluctuation), if Securities Transaction Tax is not payable on the transfer of the shares and at 15% (plus applicable surcharge and education cess) in accordance with section 111A on short-term capital gains arising on the sale of the shares of the Company which is subject to Securities Transaction Tax. If the provisions of Section 111A are not applicable to the short

term capital gains, then the tax will be charged at the rate of 30% plus applicable surcharge and education cess, as applicable.

In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.

3. As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

4. Under section 196D (2) of the Income-tax Act, 1961, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.

5. Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of Rs 50 lacs) for a minimum period of three years.

E) Persons carrying on business or profession in shares and securities.

Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

A non resident taxpayer has an option to be governed by the provisions of the Income-tax Act, 1961 or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial (section 90(2) of the Income tax Act, 1961).

F) Mutual Funds

Under section 10(23D) of the Act, exemption is available in respect of income (including capital gains arising on transfer of shares of the Company) of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or such other Mutual fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India and subject to the conditions as the Central Government may specify by notification.

G) Venture Capital Companies/Funds

In terms of section 10(23FB) of the I.T. Act, income of:-

Venture Capital company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992; and Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992, from investment in a Venture Capital Undertaking, is exempt from income tax, Exemption available under the Act is subject to investment in domestic company whose shares are not listed and which is engaged in certain 'specified' business/ industry.

(II) Under the Wealth Tax and Gift Tax Acts

1. "Asset" as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares held in a Company and hence, these are not liable to wealth tax.

2. Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Any gift of shares of the Company is not liable to gift-tax. However, in the hands of the Donee the same will be treated as income unless the gift is from a relative as defined under Explanation to Section 56(vi) of Income-tax Act, 1961.

Notes:

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

3. The above statement of possible tax benefits are as per the current direct tax laws relevant for the assessment year 2011-12. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

4. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

5. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the nonresident has fiscal domicile.

6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For Ramanand & Associates
Chartered Accountants

Ramanand Gupta
Partner
Firm's registration number: 117776W
Membership No: 103975

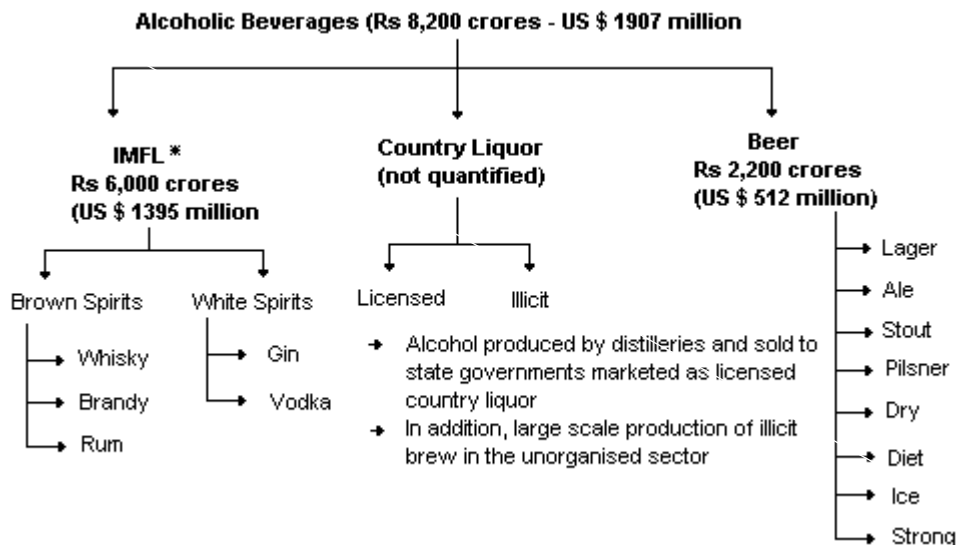
Place: Mumbai
Date: October 22, 2010

SECTION IV ABOUT OUR COMPANY

INDUSTRY OVERVIEW

India is the third largest market for alcoholic beverages in the world. The demand for spirits and beer is estimated to be around 373 million cases. (Source: Annual Report, Government of India, Ministry of Food Processing Industries).

Structure of alcohol industry in India



* Indian Made Foreign Liquor (IMFL)

(Source: <http://www.indiamarkets.com>)

The Alcohol Industry in India can be divided into the following five categories: -

- Industrial Alcohol
- Potable Alcohol
- Mixed Distilleries (Industrial and Potable Alcohol)
- Bottling Plants (purchasing alcohol and bottling alcoholic beverages)
- Distilleries producing alcohol from substrates other than molasses.

Majority of distilleries manufacture alcohol from Sugar Cane Molasses.

Alcohol industry is the second largest source of revenue of the State Exchequer - Rs. 25,000 crores. The Industry turnover is Rs. 6,000 crores. It is the only Industry where inputs are de-controlled (free market price) and output is controlled (selling price is determined by State Excise in most States).

(Source: Pioneer Distillery HDFC Report)

The distillery industry today consists broadly of two parts, one potable liquor and the industrial alcohol. The potable distillery producing Indian Made Foreign Liquor and Country Liquor has a steady but limited demand with a growth rate of about 7-10 per cent per annum. The industrial

alcohol industry on the other hand, is showing a declining trend because of high price of Molasses which is invariably used as substrate for production of alcohol. The alcohol produced is now being utilized in the ratio of approximately 52 per cent for potable and the balance 48 percent for industrial use. Over the years the potable liquor industry has shown remarkable results in the production of quality spirits. Indian Liquor industry is today exporting a sizable quantity of India Liquor products to other countries.

The following are the key drives pushing demand for liquor in India:

- Changing perception of alcohol from taboo to a socially acceptable beverage
- Availability of a wide range of products
- A large untapped segment for low priced brands in unorganized markets
- Changes in taxation structure and opening of new distribution channels
- Keen competition in production and distribution is attributable to growth in consumption habits and the entry of international brands / manufacturers which in turn leads to further expansion of market. (Source: Pioneer Distilleries)

Market Size:

Indian demographics are favourable to consumption of alcohol. Alcohol consumption begins at age 16-18 in India and peaks at 30-35. The 18-35 age group in India is 247 mn strong and growing at 3.4% p.a. With net addition of 40mn to this segment over next 5 years, alcohol demand will aggregate 40mn cases over FY05-10. Of this, IMFL will account for 45-50%, owing to the higher aspiration levels of the new generation. With growing income of young consumers and increasing consumption of lifestyle products, demand for alcohol is set to rise.

Potable alcohol segment has been growing at rate of 10 % over the last few years and is expected to rise at a CAGR of 13% over the next 5 years. IMFL accounts for only a third of the total liquor consumption in India. Consumption is largely skewed towards whisky, which accounts for more than half of the market. Country Liquor market is a regional market and there exist a large number of small manufacturers spread across various States. Major IMFL manufacturers, however, have a countrywide presence.

Liquor manufactured in India is categorized as beer, country liquor and Indian-made Foreign Liquor (IMFL). Indian alcohol industry comprises IMFL like Whisky, Rum, Brandy, Gin, Vodka. (Source: KPMG Report)

Types of alcoholic beverages:

Legally produced alcoholic beverages

Alcoholic beverages officially manufactured in India are categorised as beer, country liquor and Indian Made Foreign Liquor (IMFL). IMFL production includes wines, whisky, rum, vodka, gin and brandy. In India, country liquor and IMFL (Indian-Made Foreign Liquor) cater for two quite different sectors of the liquor market. Country liquor is consumed in rural areas and by low-income groups in urban areas. IMFL is consumed by the middle and high income groups, primarily in urban areas, however in the last decade cheap IMFL has been displacing country liquors, with a few states going so far as to ban the sales of country liquor resulting in a switch to IMFL by country liquor customers.

The ethanol content of whisky, rum, brandy and gin (IMFL) are mandated at 42.8% volume by volume (75% proof) and of country liquor at 33.3 % volume by volume (65 % proof) at 15/15°C.

1. Country Liquor:

Country Liquor is the largest component of alcoholic beverage industry in India. It is unbranded and highly potent alcohol drink (the strength is around 40% alcohol by volume).

a. Licensed Country Liquor:

It is produced by distillation in distilleries. It is generally made from cheap available raw material such as sugarcane, rice, coconuts.

b. Illicitly made Country liquor:

It is produced without license from government at individual, household and community level.

2. Indian Made Foreign Liquor

IMFL includes liquor produced, manufactured or compounded in India in the same manner as gin, brandy, whisky or rum imported into India and other liquor. The size of organized liquor Industry included around 40 Breweries and 25 IMFL manufacturing units. The IMFL Industry with a size of around 214 million cases (each case with 12 bottles containing 750ml liquor in each bottle) produces Extra Neutral Alcohol (ENA) Products and Rectified Spirits (RS) based products. Rectified Spirit is plain undenatured alcohol of strengths of not less than 52 degrees and includes absolute alcohol.

ENA-based products, which are of better quality and have a longer shelf life, are the focus of main players like the UB Group and Shaw Wallace. The low-priced Rectified Spirit Segment is quite price-sensitive and characterized by the presence of a number of small players.

3. Beer:

Beer is sold as mild beer (ethanol content of 5% v/v) and strong beer (ethanol content 7.5-8% v/v). The market is dominated by the 'strong beer' brands which account for 70%.

The annual size of beer market is around 70 million cases and is expected to grow at 10-12% per annum with around 40 units operating in organized sector. Maharashtra (Mumbai), Tamil Nadu (Chennai) and Karnataka (Bangalore) are major beer consuming states accounting for about 75% of beer market. License is required to manufacture beer except for those employing less than 50 persons or manufacturing without use of power.

Popular brands of beer are Hayward's 2000 and 5000, King Fisher, Golden Eagle, and London Pilsner. Stroh's and Fosters are Foreign Brands.

4. Wine

The wine industry in India has shown robust growth potential. The Government has introduced special wine policies to encourage grape cultivation and wineries in the states. For example: Maharashtra has taken initiatives such as an excise holiday for wine makers till 2011, sales tax concessions, fixed license fees for ten years and creation of a wine institute and grape board for quality control. The industry is estimated to report a 60 percent CAGR over FY06- 10 and 24 percent CAGR over FY10-15.

Domestic cheap wines constitute 150,000 cases per annum, domestic wines of international standard (produced by Sula, Grover) comprise 160,000 cases, wines imported in bulk and bottled here constitute 15,000 cases and imported wines comprise 50,000 cases. Wines have grown at 22% annually.

(Source: <http://dspace.vidyanidhi.org.in>)

The distribution of liquor in the Indian liquor market follows three models (i.e. open, auction and Government) as follows:



(Source: HDFC Securities: IPO Note Empee Distilleries Ltd)

Indian Made Foreign Liquor - Overview (IMFL)

IMFL (Indian-made foreign liquor) industry is poised to grow at 15% CAGR over 2007-10. The total market for spirits (alternatively referred to as IMFL) in India for the year 2007 was estimated at Rs 9,31,367 million. The market grew at 12.5-13% between year 2001 and 2007. In volume terms, the spirits market was estimated at approximately 3.7 billion liters for FY '07 (excluding beer and country liquor segments). The shares of whisky and rum in the overall spirits market in India were approximately 30% and 4% respectively for the year 2007, alcoholic beverages industry sources said. (Source: FnB News: <http://www.fnbnews.com>)

In the financial year 2008-09, the IMFL industry grew at 12-15 per cent, of which value growth was 8-10 per cent and volume growth was 3-5 per cent,” (Source: Business Standard: Mumbai August 19, 2009)

The IMFL (Indian Made Foreign Liquor) market in India constitutes 31 percent of the total liquor market in India. The rest is accounted for by country liquor. However, there is a discernible shift in consumption from country liquor towards IMFL. The IMFL segment is growing at 9-10 percent (in volume terms) as against 6-7 percent growth in country liquor.

The industry has been witnessing a lot of M&A activity over the last few years.

The consolidation wave, spanning both the IMFL and beer segments, has seen merger of companies, and acquisition of brands, manufacturing facilities and bottling units. The IMFL industry is expected to record robust volume growth across segments.

The IMFL segment includes the following:

Whisky	Rum	Brandy	Vodka	Gin
IMFL Share: 59.5%	IMFL Share: 17.6%	IMFL Share: 18.2%	IMFL Share: 1.2%	IMFL Share: 3.5%
Exp Growth: 10%	Exp Growth: 8-9%	Exp Growth: 6-7%	Exp Growth: 30%	Exp Growth: 0-1%
Major Brands: McDowell No. 1, Royal Stag, 8PM, Bagpiper, Director's Special	Major Brands: Bacardi, Old Monk, McDowell, Celebration, Old Admiral	Major Brands: McDowell No. 1, Honey Bee, John Exshaw, Old Admiral, Golconda	Major Brands: Smirnoff, Romanov, White Mischief, Magic Moments, Alcazar	Major Brands: Blue Riband, Carew, Haywards', Aristocrat, Contessa

*For the year ended March 31, 2009, the total IMFL industry stood at 214 million cases and it is anticipated that double digit growth will continue in the industry for several years to come.

(* Source: <http://www.smartinvestor.in>)

IMFL accounts for only a third of the total liquor consumption in India. Consumption is largely skewed towards whisky, which accounts for more than half of the market. Country Liquor market is a regional market and there exist a large number of small manufacturers spread across various States. Major IMFL manufacturers, however, have a countrywide presence.

The whisky market is further classified into categories like medium (cheap), regular, prestige, premium, super deluxe whiskies, and Scotch whisky. The regular segment is the largest, constituting nearly half the volume of the total whisky market.

The IMFL market is categorized primarily into whisky, brandy, rum, vodka and gin, with market share heavily skewed towards whisky. (Source: KPMG Report)

Brown Spirits: In India preference is for Brown Spirits (molasses flavour) such as whisky, Brandy and Rum. Whisky accounts for 60 - 70 % of the market size. Molasses is heavy dark coloured residual syrup Hayward's Whisky, Directors Special, Bagpiper, Gilbey's Green label, Peter Scot, Passport and Black Dog are major Brands of Whisky.

Doctors Brandy and Mc Dowell Green are popular brands of brandy. Khoday's rum, Bacardi, Old Monk is brands of rum.

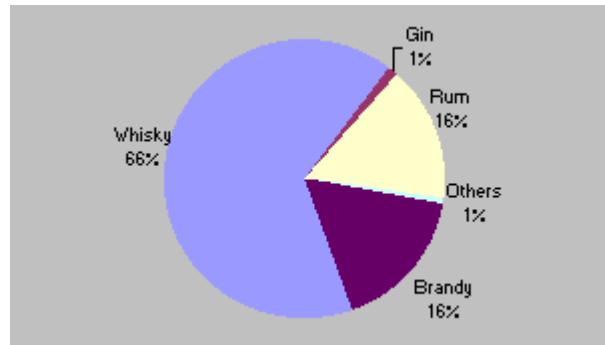
There are three types of whisky permitted for manufacture in India

1. Malt whisky: which is the alcoholic distillate of malted or unmalted cereals or a mixture of both.
2. Whisky: is defined as the alcoholic liquor possessing the distinctive color, odour and taste characteristics of whisky. It is made from neutral spirit or rectified spirit or a mixture of both. All the whisky in the non premium segment and even some in the premium segment belong to this category.
3. Blended malt whisky: is a mixture of at least 4% malt whisky with whisky.
Beer is sold as mild beer (ethanol content of 5% v/v) and strong beer (ethanol content 7.5-8% v/v). The market is dominated by the 'strong beer' brands which account for 70%.

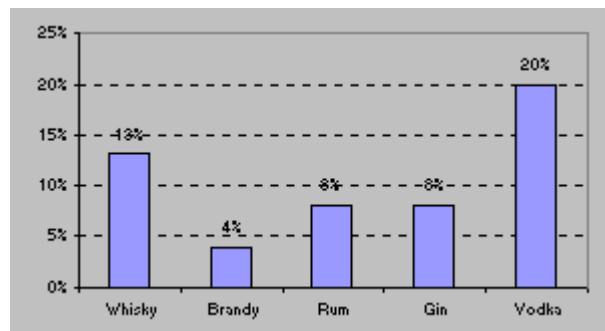
White Spirits: White Spirits are made from the malt of grains and are popular in western countries. Gin and Vodka are products of White Spirits. Smirnoff is leading world brand of Vodka.

(Source: <http://www.nimhans.kar.nic.in>)

IMFL Categories: Market size (in %)



Growth in IMFL Categories



(Source: <http://myiris.com>)

State Levies:

Alcoholic beverages being the State subject, excise policies/duties/licensing system etc. are in the domain of the State Governments. They have plethora of rules and regulations and often oblivious of those obtaining in other States. This has resulted in a number of anomalies and also stunted the growth of domestic alcoholic beverages industry. Such rules/policies govern licensing and regulations of distilleries/breweries, bottling units, ware housing, wholesale and retail sale, import and export, transport, pricing, labeling and packaging, locational instructions, registration of brands, limit on possession, duties and fees etc.

High excise duties- at the central as well as state level

The liquor industry has had to bear the brunt of heavy excise burden imposed by the various state governments - this largely being a state subject. The fact that the industry is governed by states and that there is no uniformity or consistency with regard to both regulation and taxation policies, puts this business through various challenges. Also, VAT was introduced in Maharashtra, driving up the consumer price.

The IMFL industry in India is constrained by a multitude of factors:

Capacity Restrictions

The industry is not allowed to expand without the prior approval of the Central government, as it among the few industries still under the licensing policy. In a liberalized scenario, when molasses have been decontrolled and for the brewery sector too, there is no shortage of domestically available hops, restrictions on new capacities make little sense. State governments have a part to play as well, since companies have to get their approval too before commissioning a unit. However, the situation has changed with the Supreme Court ruling designating alcohol as a State subject. It is expected that companies will no longer face problems on fresh capacity creation.

High Duty Structure

The manufacture of IMFL is subject to government licensing, while levies on sales are a State subject. The States earn a significant portion of the revenues from liquor. In some States, the duty is as high as 200%. The duty structure varies so much with each State that for a company operating at the national level, it is like dealing with 28 countries. Such duties (including special levies on inter-State sales) have resulted in a distributed manufacturing base and unique market characteristics for each State. Market sources feel that since States are strapped for funds, adverse changes in policies for the alcohol industry are unlikely to happen.

Distribution and Trading Restrictions

The distribution of liquor is controlled in many States, except in Maharashtra, West Bengal and Assam, where companies can sell their products freely in the open market. Distribution controls take various forms like auctions, open-market system, government--controlled markets and the Army's Canteen Stores Department.

Under the auction system, the government fixes a floor price for the shops and the bidders have to quote prices. The license would go to the highest bidder, and the bid price would have to be paid in equated monthly installments. This system operates in Punjab, Rajasthan, Bihar, Orissa, Uttar Pradesh and Madhya Pradesh.

States following the open-market mode gives substantial leverage to the IMFL marketing company to choose its distributor and to determine pricing and discounts.

In the case of distribution through government channels and distribution rights through the auction mechanism, strong distributors exert influence on the margins of the IMFL manufacturer. In the government-controlled system, the distribution of liquor is done through State agencies such as TASMAL in Tamil Nadu, BEVCO in Kerala, the Andhra Pradesh Beverage Corporation in AP, the DSIDC in Delhi, and so on. Since these agencies are sole wholesalers, they also have the ultimate say in deciding on the entry of a brand into the State. These restrictions seriously limit the free availability and marketability of a company's products.

IMFL sales in different States, classified on the basis of the distribution channel accessible to the manufacturer, are given below:

Open Market	Maharashtra, West Bengal, J & K, Goa, Assam, Meghalaya, Tripura, Arunachal Pradesh
Auction Market	UP, Rajasthan, MP, Bihar, Punjab, Chandigarh, Haryana
Government-controlled	Tamil Nadu, Delhi, Kerala, Andhra Pradesh
Prohibition States	Gujarat, Manipur, Mizoram, Nagaland

(Source: <http://myiris.com/>)

OUR BUSINESS

Background

Our Company was incorporated as "Ravi Kumar Distilleries Limited" on 11th October, 1993 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu and received its Certificate for Commencement of Business on 4th day of December, 1998.

We are engaged in the business of manufacturing and trade of Indian Made Foreign Liquor (IMFL) under our own brand portfolio as well as under tie-up arrangements with other companies. The IMFL comprises of Whisky, Brandy, Rum, Gin & Vodka.

We started with initial capacity of 7,20,000 cases per annum and a bond capacity of 6300 cases of Excise Bonded warehouse. Presently our plant is having an installed capacity of 14,25,000 cases per annum and 26000 cases of Excise Bonded Warehouse. We are an ISO 9001: 2000 certified company since 2007.

We currently operate through our manufacturing unit located at - R.S 89/4A, Katterikuppam Village, Mannadipet Commune, Puducherry. Our unit is equipped with State -of - art infrastructure facilities & technology, which encompasses all modern facilities for blending and bottling, can undertake the manufacturing of IMFL.

Our core competencies are our in house technical and formulation knowledge, skilled workforce and well-equipped manufacturing facilities, which enables us to manufacture a wide range of IMFL products, to meet diverse client requirements.

Our Competitive Strengths

Experienced management team

Our Company is managed by a team of experienced and professional managers with experience in different aspects of distillery industry including production, sales, marketing and finance. Our management is well qualified and has an experience of around 30 years in Liquor industry.

Brand presence

We have established several brands successfully across segments and flavors thereby enjoying brand recall from customers. IMFL products under our own brand portfolio as well as under various tie-up arrangements with other Companies include CAPRICORN, 2 BARRELS, CHEVALIER, KONARAK, GREEN MAGIC amongst others.

Entry barrier for new entrants

It is at the discretion of the State and Union Territory Government for permitting any new entrants and preference is given to existing licensees and manufacturers for manufacturing and marketing of IMFL products. Thus the market is presently fully protected in respect of our Company's existing business operations.

Established Manufacturing facility

Our existing manufacturing facility is located in Puducherry and is equipped with State -of - art infrastructure facilities & technology. We started with initial capacity of 7,20,000 cases per annum and a bond capacity of 6300 cases of Excise Bonded warehouse. Presently our plant is having an installed capacity of 14,25,000 cases per annum and 26000 cases of Bonded

warehouse. Further, we aim to expand the capacity to 36,00,000 cases per annum as set out in our Objects of the Issue.

Research & development and designing capabilities

Due to very existence in the Industry for past 10 years, our company has developed its brand on technical front. Our company has developed state-of-the-art Quality Control and in-house R&D Department. Our Company has already developed technology in the field of manufacturing a wide range of IMFL products.

Leveraging the experience of our Promoter, Mr. R.V. Ravikumar

Our Promoter Mr. R. V. Ravikumar, has experience in the Industry for past 30 years, and has developed good clientele base, technical expertise & has contributed immensely in making RKDL a specialized player in manufacturing of IMFL products.

Wide product portfolio and ability to cater to diverse needs of markets

Our product portfolio consists of a variety of IMFL products such as of Whisky, Brandy, Rum, Gin & Vodka, thus catering to diverse needs of markets.

Location advantage of the Unit

Our manufacturing facility has the following locational advantages:

- The raw materials required for the plant are available easily since the unit is well connected to highways which enable easy access to three states namely Kerala, Karnataka and Andhra Pradesh.
- Water is available in abundance, which is primarily sourced through bore wells.
- Cheap and skilled manpower is available in plenty.

Our Manufacturing Unit

Our unit is situated at R.S 89/4A, Katterikuppam Village, Mannadipet Commune, Puducherry with total plot area of 2,42,676 square feet. The factory premise is owned by us. This unit is located approx 19 Km away from the Puducherry town and is well connected with highways connecting three states namely Kerala, Karnataka and Andhra Pradesh.

Stated below are the brief details of some of the major equipments utilized at our manufacturing unit.

Name of Equipment	No of Machines	Capacity	Utility
LINE 1			
Jet washing machine	1	90 bottles per minute	Washing of bottles
Semi auto filing machine	2	45 bottles per minute	Filing liquor into bottles
Auto sealing machine	1	85 bottles per minute	Sealing of bottles
Auto labeling machine	1	85 bottles per minute	Labeling of bottles
LINE 2			
Jet washing machine	1	90 bottles per minute	Washing of bottles
Semi auto filing machine	2	45 bottles per minute	Filing liquor into bottles
Semi auto sealing machine	3	30 bottles per minute	Sealing of bottles
LINE 3			

Name of Equipment	No of Machines	Capacity	Utility
Jet washing machine	1	90 bottles per minute	Washing of bottles
Semi auto filing machine	2	45 bottles per minute	Filing liquor into bottles
Auto sealing machine	3	30 bottles per minute	Sealing of bottles
LINE 4			
Jet washing machine	2	90 bottles per minute	Washing of bottles
Auto filing machine	1	180 bottles per minute	Filing liquor into bottles
Auto sealing machine	1	180 bottles per minute	Sealing of bottles
Auto labeling machine	1	150 bottles per minute	Labeling of bottles
LINE 5			
Tunnel washing machine	1	240 bottles per minute	Washing of bottles in bulk in a tunnel
Mono block filing and sealing auto machine	1	240 bottles per minute	Filing and sealing of bottles
Auto labeling machine	1	240 bottles per minute	Labeling of bottles
R.O. Plant	1	5000 bulk liters per hour	Production of high quality demineralised water
D.M. Plant	1	3000 bulk liters per hour	Removal of minerals from water drawn from bore wells
Generator	1	180 Kva	Generation of electricity
ENA Storage Tank	4	2,75,000 Barrel liters	Storage of ENA
Blending Tanks	19	3,75,000 Barrel liters	Blending ENA with other ingredients
Loading Conveyor Belt	1	N.A	Loading and carrying boxes of liquor bottles from one place to another

Photos of the unit

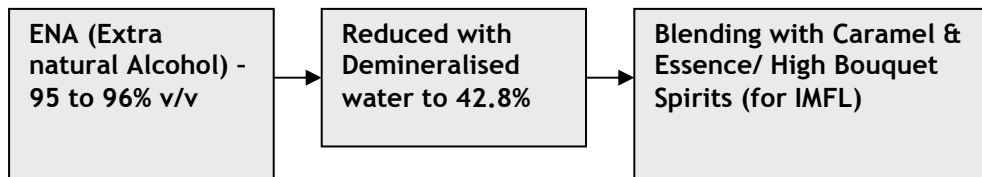








MANUFACTURING PROCESS OF IMFL PRODUCTS



Step 1: The Company procures ENA from processors of ENA out of molasses.

Step 2: The water drawn from bore wells with in the factory premises is processed using DM plant (Demineralization plant).

Step 3: The ENA of the required strength is mixed with demineralised water and the 'base' is created in the ratio of 4.05:4.95 (volume required for 9 liters of liquor to be produced per case).

Step 4: The Company procures /imports grape spirit concentrates/malt spirit etc. and stores them in the CASKS (DRUM made up of OAK wood) for longer durations in order to enable spirit to gain quality in taste for manufacture of premium brands.

Step 5: To the base produced in step 3 above, grape spirit concentrates /malt spirit along with essence for flavor and edible dyes (for giving the colors) are added and stirred at a regular interval to form a uniform blend as per ISI standard and is then further reduced to 25 Under Proof (U.P) i.e., 42.08% volume by volume (v/v) i.e. 42.08% of Alcohol and balance 57.92% of water to produce brandy /whisky/rum/gin/vodka.

Step 6: The blended formulations are then allowed to mature in large steel tanks for a minimum period of 72 hours.

Step 7: The samples are drawn from the tanks and sent to government forensic sciences lab (Public Health Laboratory) for analysis and test report is obtained before commencement for bottling.

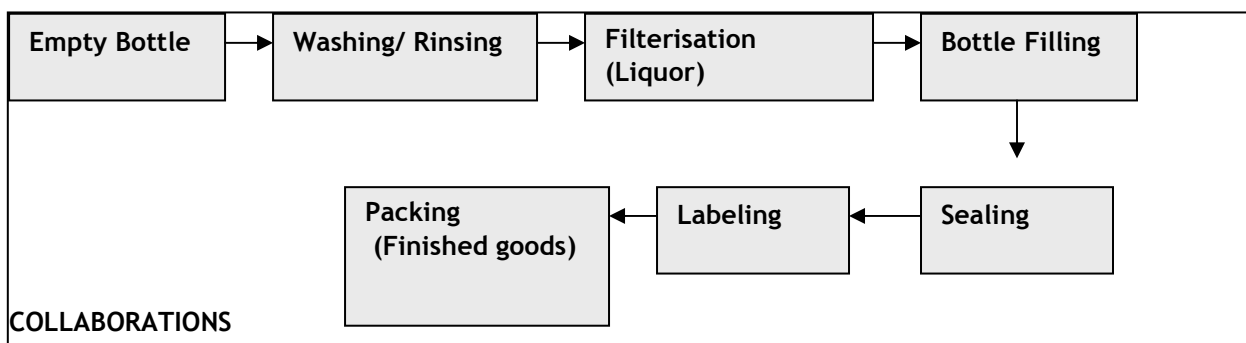
Step 8: The new/recycled bottles are cleaned/sterilized using bottled washing & conveyer system and will be screened for defects /cracks.

Step 9: The blended formulation after obtaining the required Certificate from public health lab confirming to ISI standard would then be passed through hose pipes by using transfer pumps and then conveyed to filter press for filtration and then passed on to the filling machine and bottled and inspected for the presence of impurities breakage/improper capping.

Step 10: The filled bottles would then be pasted with brand label using labeling machine. Thereafter, the labeled bottled are affixed with excise stickers and packed in corrugated cartons and numbered for excise control. Each carton contains bottles with a total volume of "8.64 liters" or "9 liters".

Step 11: The packed cartons are then stacked in the bonded stores. The entire operation right from receipt of ENA/blending/filing /packaging is supervised by Government excise officials.

Bottling procedure



The Company has so far not entered into any technical or financial collaboration agreement.

RAW MATERIAL & OTHER UTILITIES

Raw Material required

The main raw material consumed by our Company for blending and bottling operation is Extra Neutral Alcohol (ENA) which constitutes approximately 95% of the total raw material cost. Other raw materials are malt spirits, flavors & concentrates, chemicals, etc. The aforesaid raw materials items are procured from time to time as per production schedule and are easily available in India in abundance.

The details of the major raw material suppliers are as under :

Sr. No.	Name of the Raw material	Name of the Supplier	Imported/ Indigenous
1.	Extra neutral alcohol (ENA)	M/s Associated Alcohols & Breweries Limited, Madhya Pradesh M/s. Manjara Shetkari SSK Limited, Maharashtra and other distilleries located in Maharashtra and Karnataka	Indigenous
2.	Grape spirit	M/s. SPR Group Holders Pvt. Ltd., Karnataka	
3.	Malt spirit	M/s. SPR Group Holders Pvt. Ltd., Karnataka	Indigenous
4.	Flavors and concentrates	M/s. Compagne Des Grandes Eaux De view De France M/s.Krystal Flavours, Chennai M/s.Benson Co., Bangalore M/s.Mane India Pvt. Ltd., Hydrabad M/s.Dohler India Pvt. Ltd., Pune M/s.The Flavours India, Puducherry M/s. Supreme Auromatics Pvt. Ltd., Puducherry M/s. Tamil Nadu Kadhi Bhavan, Coimbatore	Imported Indigenous
5.	Bottles	M/s. Industrial Trade Corporation, Kolkata M/s. Pearl Polymers Ltd., Bangalore M/s. Organic Industries Ltd., Bangalore M/s. Swasthik Caps, Puducherry M/s. KSM Industries, Puducherry M/s. Premier Bottles, Thalassery M/s. Chennai Bottles, Chennai	Indigenous

Sr. No.	Name of the Raw material	Name of the Supplier	Imported/ Indigenous
		M/s. SM Traders, Puducherry M/s. Sree Ramachandra Bottles Stroes, Puducherry	
6.	Labels	M/s. Vivek Fine Arts, Sivakasi M/s. Universal Prints and Packs, Sivakasi M/s. Magaji, Bangalore	Indigenous
7.	Caps	M/s. Guala Closures (India) Pvt. Ltd., Goa M/s. Karnataka Closures Pvt. Ltd., Manipal	Indigenous
8.	Cartons	M/s. Murugan Packaging, Puducherry M/s. Vital Trading Packaging Division M/s. Sri Srinivasa Cartons	Indigenous

Utilities

Our Company's manufacturing unit is located at Puducherry, a well developed industrial belt particularly for the distillery industry where the utilities like water, power and manpower are easily available.

Power

Total sanction load of Power as on date is 200 KVA. Our Company has three DG Sets totaling to a generating capacity of 247 KVA installed at the unit which takes care of any power failure for uninterrupted production.

Water

The water consumption at our manufacturing unit is 80,000 liters per day and the same is sourced through Bore wells (two numbers) out of which one bore well is located inside our premises and another adjoining to our factory.

Manpower

The details of manpower (at works) employed as on 31st October, 2010 are as under:

Sr. no	Category	No. of employees
1.	Factory Managers	2
2.	Excise Manager & Assistant	2
3.	Electrician, Mechanics, Blending Assistants	7
4.	Supervisors	4
5.	Bonded Warehouse Assistants, DM Plant Operators, Stores Assistants, Gardener	8
6.	Workers	62
	TOTAL	85

The details of manpower (other than works) employed as on 31st October, 2010 are as under:

Sr. no	Category	No. of employees
1.	Company Secretary	1
2.	Administration & Finance	3
3.	Marketing Managers	4
4.	Accounts Manager and Executives	6
5.	Purchase and Sales Manager	2
6.	Counter Sales Man	30
7.	Office Staff	14
8.	Clerks	2
	TOTAL	62

Major Customers

Our customer base for IMFL products are wide spread in Puducherry through distribution tie-ups. The following are our major customers for IMFL products and the gross turnover of them during the fiscal 2009-10:

Particulars	Amount (Rs. in Lacs)
Sri Sai Enterprises	878.30
Taurus & Taurus (India) Ent.Pvt.Ltd.	638.14
Amma Traders	434.14
Sree Lakshmi Liquors	341.90
Royal Wines	315.56
Vijayalakshmi Wines	303.44
A.M.S. Liquor Merchants	286.49
Vinodh Liquors	279.83
Cacatte Wines	254.87
Shanmuga Wines	235.12

Competition

IMFL industry is witnessing high level of competition as the domestic players gear up to compete for a larger share of the market. The entry of multinationals in the domestic liquor business has led to increased competition.

Major Competition in the IMFL markets is from established national players. These players are primarily present in the Medium and Premium segments of the market. Apart from the national level players there are regional players who compete with us across all the segments. Therefore, we not only face competition from few existing players in IMFL segment in each State i.e. Andhra Pradesh, Kerala and Karnataka but also from imports coming into the grey markets.

Our competitors for the Puducherry market are as follows:

- M/s. Vinbros & Co., Odiampet, Villianur, Puducherry.
- M/s. Premier Distilleries Ltd., Mangalam, Villianur, Puducherry.
- M/s. Deekay Exports, Madukari, Puducherry.

- M/s. Khoday's Industries, Puducherry.
- M/s. United Spirits Ltd, Puducherry.

The IMFL markets of Kerala, Karnataka and Andhra Pradesh are characterized by regulatory restrictions on selling by respective State Government on IMFL products. Distilleries/Breweries/Bottling plants are not allowed to sell their production directly to wholesalers/market. The State Governments directly purchase IMFL products from the respective distilleries and breweries largely mitigating the effect of competition with all the players who are able to sell their production. If there is a change in the aforesaid regulatory scenario the marketing strategy is likely to get affected. The industry also faces threats of prohibition, high excise duties, exorbitant import duty, restrictions on advertisement, restrictions on inter-state movement, besides there are barriers of control over distribution and near-monopoly status of retailers and distributors. All these factors have affected our margins and established national players continue to have better edge over the Industry.

Marketing Arrangement

Liquor Industry is quite sensitive industry and is influenced by the State Government / Union Territories Policies which is different for different States.

Kerala

The Kerala market is totally controlled by the Government. The government owned corporation Kerala State Beverages Corporation (KSBC) floats rate contract tenders every year and the rate contract tender is opened in the month of February for business for the succeeding finance year. All domestic and foreign liquor manufacturers can participate in the rate contract tender and can quote upto ten brands. All the tenders are accepted, provided there is no very high variance in the price quoted by the same distillery in the previous year for the respective brands.

The KSBC places initial order of 11,000 cases and we have to supply to the initial order @ 1000 cases to all 11 depots of KSBC located across Kerala.

The marketing responsibility vests with us. We will appoint sales executives in respective regions in order to liquidate the stocks at the earliest, meet the customers at the outlets and market the brand by way of offers, gifts etc.,

Upon liquidation of stocks the KSBC repeats the order which is normally 1.5 times the previous order. The faster the liquidation, the faster is repeat orders with increased quantity.

Andhra Pradesh

The Andhra market is similar to Kerala market. The controlling agency in Andhra is Andhra Pradesh State Beverages Corporation (APSBC). As per the policy of APSBC, the distillery can decide on the quantity and apply for issue of permit. The APSBC assess the capability based on the performance in the previous years. In the case of existing suppliers and in the case of new entrants, based on the stature of the distillery, the initial order quantity is decided, which normally is not below 20,000 cases. Similar to Kerala, marketing responsibility vests with us. We will appoint sales executives in respective regions in order to liquidate the stocks at the earliest. The faster the stock is liquidated, the faster is replenishment.

Karnataka

Karnataka sale of liquor market is totally controlled by the Government organisation namely Karnataka State Beverages Corporation Limited (KSBCL). As per the policy of KSBCL, the Distillery has to register their name in the KSBCL on payment of fee as a vendor for supplying IMFL through KSBCL. KSBCL is the competent person to issue purchase order to supply IMFL to all depots around Karnataka. Based on such purchase orders issued by the KSBCL, we have to obtain permission from the Karnataka State Excise for transport of IMFL from Puducherry to the depots of Karnataka. From the Depot of respective region, the retailers will purchase the IMFL for their sales. Depending upon the brand value and the structure of the distillery, KSBCL will issue initial order to the tune of 10,000 Cases. In order to promote our brand in the retail market which is owned by private sector, we will appoint local sales representative for promotional activities such as posters, POP materials, gifts etc. Like other states the faster liquidation, we will get more order from the KSBCL. The faster the stock is liquidated, the faster is replenishment.

Puducherry

Puducherry is an open market. The channel is manufacturer, distributor and retailer. We supply our IMFL products to the distributors through distribution tie-ups. The retailers will purchase from the distributors for their sales. In order to promote our brand in the retail market, we have appointed local sales representative for promotional activities such as posters, POP materials, gifts etc.

Quality

We have obtained Quality Management Certificate ISO 9001:2000 from URS (a member of Registrar of Standards (Holdings) Ltd, a UK registered company). The scope of activity covered by the certificate is “Manufacture & Supply of Indian Made Foreign Liquors” for our Puducherry Unit on April 13, 2007 and is valid till April 12, 2013.

Quality Control

We have qualified team who is dedicated towards quality. With the help of a systematic quality control process, we are able to produce high quality products. The following explain the quality control mechanism for our IMFL products.

(A) Manufacturing of IMFL Products:

(1) Extra Neutral Alcohol: ENA is tested for the following specifications:

Sr. No.	Characteristics / Parameters	Requirement as per IS 6613 - 1972 for ENA
1.	Specific Gravity @ 15.6 deg C	0.81
2.	Ethanol content % v/v at 15.6 deg C	95 to 96
3.	Miscibility with water	Miscible
4.	Alkalinity	Nil
5.	Acidity as Acetic acid	20 ppm
6.	Residue on acetate	20 ppm
7.	Aldehyde as Acetaldehyde	40 ppm
8.	Ester as Ethyl acetate	100 ppm
9.	Methanol	To pass test
10.	Propanol	To pass test

Sr. No.	Characteristics / Parameters	Requirement as per IS 6613 - 1972 for ENA
11.	Fusel Oil	To pass test
12.	Furfural	To pass test
13.	Copper as Cu	2 ppm
14.	Lead as Pb	Nil
15.	Permanganate Reaction time (Minutes)	40

Strength	PRT	Taste
96% to 97% v/v	35 Minutes to 40 Minutes	To Pass

(2) DM Water:

Water which is available in the factory bore wells is pumped to DM water plant where water is de-mineralised in the REVERSE OSMOSIS plant which is totally automated and the resultant de-mineralised water is stored in DM Water tank before sending to blending tank. The periodic test for various standards is conducted to conform to the required specifications.

(3) Concentrate & Flavours:

Extreme care and secrecy is maintained during the preparation of flavouring concentrate, which is done by the Chemist in the formulation room. The formula is maintained as the Company's secret and safeguarded carefully. The so prepared flavouring concentrates are packed in container and kept ready for blending. The methods and quality control systems are proprietary. Hence cannot be disclosed.

(B) Bottling of IMFL Products:

(1) Bottles: They are tested for quality and clarity manually.

(2) Cap: It is tested for following specifications:

Sr. No.	Characteristics / Parameters	Specifications
1.	Thickness of the sheet	0.2mm
2.	Number of Bridges	8 to 10
3.	Cutting of Bridge During Opening	To pass the test
4.	Vad Thickness	1.5 mm
5.	Knurling	To pass the test

(3) Label: It is tested for following specifications:

Sr. no	Characteristics / Parameters	Specifications
1.	Thickness	80 to 90 GSM as per the size and company's specifications
2.	Grain	Vertical

(4) Cartons : They are tested for bursting strength and to pass the strength not less than 5.5 kgs/cm² Burst Strength.

Our Existing Products

We are principally engaged in the manufacturing of IMFL products including the following:

(A) Products manufactured under our own brand name:

Premium segment	Regular segment
• 2 BARRELS Napoleon Brandy • CAPRICORN Super Brandy • CAPRICORN Super Premium Whisky • CAPRICORN Super XXX Rum • CAPRICORN Super White Rum • CAPRICORN Super GIN • CAPRICORN Super Vodka • CAPRICORN VSOP Brandy	• DUPLEIX Fine Whisky • Black Grape Doctor No.1 Brandy • FREEDOM Brandy • FREEDOM Whisky • FREEDOM Rum • Ding Dong Whisky • Mr. King Brandy • Kada Mark Brandy • 3 coins VSOP Brandy • Once More Grape Brandy • Super 6 Fine Brandy • Once More XXX Rum • Royal Lion Brandy
Medium segment	Cheap segment
• KONARAK Malt Whisky • KONARAK Classic Brandy • KONARAK XXX Rum • KONARAK Grape Brandy	• CHEVALIER Brandy • CHEVALIER Deluxe Brandy • CHEVALIER XXX Rum • CHEVALIER Whisky • GREEN MAGIC Grape Brandy

(B) Products manufactured for others in their brand name:

• 8 PM Rare Whisky • Special Appointment Premium Whisky • Contessa XXX Rum • Contessa Brandy • Old Admiral VSOP Brandy • 8 PM Excellency Brandy • Radico Gold VSOP Brandy • Radico Choice Brandy • White Field Brandy and other Brands	• Royal Gold Cup Whisky • Magic Brandy • Chairman Brandy • Original Choice Deluxe Brandy • Original Choice Whisky • Magestic Fine Brandy • Tiger XXX Rum • Mysore Lancer Whisky • Black Jack Whisky and other Brands
--	--

Export Obligations

At present, we do not have any export obligation; however our products are exported to Malaysia in small quantities.

Capacity & Capacity Utilisation

Existing:

Particulars	2009-10		2008-09		2007-08	
Cases (per annum)	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation
	14,25,000	7,47,074	14,25,000	6,66,666	7,20,000	5,55,036

Proposed

Particulars	2010-2011		2011-12		2012-2013	
Cases (per annum)	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation
	14,25,000	12,00,000	36,00,000	25,20,000	36,00,000	28,80,000

The proposed increase in Installed Capacity from 14,25,000 cases in the Fiscal 2008-2009 to 36,00,000 in 2011-12 is attributed to replacement from semi-automatic lines to automatic lines.

Our Business Strategy

Increase in Capacity by replacement of Semi Automatic to Automatic Lines

At present we have 3(three) semi automatic lines, 1(one) automatic line with obsolete technology and one (1) fully automatic line with latest technology. With a view to tap our presence in the adjoining states, there would be a steep rise in demand of IMFL products. Therefore, we are in the process to replace our 3(three) semi automatic line and 1(one) obsolete automatic line to fully automatic lines to increase the production from current levels and meet the rising demand of our products.

Redistillation of ENA

In Puducherry, there is no availability of Extra Neutral Alcohol which is the main raw material for IMFL products. We have to depend upon other states like Maharashtra, Madhya Pradesh and Uttar Pradesh for its supply. The transit time for transportation of ENA from these States to Puducherry is over ten days. Further, in Karnataka plenty of Rectified Spirit is available at a cost lower than ENA. Hence we propose to install a re-distillation plant in our manufacturing unit for the supply of ENA from Rectified Spirit which would reduce the cost of production of our final IMFL products.

Enhancement in market share

We are presently having our market presence in Puducherry and now we plan to enter new lucrative markets of adjoining States such as Kerala, Andhra Pradesh, Karnataka. We also propose to submit an application for enlistment to Canteen Stores Department (CSD), for supply of IMFL to CSD which is expected to materialize.

Brand Development

We have established our distinct identity in Puducherry by establishing several brands successfully across segments and flavors thereby enjoying brand recall from customers. We look forward to penetrate in new geographic territories like the States of Kerala, Karnataka & Andhra Pradesh. We have undertaken marketing initiatives to promote our brand such as meeting the customers at the outlets and market the brand by way of offers, gifts etc.

SWOT

Strengths

- Cordial relationship with Customers
- Knowledge of Industry - Commercial & Technical
- Established Manufacturing facility
- Low Overhead cost

- Bottling high quality IMFL products
- Brand Presence
- Experienced management team

Weaknesses

- Limited distribution network of IMFL
- Lack of nation-wide presence.

Opportunities

- Establishment of market in neighboring states
- Potential to increase capacity in the existing facility

Threats

- Industry is prone to change in government policies, any material changes in the duty may adversely impact our financials
- The Industry has negative perception in the Indian culture context leading to circumstances like ban on liquor consumption, advertising of alcoholic beverages etc which is not conducive to business development

Intellectual Property

We have registered our corporate logo and trade name “Capricorn” under Class 33 with the Deputy Registrar of Copyrights. For further details of approvals relating to intellectual property, see “Government and Other Approvals” beginning on page 191 of the RHP.

Properties

Our Registered Office is located at 1-C,Nandita Apartments, No. 47, Thirumalai Pillai Road, T. Nagar, Chennai, Tamil Nadu, India- 600 017. Our manufacturing facility is located at R.S 89/4A, Katterikuppam Village, Mannadipet Commune, Puducherry. The details of Property occupied, leased or owned by the Company are as under:

Sr. No.	Location	Title	Date of Agreement / Acquisition	Agreement Valid till
1.	1-C,Nandita Apartments, No. 47, Thirumalai Pillai Road, T. Nagar, Chennai - 600 017	Leased	01/11/2010	30/09/2011
2.	17, Kamaraj Salai, Puducherry- 605011	Leased (Note 1)	01/10/2010	30/08/2011
3.	Shop No. 154/7, Kottupalayam, E.C.R Road, Puducherry - 605 008.	Leased	01/01/2008	31/12/2012
4.	Door No 21, Kamaraj Salai, Puducherry- 605 011	Leased	01/11/2010	30/09/2011
5.	Door No. P 54, 55 , Kamaraj Salai, Iyyappasamy Nagar, Mudaliarpot, Puducherry.	Leased	05/02/2010	04/01/2011
6.	Door No.2, Mariamman Koil street, Sittankudi, Puducherry.	Leased	01/04/2010	28/02/2011
7.	R.S 89/4A, Katterikuppam Village, Mannadipet Commune, Puducherry	Owned	30/07/1997	NA

Note 1: Interest in Property

The Corporate Office of our Company situated at 17, Kamaraj Salai, Puducherry, India- 605 011 is on lease for eleven (11) months starting from 1st October, 2010. The Company has taken such lease from Our Promoter, Mr. R.V. Ravikumar for a monthly rental of Rs. 1,08,000/- who is deemed to be interested to the extent of lease rent received by him from our Company.

Purchase of Property:

We have entered into an agreement on dated 24th day of March, 2008 with Ravikumar Properties Private Limited to acquire 33.54 acres of land situated at Nilayur Village, Madurai South Taluk, Madurai, Tamil Nadu for a consideration of Rs. 1500.00 Lacs of which Rs. 1099.68 Lacs advance payment has been made to them. We propose to set up an IMFL manufacturing unit on this land subject to government regulations, policies and approvals.

Insurance Policies

The Company has taken insurance policies insuring major risks relating to its stocks, building, plant & machinery, accessories at its manufacturing facilities & at their commercial premises. However the insurance policies may not provide adequate coverage in certain circumstances and are subject to deductibles, exclusions and limit on coverage.

We have taken different insurance policies covering the following:

Policy type	Standard Fire and Special Perils Policy
Property insured	On Stock in Trade of Merchandise consisting of raw materials, goods in process and finished goods & other stocks.
Coverage	Earthquake (fire and shock)
Policy no.	710404/11/10/11/00000057
Agency	New India Assurance Co. Ltd.
Sum insured	6,50,00,000
Total premium (Rs.)	53,771
From	02/06/2010
Valid up to	01/06/2011

Policy type	Standard Fire and Special Perils Policy
Property insured	Building including compound wall, generator room, stores block, office blocks, toilet, boiler room, cycle stand, security room and plant & machinery, electric fittings tools and accessories, lab equipments
Coverage	Earthquake (fire and shock)
Policy no.	710404/11/10/11/00000055
Agency	New India Assurance Co. Ltd.
Sum insured	7,55,00,000
Total premium (Rs.)	62,457
From	02/06/2010
Valid up to	01/06/2011

Policy type	Standard Fire and Special Perils Policy
-------------	---

Property insured	Stocks of all kinds of raw material, work in progress, finished goods and packing materials.
Coverage	Earthquake (fire and shock)
Policy no.	710404/11/10/11/00000061
Agency	New India Assurance Co. Ltd.
Sum insured	4,00,000
Total premium (Rs.)	331
From	02/06/2010
Valid up to	01/06/2011

Policy type	Floater Policy
Property insured	Materials in go-down
Coverage	Fire
Policy no.	710404/11/10/13/00000097
Agency	New India Assurance Co. Ltd.
Sum insured	130,00,000
Total premium (Rs.)	13622
From	13/07/2010
Valid up to	12/07/2011

Policy type	Group Personal Accidents
Persons insured	Company's Present Directors as well as employees & staff
Coverage	Personal Accidents & Medical Expenses (Due to accidents)
Policy no.	710404/42/09/03/00000831
Agency	New India Assurance Co. Ltd.
Sum insured	2,27,00,000
Total premium (Rs.)	27,041
From	04/03/2010
Valid up to	03/03/2011

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Central / State Governments that are applicable to our Company in India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

The Companies Act, 1956

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Companies Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

Regulation of Foreign Investment in India

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 (“FEMA”) and the rules and regulations promulgated there under. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (“FEMA Regulations”) which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the RBI for foreign direct investment under the “automatic route” within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route, and in respect of investments in excess of the specified sectoral limits under the automatic route, approval for such investment may be required from the FIPB and/or the RBI. Further, FIIs may purchase shares and convertible debentures of an Indian company under the portfolio investment scheme through registered brokers on recognized stock exchanges in India. Regulation 1 (4) of Schedule II of the FEMA Regulations provides that the total holding by each FII or SEBI approved sub-account of an FII shall not exceed 10% of the total paid-up equity capital of an Indian company or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs and sub accounts of FIIs added together shall not exceed 24% of the paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24% may be increased up to the statutory ceiling as applicable, by the Indian company concerned passing a resolution by its board of directors followed by the passing of a special resolution to the same effect by its shareholders.

State Excise Act, 1944

The production of liquor products requires manufacturers to obtain licenses from the respective State Governments under the local state laws. These licenses also determine the production capacity of each facility. The Excise department is second largest tax revenue earning department of state government. It deals with the administration of the laws and rules relating to manufacture, possession, sale, import, export and transport of Alcoholic Beverage, and collection of revenue from each of these sources. The department is not only involved in collection of revenue but it works to prevent illegal trade, trafficking and production of illicit Liquor. Excise duty imposes a liability on a manufacturer to pay excise duty on production or manufacture of goods in India. The Central Excise Act, 1944 is the principal legislation in this respect, which provides for the levy and collection of excise and prescribes procedures for clearances from factory once the goods have been manufactured.

Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 was enacted as a general legislation to safeguard the environment from all sources of pollution by enabling coordination of the activities of the various regulatory agencies concerned, to enable creation of an authority with powers for environmental protection, regulation of discharge of environmental pollutants etc. The purpose of the Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws, such as Water Act & Air Act. It includes water, air and land and the inter-relationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

Consent for operation of the plant under the Air (Prevention and Control of Pollution) Act 1981 ("Air Act")

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

Consent for operation of the plant under the Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act was enacted in 1974 in order to provide for the prevention and control of water pollution by factories and manufacturing industries and for maintaining or restoring the wholesomeness of water. In respect to an Industrial Undertaking it applies to the (i) Occupier (the owner and management of the undertaking) (ii) Outlet (iii) Pollution and (iv) Trade effluents. The Act requires that approvals be obtained from the corresponding Pollution Control Boards in the state.

Water (Prevention and Control of Pollution) Cess Act, 1977

The Water Cess Act is a legislation providing for the levy and collection of a cess on local authorities and industries based on the consumption of water by such local authorities and industries so as to enable implementation of the Water Act by the regulatory agencies concerned.

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

Copyright Act, 1957

The Copyright Act, 1957 came into effect from January 1958. Copyright is an exclusive right. The statutory definition of Copyright is the exclusive right to do or authorizes others to do certain acts in relation to Literary, dramatic or musical works, Artistic work Cinematograph film; and Sound recording. The purpose of recognizing & protecting the copyright of an author is to statutorily

protect his work & inspire him to exercise his creative faculties. Copyright is granted for a specific period of time. Whether an act is an infringement or not would depend on the fact whether copyright is subsisting in the work or not. In case the copyright has expired, the work falls in the public domain & any act of reproduction of the work by any person other than the author would not amount to infringement.

Income-tax Act, 1961

The Income Tax Act, 1961 deals with the taxation of individuals, corporates, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses.

Service Tax

Chapter V of the Finance Act 1994 (as amended), and Chapter V-A of the Finance Act 2003 requires that where provision of certain listed services, whole taxable services exceeds Rs. 10,00,000, a service tax with respect to the same must be paid. Every person who is liable to pay service tax must register himself for the same.

Central Sales Tax Act (CST)

The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on inter state sales and states the principles and restrictions as per the powers conferred by Constitution.

Indian Boilers Act, 1923

The Indian Boilers Act was enacted with the objective of ensuring the safety of public life and property by administering and enforcing the provisions of the Act with respect to steam boilers. As per the provisions of the Act, the Chief Inspector of Boilers or an Inspector appointed under the Act periodically reviews the administration of the regulations by (a) Approval of manufacturers, (b) Inspection of designs relating to boilers and inspection of boilers / boiler components manufacture, (c) approval of boiler repairers and boiler erectors, (d) authorization and inspection of boiler repairs and (e) certification of boiler operating engineers, boiler operators and welders.

Explosives Act, 1884

This is a comprehensive law which regulates the manufacture, possession, sale, transportation, exportation and importation of explosives. As per the definition under the Act, an explosive includes any substance, whether a single chemical compound or a mixture of substances, whether solid or liquid or gaseous, used or manufactured with a view to produce a practical effect by explosion or pyrotechnic. The Government may also by notification declare that any substance, which appears to be specifically dangerous to life or property, by reason either of its explosive properties or of any process in the manufacture thereof being liable to explosion, as an explosive within the meaning of the Act. The Act requires that licenses are to be obtained for the manufacture, possession, use, sale, transport and importation of explosives.

Standards of Weights and Measures Act, 1976

This legislation and the rules made there under apply to any packaged commodity that is sold or distributed. It provides for standardization of packages in specified quantities or numbers in which the manufacturer, packer or distributor shall sell, distribute or deliver some specified commodity to avoid undue proliferation of weights, measures or number in which such commodities may be packed. Any person intending to pre-pack or import any commodity for sale, distribution or delivery has to make an application to the Director of Legal Metrology for registration.

Standards of Weights and Measures Enforcement Act, 1985

The Standards of Weights and Measures Enforcement Act, 1985 regulates the classes of weights and measures manufactured, sold, distributed, marketed, transferred, repaired or used and the classes of users of weights and measures. The Act was passed with a view to regulating and modernizing the standards used in India based on the metric system. The units of weight which are sought to be used in day to day trade are required to be periodically inspected and certified by the designated authorities under this act for their accuracy

State laws on Excise and Prohibition and Rules governing Indian Made Foreign Liquor.

The alcoholic beverages sector under the Constitution is a State subject and accordingly States and Union Territories frame their own policies/taxation regime. With a view to raising resources to meet the growing developmental needs, excise revenue is generated through duties and fees such as excise duty, license fee, sales tax, brand/label registration fee, import/export fee, vend fee, gallonage fee, turnover tax etc. Rates of such duties/fees vary widely from State to State.

Electricity Act, 2003

The Electricity Act, 2003 has been recently introduced with a view to rationalise electricity tariff, and to bring about transparent policies in the sector. The Act provides for private sector participation in generation, transmission and distribution of electricity, and provides for the corporatisation of the state electricity boards. The related Electricity Regulatory Commissions Act, 1998 has been enacted with a view to confer on these statutory Commissions the responsibility of regulating this sector.

State laws governing general sales tax

As a consequence of the enactment of the Value Added Tax Act, in most of the states in India, the General Sales Tax Act, 1959 has been rendered redundant, since only one of the legislations can operate in the State. The Tamil Nadu Value Added Tax Act, 2006 has been in force in the state of Tamil Nadu from the 1st January 2007.

Value Added Tax (“VAT”)

VAT is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

State laws governing entry tax

Entry Tax provides for the levy and collection of tax on the entry of goods into the local areas of the state for consumption, use or sale therein and matters incidental thereto and connected therewith. It is levied at such rate as may be specified by the State Government and different rates may be specified for different goods. The tax leviable under this Act shall be paid by every dealer in scheduled goods or any other person who brings or causes to be brought into a local area such scheduled goods whether on his own account or on account of his principal or customer or takes delivery or is entitled to take delivery of such goods on such entry.

Approvals from Local Authorities

Setting up of a Factory or Manufacturing/Housing unit entails the requisite Planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents from the state Pollution Control Board(s), the relevant state Electricity Board(s), the State Excise Authorities, Sales Tax, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

Industrial (Development and Regulation) Act, 1955

The Industrial (Development and Regulation) Act, 1951 has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

Foreign Trade (Development and Regulation) Act, 1992

This statute seeks to increase foreign trade by regulating the imports and exports to and from India. This legislation read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

The Factories Act, 1948

The Factories Act, 1948 is a social legislation which has been enacted to regulate the occupational safety, health and welfare of workers at work places. This legislation is being enforced by the Government through officers appointed under the Act i.e. Inspectors of Factories, Deputy Chief Inspectors of Factories who work under the control of the Chief Inspector of Factories and overall control of the Labour Commissioner. The ambit of operation of this Act includes the approval of Factory Building Plans before construction/extension, investigation of complaints with regard to health, safety, welfare and working conditions of the workers employed in a factory, the maintenance of registers and the submission of yearly and half-yearly returns.

State laws governing Labour Welfare Funds

The concept of Labour Welfare Fund has been evolved in order to extend a measure of social assistance to workers in the unorganized sector. Towards this end, separate legislations have been

enacted by Parliament to set up five Welfare Funds to be administered by Ministry of Labour. The Government is authorized to constitute the Labour Welfare Fund and all unpaid accumulations owed to the workers shall be paid, at such intervals as may be prescribed, to the State Board, and be credited to the Fund and the Board has to maintain account of the same and settle worker claims.

Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1960

The Employment Exchanges (Compulsory Notification of Vacancies) Act was enacted to provide for compulsory notification of vacancies to the Employment Exchanges and for furnishing of returns relating to vacancies that have occurred or are about to occur by the employers. All Establishments in Public Sector and such establishments in private sector excluding Agriculture, where ordinarily 25 or more persons are employed fall within the purview of the Act. These establishments are required to notify all vacancies (other than those exempted) to the appropriate Employment Exchange as notified in the official Gazette by the State Government in the prescribed format.

Payment of Wages Act, 1936 ("Wages Act")

Wages Act applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than Rs 10,000/-. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

The Minimum Wages Act, 1948 ("Minimum Wages Act")

Minimum Wages Act was enacted to provide for minimum wages in certain employments. Under this Act, the Central and the State Governments are the authorities to stipulate the scheduled employment and to fix minimum wages. The Act contains list of Agricultural and Non Agricultural employment where the prescribed minimum rate of wages is to be paid to the workers. The minimum wages are calculated and fixed based on the basic requirement of food, clothing, housing required by an average Indian adult.

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952

The Act is applicable to factories employing more than 20 employees and may also apply to such establishments and industrial undertakings as notified by the Government from time to time. All the establishments under the Act are required to be registered with the Provident Fund Commissioners of the State. Also, in accordance with the provisions of the Act the employers are required to contribute to the Employees' Provident Fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. As per the provision of the Act, employers are to contribute 12% of the basic wages, dearness allowances and remaining allowances (if any) payable for the time being to the employees. A monthly return in Form 12 A is required to be submitted to the commissioner in addition to the maintenance of registers by the employers.

Payment of Gratuity Act, 1972

A terminal lump sum benefit paid to a worker when he or she leaves employment after having worked for the employer for a prescribed minimum number of years is referred to as "gratuity". The provisions of the Act are applicable to all the factories. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A and thereafter whenever there is any change in the name, address or change in the nature of the business of the establishment a notice in Form B has to be filed with the authority. The Employer is also required to display an abstract of the Act and the rules made there-under in Form U to be affixed at the or near

the main entrance. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made under Payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 is applicable to every establishment employing 20 or more employees. The said Act provides for payment of the minimum bonus to the employees specified under the Act. It further requires the maintenance of certain books and registers such as the register showing computation of the allocable surplus; the register showing the set on & set off of the allocable surplus and register showing the details of the amount of Bonus due to the employees. Further it also require for the submission of Annual Return in the prescribed form (FORM D) to be submitted by the employer within 30 days of payment of the bonus to the Inspector appointed under the Act.

Contract Labour (Regulation and Abolition) Act, 1970

The purpose of Contract Labour (Regulation and Abolition) Act 1970, is to regulate the employment and protect the interests of the workers who are hired on the basis of individual contracts in certain establishments. In the event that any activity is outsourced, and is carried out by labourers hired on contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards provident fund etc.

Employment (Standing Orders) Act, 1950

The Industrial Employment (standing orders) Act requires employers in industrial establishments to formally define conditions of employment under them. It applies to every industrial establishment wherein 100 (reduced to 50 by the Central Government in respect of the establishments for which it is the Appropriate Government) or more workmen are employed. The Act calls for the submission of such conditions of work to the relevant authorities for their approval.

The Equal Remuneration Act, 1976 ("Equal Remuneration Act") and Equal Remuneration Rules, 1976

The Constitution of India provides for equal pay for equal work for both men and women. To give effect to this provision, the Equal Remuneration Act, 1976 was implemented. The Act provides that no discrimination shall be shown on the basis of sex for performing similar works and that equal remuneration shall be paid to both men and women when the same work is being done.

Employees State Insurance Act, 1948

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments where 20 or more persons are employed. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

The Maternity Benefit Act, 1961 ("Maternity Act")

The purpose of Maternity Act 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia for payment of maternity benefits, medical bonus and enacts prohibition on dismissal, reduction of wages paid to pregnant women etc.

Registrations under the applicable Shops & Commercial Establishments Acts of the respective States in which our Company has an established place of business/ office ("Shops Act")

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner.

OUR HISTORY AND CORPORATE STRUCTURE

History & Background

Our Company was incorporated as "Ravi Kumar Distilleries Limited" on 11th October, 1993 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu and received its Certificate for Commencement of Business on 4th day of December, 1998.

Our Company is registered under the Companies Act, 1956 with registration no. U51909TN1993PLC025981.

Our Company is promoted by Mr. R.V. Ravikumar and is currently engaged in manufacturing of IMFL products under its own brand portfolio as well as under tie-up arrangements with other companies. Our Company entered into the Distillery Industry in the year 1999 by starting manufacture of IMFL products by means of setting up of our distillery unit which is located at R.S 89/4A, Katterikuppam Village, Mannadipet Commune, Puducherry with an installed capacity of 7,20,000 cases per annum with initial production running on two (2) semi auto lines.

We currently operate through same unit which is now having a installed capacity of 14,25,000 cases per annum with a State -of - art infrastructure and all modern facilities for blending and bottling. We are one of the major suppliers of IMFL products in regions of Union Territory of Puducherry and one of the top ten selling brands of IMFL 180 ML Pack. We have 30 different brands under our portfolio like namely Capricorn Super Brandy, Capricorn Super White Rum, Capricorn Super XXX Rum, Chevalier Brandy, Chevalier XXX Rum, Chevalier Whisky, Capricorn Super Vodka, Capricorn Super Gin, Konark Grape Brandy, 2 Barrels Blended Whisky etc. We have also approximately 65 brands under tie up arrangements.

The Registered Office of our Company is situated at 1-C,Nandita Apartments, No. 47, Thirumalai Pillai Road, T. Nagar, Chennai, Tamil Nadu, 600 017.

The Corporate office of our Company is situated at 17,Kamaraj Salai, Puducherry, India- 605 011.

Changes in the Registered Office of our Company since inception:

At the time of incorporation, the registered office of our Company was situated at 2B, Nandita Apartments, No. 47 Thirumalai Pillai Road, T. Nagar, Chennai - 600 017, India Subsequently by a Board resolution dated January 1, 1999, the registered office of our Company was shifted to 3D, Nandita Apartments, No. 47 Thirumalai Pillai Road, T. Nagar, Chennai - 600 017, India. By a Board resolution dated April 26, 2004, the registered office of our Company was shifted to 1C, Nandita Apartments, No. 47 Thirumalai Pillai Road, T. Nagar, Chennai - 600 017, India. The changes in our registered office were due to lapse of tenancy agreements and for better administration and operational reasons.

Major Events and Milestones

Year	Particulars
1993	Incorporation of the Company
1999	Established our manufacturing unit at Puducherry with initial capacity of 7,20,000 cases per annum and a bond capacity of 6300 cases of Excise Bonded warehouse with 2(two) semi- automatic lines.
1999	Strategic tie-up with M/s Shashi Distilleries Limited, Bangalore & M/s Gemini Distilleries (Puducherry) Pvt. Ltd. for bottling of their premium brands.

Year	Particulars
2000	Launching of our first brand namely 'Capricorn Super Brandy'
2000	Strategic tie-up with M/s Radico Khaitan Limited for bottling of their premium brands.
2001	Launching of our medium segment brands namely 2 Barrels Grape Brandy
2001	Tie-up with M/s. Kapitan Distillery, Hyderabad, Andhra Pradesh for production and marketing of our own brands in Andhra Pradesh Market and also Tie-up with M/s. John Distilleries Ltd., Bangalore for producing their brands.
2002	We launched our medium segment brand namely Green Magic Brandy
2003	Tie-up with M/s. United Distilleries, Kerala, for production of IMFL products of our own brands at their distillery.
2003	Expansion of capacity by installing one more semi-automatic and one automatic line unit and capacity enhanced to 8,00,000 cases per annum.
2005	We launched our new medium segment brand namely 'Once more, Grape Brandy & 3 Jacs No. 1, Fine Brandy'
2005	Increase in the raw material and packing material storage capacity from 16,000 Sq.ft to 32,000 Sq.ft
2006	Increase in Excise Bonded ware house capacity to 26,000 cases.
2007	Received ISO 9001: 2000 certificate from Ukas Quality Management
2008	Increase in the capacity to 12,00,000 cases per annum, by adding one more production line and also installed a Reverse Osmosis Plant in the unit
2009	Increase in the capacity to 14,25,000 cases per annum.

For details of increase in our capital please refer section titled "Capital Structure" on page 43 of this Red Herring Prospectus.

Main Objects of our Company

The Object clauses of the Memorandum of Association of our Company enable us to undertake the activities for which the funds are being raised in the present issue. Furthermore, the activities of our Company has been carrying out until now are in accordance with the objects of the Memorandum. The objects for which our Company is established are:

1. To carry on the business of distillers, Brewers and Maltsters in all its branches.
2. To carry on the business as manufacturers, dealers, agents, Importers and exporters of spirits, denatured spirits, alcohol including potable, power and Industrial alcohols, rectified spirits, alcohols, extra neutral alcohols, Indian made foreign liquors, beer, wine and other beverages including aerated and mineral waters and other drinks.
3. To carry on the business as manufacturers, dealers, agents, importers and exporters of all organic and inorganic chemicals, derived from molases, cane sugar, tapioca or other carbohydrate bearing roots or from alcohol or from starch bearing materials, like ethyle alcohol, Acetic acid, Acetates, benzenes, glycolos of ethylene and other derivateies there from.
4. To carry on the business as manufacturers, dealers, agents, importers and exporters of all kinds of fermenting agents, enzymes, corks, bottle, stoppers, bottle fillers, used in manufacturing, packing and filling spirits, alcohols, wines, and other items of brewery and distillery Industry and chemicals and their derevitives manufactured from such item.

5. To carry on the business as dealers, agents, importers and exporters of all kinds of plant, machinery, accessories, components used in brewing, distillery and allied chemical industries.

Changes in the Memorandum of Association:

The following changes have been made in the Memorandum of Association and Articles of Association of our Company since inception:

Date	Amendment
09/07/1997	Authorised Share Capital increased from Rs.26,00,000/- divided into 2,60,000 Equity shares of Rs.10/- each to Rs.2,00,00,000/- divided into 20,00,000/- Equity Shares of Rs.10/- each.
30/04/2003	Authorised Share Capital increased from Rs.2,00,00,000/- divided into 20,00,000/- Equity Shares of Rs.10/- each to Rs.4,00,00,000/- divided into 40,00,000 Equity Shares of Rs.10/- each.
27/02/2006	Authorised Share Capital increased from Rs.4,00,00,000/- divided into 40,00,000/- Equity Shares of Rs.10/- each to Rs.5,00,00,000/- divided into 50,00,000 Equity Shares of Rs.10/- each.
07/11/2007	Authorised Share Capital increased from Rs.5,00,00,000/- divided into 50,00,000/- Equity Shares of Rs.10/- each to Rs.10,00,00,000/- divided into 1,00,00,000 Equity Shares of Rs.10/- each.
26/04/2008	Authorised Share Capital increased from Rs. 10,00,00,000/- divided into 1,00,00,000 Equity Shares of Rs.10/- each to Rs. 20,00,00,000/- divided into Equity Shares 2,00,00,000 of Rs.10/- each.
27/11/2009	Authorised Share Capital increased from Rs. 20,00,00,000/- divided into 2,00,00,000 Equity Shares of Rs.10/- each to Rs. 25,00,00,000/- divided into Equity Shares 2,50,00,000 of Rs.10/- each.

Holding Company of our Company

Our Company has no Holding company as on the date of filing of the Red Herring Prospectus.

Subsidiaries of our Company

Our Company has no subsidiaries as on the date of filing of the Red Herring Prospectus.

Shareholders Agreement

There are no agreements with shareholders.

Other Agreements

Except as stated in the section titled “Our History and Corporate Structure” in this Red Herring Prospectus and the contracts, which have been entered in regular course of business, there are no other material agreements or contracts, which have been entered into within a period of two years prior to the date of this Red Herring Prospectus, which are subsisting as on date.

Agreement with Ravikumar Properties Limited

We have entered into an agreement on dated 24th day of March, 2008 with Ravikumar Properties Private Limited to acquire 33.54 acres of land situated at Nilayur Village, Madurai South Taluk, Madurai, Tamil Nadu for a consideration of Rs. 1500.00 Lacs of which Rs. 1099.68 Lacs advance payment has been made to them. We propose to set up an IMFL manufacturing unit on this land subject to government regulations, policies and approvals.

Strategic Partners

At present, our Company does not have any strategic partners.

Financial Partners

At present, our Company does not have any financial partners

Shareholders / Members:

Our Company has eight (8) members as on the date of filing of this Red Herring Prospectus.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association, our Company is required to have not less than three (3) directors and not more than twelve (12) directors. Our Company currently has eight (8) directors on Board. The following table sets forth current details regarding our Board of Directors:

Name, Father's name, Address, Occupation, Nationality, Date of Birth & DIN	Age	Nature of Directorship	Date of Appointment	Other Directorships
1. Mr. R.V.Ravikumar S/o Mr. K. Ramalingam No: 2, Villa Balaji, First cross - Extension, Rainbow Nagar, Puducherry - 605 011,INDIA Occupation: Entrepreneur Nationality: Indian DOB: 17/12/1955 Term: Three Years w.e.f. October 1, 2010 DIN: 00336646	54 Yrs	Managing Director	11.10.1993	1. Ravikumar Properties Private Limited 2. Ravikumar Powergen Private Limited 3. Ravikumar Resorts & Hotels Private Limited 4. Craze(India) Private Limited 5. RKR Hotels Private Limited 6. Brahmar Cellulose Products Pvt. Ltd. 7. Reality Projects & Entertainments Private Limited
2. Mrs. R. Amirthavalli D/o Mr. Vedhachalam No: 2, Villa Balaji, First cross - Extension, Rainbow Nagar, Puducherry - 605 011,INDIA Occupation: Entrepreneur Nationality: Indian DOB: 13/04/1957 Term: Three Years w.e.f. October 1, 2010 DIN: 00063566	53 Yrs	Whole Time Director	11.10.1993	1. Ravikumar Properties Private Limited 2. Reality Projects & Entertainments Private Limited 3. Ravikumar Resorts & Hotels Private Limited 4. Ravikumar Powergen Private

Name, Father's name, Address, Occupation, Nationality, Date of Birth & DIN	Age	Nature of Directorship	Date of Appointment	Other Directorships
				Limited 5.Craze(India) Private Limited 6. RV Matrix Software Technologies Private Limited 7. Brahmar Cellulose Products Pvt. Ltd.
3. Mrs. S. Vijayalakshmi D/o Mr. Ramalingam No:2, 4th Cross, Brindavanam, Puducherry - 605 013,INDIA Occupation: Service Nationality: Indian DOB: 02/11/1972 Term: Three Years w.e.f. October 1, 2010 DIN: 02091138	38 Yrs	Whole Time Director	19/05/1996	Nil
4. Mr. Badrinath S. Gandhi S/o: Mr. Paramanatha Gandhi 20 & 21, 11 th Street, 4 th Cross, Krishna Nagar, Puducherry - 605 008, INDIA Occupation: Service Nationality: Indian DOB: 01/03/1961 Term: Three Years w.e.f. June 1, 2009 DIN: 01960087	49 Yrs	Director	07/11/2007	
5. Mr. Popatlal Kathariya S/o Mr. Mukanchand Kathariya 908, Nalanda, Sunder Nagar, S.V. Road, Malad (West), Mumbai-400064 Occupation: Professional Nationality: Indian DOB: 21/06/1953 DIN: 00281395	57 Yrs	Independent Director	03/11/2010	1. SAM Tax & Finance Services Private Limited

Name, Father's name, Address, Occupation, Nationality, Date of Birth & DIN	Age	Nature of Directorship	Date of Appointment	Other Directorships
6. Mr. K. S.M. Rao S/o Mr. K.R. Sarvothama No.18, 2 nd Floor, Laxman Nivas, Plot No.226, 227, Sion East, Mumbai - 400 022, INDIA Occupation: Professional Nationality: Indian DOB: 01/08/1947 DIN: 02096588	63 Yrs	Independent Director	07/11/2007	
7. Mr. Ashok Shetty S/o Raju K. Shetty 207, Duruvankur (Kamar Mansion), Sant Janabhai Road, Vile Parle (East), Mumbai-400 057, INDIA Occupation: Professional Nationality: Indian DOB: 02/12/1967 DIN: 02236271	43 Yrs	Independent Director	03/10/2009	Nil
8. Mr. R. Ramanujam S/o Mr. Ramairthachari No.36, 7 th Cross Street, Rainbow Nagar, Puducherry - 605 011, INDIA Occupation : Professional Nationality: Indian DOB: 27/03/1931 DIN: 02091094	79 Yrs	Independent Director	07/11/2007	Nil

None of our Directors are nor has been ever a director of any listed company, which has been suspended or delisted from any of the stock exchange in India.

Details of Directors

Mr. R.V.Ravikumar aged 54 years, Managing Director of our Company. He is a matriculate and the founder promoter of our Company. He has over 30 years of experience in liquor industry and 10 years of experience in manufacturing of liquor. He started his career as liquor distributor (Abkari Contractor) in the year 1978. His contribution to our Company has enabled the Company to reach at a respectable position in liquor manufacturing industry. He has also nurtured various other companies belonging to tourism, food and real estate industry under his management. He is the secretary of Puducherry Distilleries & Breweries Association and was a member of "All India Distilleries Association". He is the recipient of one of the prestigious awards "Chevalerie Due Verre Galant" from France and "Gem of India Award" from all India Achievers Conference, New Delhi. As the Managing Director of our Company, he looks after the overall management of our Company. He has been on the Board of Directors of our Company since incorporation and has been designated as the Managing Director of our Company on 1st October, 2000.

Mrs. R. Amirthavalli aged 53 years, Whole Time Director of our Company. She is a matriculate and has an experience of over 20 years in the field of liquor industry. She is actively involved in day-to-day operations of our Company. She has been on the Board of Directors of our Company since incorporation and has been designated as the Whole Time Director of our Company on 1st October, 2000.

Mrs. S. Vijayalakshmi aged 38 years, Whole Time Director of our Company. She is a Chemistry Graduate. She has an experience of over 8 years in flavor formulations and blending. She is responsible for preparation of flavor concentrates and blending of IMFL in our Company.

Mr. Badrinath S. Gandhi aged 49 years, Director of our Company. He is a Science Graduate. He has fine knowledge and exposure to systems management, project implementation, project planning, assessment, funding and project execution by virtue of his 16 years service in his previous employment. He had been instrumental in setting up 'Pondicherry Ashok Hotel Ltd'- a Government of Puducherry Undertaking and managing 'Pondicherry Electronics Limited'- a Joint Venture by PIPDIC & Government of Puducherry. He is responsible for business policies, strategic decisions, marketing and business development of our Company.

Mr. Popatlal Kathariya aged 57 years, Independent Director of our Company. He is Commerce Graduate, L.L.B. (Gen.), and Chartered Accountant. He is a practicing Chartered Accountant since 32 years and during this tenure he has gained experience in the field of Audit and Direct taxes. As an Independent Director of our Company and Chartered Accountant by practice, he brings a value addition to the Company.

Mr. K.S.M. Rao aged 63 years, Independent Director of our Company. He is Commerce graduate and also possesses Bachelor in Law. He has an experience of 30 years in the field of banking and finance. He has been associated with Union Bank of India as a General Manager wherein he was responsible for bringing out the book of instructions on foreign exchange business and updated the manual on internal audit and inspection. He was also responsible for finalizing the pricing for IBU Hongkong with Bank of Baroda and Indian Bank.

Mr. Ashok Shetty aged 43 years, Independent Director of our Company. He is a Commerce Graduate and a Chartered Accountant. He is a practicing Chartered Accountant since 11 years and during this tenure he has gained experience in the field of Audit, Taxation & Corporate Matters. As an Independent Director of our Company and Chartered Accountant by practice, he brings immense value to the Company.

Mr. R. Ramanujam aged 79 years, Independent Director of our Company. He is graduate by qualification. He was a Joint Secretary to the Government and Labour Commissioner for the Government of Puducherry for a period of 8 years. He also served as Executive Magistrate during anti-merger agitation and return officer for the assembly constitutes during late 1970s in Puducherry. After his retirement from Government Service in 1989, he joined as a Director in Coastal Distilleries and Labour Consultant for major industries of Puducherry. He has also served as enquiry officer for major disciplinary cases for Puducherry University. He is a member of Wage Dispute Committee for Anglo French Textiles, Swadeshi Cotton Mills and Bharathi Cotton Mills, Puducherry.

Family relationship between any of the Directors:

Name of the Director	Relationship of Directors with the Promoter/ Promoter Group
Mr. R.V.Ravikumar	Promoter
Mrs. R. Amirthavalli	Wife of Mr. R.V.Ravikumar

Borrowing Powers of the Directors

By a resolution passed at Extra Ordinary General Meeting of our Company held on 8th August 2009 consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) may exceed in the aggregate, the paid-up capital of our Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of our Company and its free reserves shall not at any time exceed Rs.50 Crores.

Terms of appointment and compensation of our Directors

Mr. R. V. Ravikumar, Managing Director

The members of our Company by a resolution passed in their Annual General Meeting held on 28th September, 2010 approved the reappointment and remuneration of Mr. R. V. Ravikumar as the Managing Director of our Company for a period of three (3) years w.e.f. 01/10/2010. The brief terms of his appointment are as follows:

Salary :

Rs.2,40,000/- per month including dearness allowance and all other allowances. No other Perquisites to be paid.

In the event of absence or inadequacy of net profits in any financial year of the company during the tenure, the remuneration shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any statutory modification thereof.

Mrs.R.Amirthavalli, Whole Time Director

The members of our Company by a resolution passed in their Annual General Meeting held on 28th September, 2010 approved the reappointment and remuneration of Mrs. R. Amirthavalli as the Whole Time Director of our Company for a period of three (3) years w.e.f. 01/10/2010. The brief terms of her appointment are as follows:

Salary :

Rs.75,000/- per month including dearness allowance and all other allowances. No other Perquisites to be paid.

In the event of absence or inadequacy of net profits in any financial year of the company during the tenure, the remuneration shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any statutory modification thereof.

Mrs. S. Vijayalakshmi, Whole Time Director

The members of our Company by a resolution passed in their meeting held on Annual General Meeting held on 28th September, 2010 approved the reappointment and remuneration of Mrs. S. Vijayalakshmi as the Whole Time Director of our Company for a period of three (3) years w.e.f. 01/10/2010. The brief terms of her appointment are as follows:

Salary :

Rs.30,000/- per month including dearness allowance and all other allowances. No other Perquisites to be paid.

In the event of absence or inadequacy of net profits in any financial year of the company during the tenure, the remuneration shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any statutory modification thereof.

Other service contracts entered into with the Directors

None of the Directors of the Company have entered into any service contract with the Company.

Details of Remuneration of the Directors

The following table set forth the remuneration paid to the Company's executive Directors during the fiscal 2010:

Name of the Director	Salary (Rs. in lacs)	Monetary Value of Perquisites (Rs. in lacs)	Total (Rs. in lacs)
Mr. R. V. Ravikumar	12.00	-	12.00
Mrs. Amirthavalli	7.20	-	7.20
Mrs. Vijayalakshmi	3.12	-	3.12
Mr. Badrinath S Gandhi	2.25	-	2.25

Remuneration paid to Non-Executive Directors

Our Company does not pay any Remuneration to the Non-Executive Directors.

Corporate Governance

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including the Listing Agreement to be executed with the Stock Exchanges and the SEBI Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

We have a Board constituted in compliance with the Companies Act and the Listing Agreement in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.

Currently our board has eight (8) Directors. We have three (3) Whole Time Directors, one (1) Non Executive & Non Independent Director, and four (4) Non-Executive & Independent Directors. The constitution of our Board is in compliance with the requirements of Clause 49 of the Listing Agreement.

The following committees have been formed in compliance with the Corporate Governance norms:

- A) Audit Committee
- B) Shareholders/Investors Grievance Committee
- C) Remuneration Committee

AUDIT COMMITTEE

Our Company has reconstituted an Audit Committee, as per the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement to be entered with Stock Exchanges, vide resolution passed in the meeting of the Board of Directors held on 3rd October, 2009.

The terms of reference of Audit Committee complies with the requirements of Clause 49 of the Listing Agreement, proposed to be entered into with the Stock Exchanges in due course. The committee presently comprises following four (4) directors. Mr. Ashok Shetty is the Chairman of the Audit Committee. The Company Secretary is the Secretary of our Audit Committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Ashok Shetty	Chairman	Independent Director
2.	Mr. K. S.M. Rao	Member	Independent Director
3.	Mr. Badrinath S. Gandhi	Member	Director
4.	Mr. R. Ramanujam	Member	Independent Director

Role of Audit Committee

The terms of reference of the Audit Committee are given below:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - (b) Changes, if any, in accounting policies and practices and reasons for the same
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management

- (d) Significant adjustments made in the financial statements arising out of audit findings
 - (e) Compliance with listing and other legal requirements relating to financial statements
 - (f) Disclosure of any related party transactions
 - (g) Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
 10. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 13. Discussion with internal auditors any significant findings and follow up there on.
 14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 17. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
 18. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
 19. Mandatorily reviews the following information:
 - (a) Management discussion and analysis of financial condition and results of operations;
 - (b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;

- (c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - (d) Internal audit reports relating to internal control weaknesses; and
 - (e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
20. Review the Financial Statements of its subsidiary company, if any.
21. Review the composition of the Board of Directors of its Subsidiary Company, if any.
22. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.

In addition, to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

DETAILS OF MEETINGS OF AUDIT COMMITTEE:

The Audit Committee has met eight (8) times after its formation till the date of this Red Herring Prospectus and the details of the Audit Committee meetings held are as under:

Date of Meeting	Nature of Major transactions undertaken in brief
19 th October, 2009	Reviewed the unaudited financials for quarter ended September, 2009.
18 th January, 2010	Reviewed the unaudited financials for quarter ended December, 2009.
10 th March, 2010	Reviewed the Restated Financial statements for fiscal 2005, 2006, 2007, 2008, 2009 and for the period ended 31 st December, 2009 for its inclusion in draft offer document for proposed IPO.
22 nd March, 2010	Reviewed the Objects of the proposed IPO and also reviewed the draft offer document.
23 rd June, 2010	Reviewed the unaudited financials for quarter ended March, 2010.
15 th July , 2010	Reviewed the unaudited financials for quarter ended June, 2010.
30 th August, 2010	Reviewed the Annual Audited Financials for the financial year ended 31 st March, 2010
22 nd October, 2010	Reviewed the Restated Financial statements for fiscal 2006, 2007, 2008, 2009, 2010 and for the period ended 30 th June, 2010 for its inclusion in offer document for proposed IPO.

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Our Company has reconstituted an Investors Grievance Committee to redress the complaints of the shareholders. The Shareholders/Investors Grievance Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 3rd October, 2009. The committee currently comprises of three (3) Directors. Mr. Popatlal Kathariya is the Chairman of the Shareholders/ Investors Grievance Committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Popatlal Kathariya	Chairman	Independent Director
2.	Mr. K.S.M. Rao	Member	Independent Director
3.	Mr. R. Ramanujam	Member	Independent Director

Role of Shareholders/Investors Grievance Committee

The Shareholders / Investors Grievance Committee of our Board looks into:

- The redressal of investors complaints viz. non-receipt of annual report, dividend payments etc.
- Matters related to share transfer, issue of duplicate share certificate, dematerializations.
- Also delegates powers to the executives of our Company to process transfers etc.

The status on various complaints received / replied is reported to the Board of Directors as an Agenda item.

REMUNERATION COMMITTEE

Our Company has reconstituted a Remuneration Committee. The Remuneration Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 3rd October, 2009. The Committee currently comprises of three (3) Directors. Mr. Popatlal Kathariya is the Chairman of the Remuneration Committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Popatlal Kathariya	Chairman	Independent Director
2.	Mr. K.S.M. Rao	Member	Independent Director
3.	Mr. R. Ramanujam	Member	Independent Director

The Remuneration Committee is vested with all necessary powers and authority to ensure appropriate disclosure on the remuneration of the directors and to deal with all elements of the remuneration package of all the directors including but not restricted to the following:

- To review, assess and recommend the appointment and remuneration of Whole Time Directors.
- To review the remuneration package including the retirement benefits, payable to the Directors periodically and recommend suitable revision / increments, whenever required, to the Board of Directors.

IPO COMMITTEE

Our Company has constituted an IPO Committee. The IPO Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 3rd October, 2009. The Committee currently comprises of four (4) Directors. Mr. R. V. Ravikumar is the Chairman of the IPO Committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. R. V. Ravikumar	Chairman	Managing Director
2.	Mrs. R. Amirthavalli	Member	Whole Time Director
3.	Mr. Badrinath S. Gandhi	Member	Director
4.	Mr. K.S.M Rao	Member	Independent Director

The IPO Committee has been vested with powers and authority to take all decisions relating to the issue and do all such acts and things as may be necessary and expedient for, incident and ancillary to the issue.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading.

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares on Stock Exchanges. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue.

Mr. G. Raghavan, Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Shareholding details of the Directors in our Company

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares. The following table details the shareholding of our Directors as on the date of this Red Herring Prospectus:

Name of Director	Number of Equity Shares	% of Pre-Issue Paid up Share Capital
Mr. R.V. Ravikumar	93,49,719	74.80
Mrs. R. Amirthavalli	75,056	0.60
Mr.R. Ramanujam	45	-
Total	94,24,820	75.40

Interest of Directors

All the Directors of our Company may be deemed to be interested to the extent of sitting fees and/or other remuneration if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses if any payable to them under the Articles of Association. All the Directors may also be deemed to be interested in the Equity Shares of our Company, if any, held by them, their relatives or by the companies or firms or trusts in which they are interested as directors / members / partners or that may be subscribed for and allotted to them, out of the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any other company in which they have direct /indirect interest or any partnership firm in which they are partners.

Interest in Property

The Corporate Office of our Company situated at 17, Kamaraj Salai, Puducherry, India- 605 011 is on lease for eleven (11) months starting from 1st October, 2010. The Company has taken such lease from Our Promoter, Mr. R.V. Ravikumar for a monthly rental of Rs. 1,08,000/- who is deemed to be interested to the extent of lease rent received by him from our Company.

Purchase of Property:

We have entered into an agreement on dated 24th day of March, 2008 with Ravikumar Properties Private Limited to acquire 33.54 acres of land situated at Nilayur Village, Madurai South Taluk, Madurai, Tamil Nadu for a consideration of Rs. 1500.00 Lacs of which Rs. 1099.68 Lacs advance payment has been made to them. We propose to set up an IMFL manufacturing unit on this land subject to government regulations, policies and approvals.

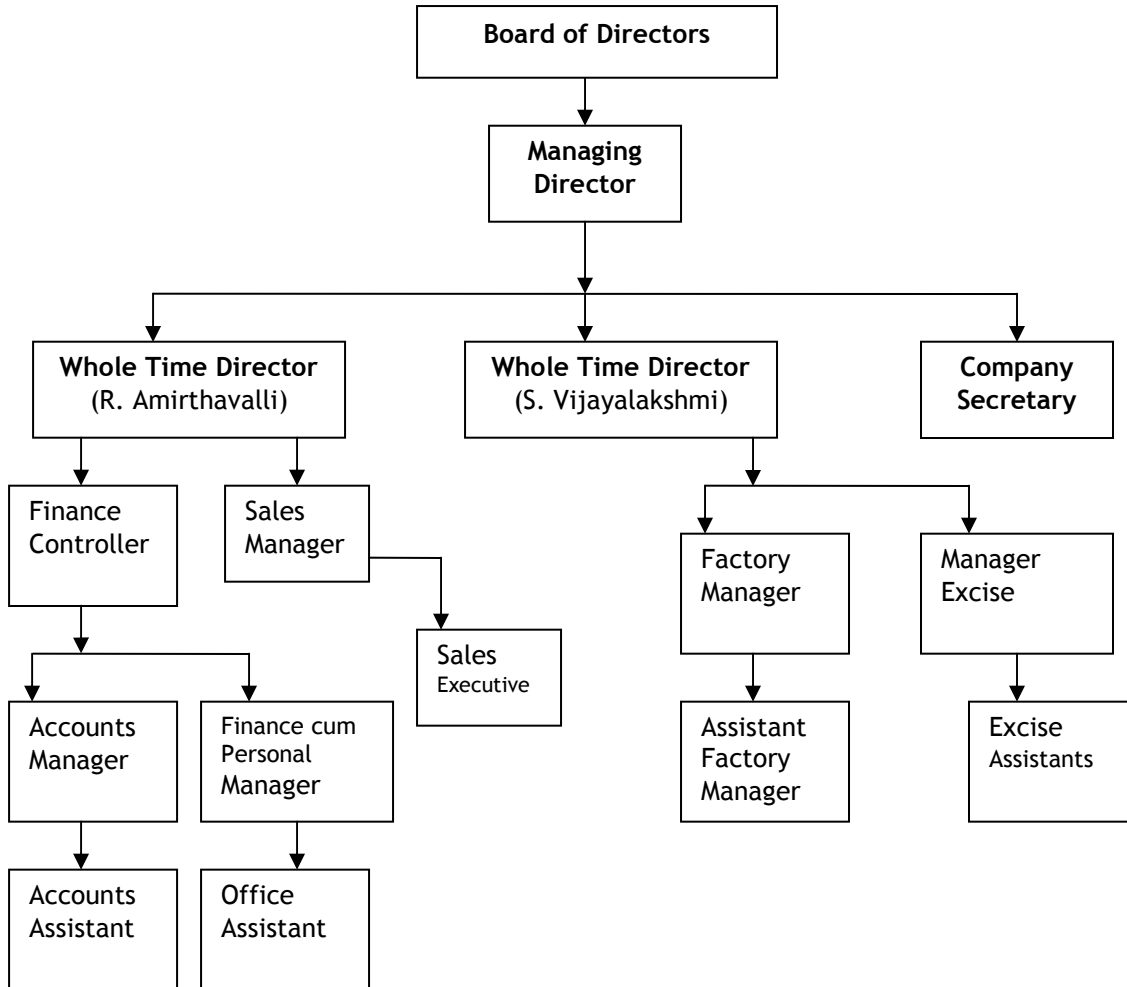
Except as stated under the Related Party Transaction on page 140 of the Red Herring Prospectus, our Company has not entered into any contract, agreements or arrangement during the preceding two (2) years from the date of this Red Herring Prospectus in which the Directors are interested directly or indirectly 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 our Board of Directors during the last three (3) years

The changes in the Directors during last three (3) years are as follows:

Name	Date of Appointment	Date of cessation	Reason
Mr. Badrinath S. Gandhi	-	30/09/2009	Change in designation to Director from Executive Director
Mr. V. Sivasankar	-	03/10/2009	Resignation
Mr. Ashok Shetty	03/10/2009	-	Appointment
Mr. N.R. Achan	-	03/11/2010	Resignation due to personal reasons
Mr. Popatlal Kathariya	03/11/2010		Appointment

ORGANISATION STRUCTURE



Key Managerial Personnel

Our Company is managed by its Board of Directors, assisted by qualified professionals, with immense experience in the field of production/finance/ distribution/marketing and corporate laws. The following key personnel assist the management:

Name	Date of Joining	Designation	Functional Responsibilities	Qualification	Previous Employment
Mr.S.Sankarnarayanan	01/06/2001	Finance Controller	Management of finance, sales tax and income tax matters, finalization of accounts.	M.Com, CAIIB	Bank of Baroda
Mr. M. Bhaskaran	01/06/1999	Factory Manager	Controlling the production process, production schedule, quality control.	B.Com	Mc Dowell & Co. Ltd
Mr. A. Arunagiri	18/06/2001	Sales Manager	Management of Company's Sales and Wholesale Division.	M.A	Nil
Mr. B. Rangabashyam	24/01/2000	Assistant Factory Manager	Production dispatch, monitoring inventory, statutory records.	D.C.T	Chemfab Alkalies Limited
Mrs. A. Manjula	01/03/2000	Manager (Excise)	Excise liasoning	B.Com	Balaji Enterprises Private Limited
Mrs. N. Nalini	10/04/2000	Accounts Manager	Preparation of financial Books, finalization of accounts, filling of returns, attend income tax cases.	B.Com,D.C.A	Sree Nivas Infotech
Mrs. G. Zegadisvary	09/01/2002	Finance cum Personnel Manager	Personnel matters in relation to Provident Fund, ESI, Gratuity, Group Insurance.	B.B.A, D.C.A	The Pondicherry Papers Limited
Mr. G. Raghavan	01/05/2008	Company Secretary	Vetting of lease agreement, drafting of resolutions, preparation of minutes &	M.Sc., CAIIB, ACS	Indian Bank

Name	Date of Joining	Designation	Functional Responsibilities	Qualification	Previous Employment
			compliance of the provisions of the Companies Act, 1956.		

Brief Profile of Key Managerial Personnel

Mr.S.Sankarnarayanan, aged 58 years, Finance Controller of our Company. He holds Masters Degree in Commerce from University of Madras and is also a CAIIB. He joined our Company in June, 2001. He carries with him 29 years of experience in the field of banking. His past association includes ITC Limited, Bank of Baroda. He is responsible for management of finance, sales tax and income tax matters, finalization of accounts.

Mr. M. Bhaskaran, aged 51 years, Factory Manager of our Company. He holds Bachelors degree in Commerce from Madurai Kamaraj University. He joined our Company in June, 1999. Prior to joining our Company he has worked with Mc Dowell & Co. Ltd. At present he is responsible for controlling the production process, production schedule, quality control.

Mr. A. Arunagiri, aged 34 years, Sales Manager of our Company. He holds a Masters degree in Arts (Economics). He is also a diploma holder in Personal Management from Pondicherry Community College. He joined our Company in June, 2001. He is responsible for management of Company's Sales and Wholesale Division.

Mr. B. Rangabashyam, aged 36 years, Assistant Factory Manager of our Company. He holds a Diploma in Chemical Technology from Erode Institute of Chemical Technology. He joined our Company in January, 2000. Prior to joining our Company, he was engaged at Chemfab Alkalis Limited. He is responsible for production dispatch, monitoring inventory, monitoring the movement of spirits, statutory records.

Mrs. A. Manjula, aged 33 years, Manager Excise of our Company. She holds a Bachelors degree in Commerce from University of Madras. She joined our Company in March, 2000. Prior to joining our Company she was associated with Balaji Enterprises Private Limited. She is responsible for excise liasoning.

Mrs. N. Nalini, aged 34 years, Accounts Manager of our Company. She holds a Bachelors degree in Commerce from Pondicherry University. She also holds a Diploma in Computer Application. She joined our Company in April, 2000. Prior to joining our Company she was associated with Sree Nivas Infotech. She is responsible for preparation of financial Books, finalization of accounts, filling of returns, maintenance of financial records, attend income tax cases.

Mrs. G. Zegadisvary, aged 34 years, Finance cum Personnel Manager of our Company. She holds a Bachelors degree in Business Administration from University of Madras. She also holds a Diploma in Computer Application. She joined our Company in January, 2002. Prior to joining our Company she was associated with "The Pondicherry Papers Limited". She is responsible for personnel matters in relation to Provident Fund, ESI, Gratuity, Group Insurance.

Mr. G. Raghavan, aged 61 years, Company Secretary of our Company. He is a Member of The Institute of Companies Secretaries of India, New Delhi and apart from this, he also possess CAIIB. His scope of work and responsibilities includes vetting of lease, loan agreements, preparation of Minutes, drafting of resolutions, preparation and updating of various Statutory Registers, liasoning with Stock Exchanges, and Compliance with the provisions of Companies Act, 1956. Prior to joining our company, he has worked with Indian Bank.

Family relationship between Key Managerial Personnel

As on date, none of the key managerial persons is having family relation with each other.

All of Key Managerial Personnel are permanent employee of our Company**Shareholding of the Key Managerial Personnel**

As on date, none of the key managerial personnel are holding any Equity Shares of our Company.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Profit sharing plan for the Key Managerial Personnel. Our Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

Loans to Key Managerial Personnel

There are no loans outstanding against key managerial personnel as on 30th June, 2010.

Changes in Key Managerial Personnel during the last three (3) years

The changes in our key managerial employees during the last three (3) years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. G. Raghavan	01/05/2008	-	Appointment

Employees Stock Option Scheme

Our Company does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme as on the date of filing of this Red Herring Prospectus.

Payment or Benefit to our Officers

Except for the payment of normal remuneration for the services rendered in their capacity as employees of our Company, no other amount or benefit has been paid or given within the two (2) preceding years or intended to be paid or given to any of them.

OUR PROMOTER

Profile and background of Our Promoter

	Mr. R.V. Ravikumar, age 54 years, is the founder promoter & Managing Director of our Company residing at No: 2, Villa Balaji, First cross - Extension, Rainbow Nagar, Puducherry - 605 011. He is a matriculate and has over 30 years of experience in liquor industry and 10 years of experience in manufacturing of liquor. He started his career as liquor distributor in the year 1978. He later promoted Ravi Kumar Distilleries Limited in the year 1993. His contribution to RKDL has enabled the Company to reach at a respectable position in liquor manufacturing industry. He looks after the overall management of our Company. He has also nurtured various other companies belonging to tourism, food, pharmaceuticals and real estate industry under his management. He is the secretary of Pondicherry Distilleries & Breweries Association and was a member of "All India Distilleries Association". He is the recipient of one of the prestigious awards "Chevalerie Due Verre Galant" from France and "Gem of India Award" from all India Achievers Conference, New Delhi. For further details relating to Mr. R.V. RaviKumar, including address, terms of appointment as our Managing Director and other directorships, see the section titled "Our Management" on page 112 of this Red Herring Prospectus.
---	---

Identification

Name	Mr. R.V. Ravikumar
Permanent Account Number	ACZPR4932K
Passport No.	E6301752
Voter ID	PY/01/020/042315
Driving License	Not Available
Bank Account Details	1. 301243 Tamil Nadu Mercantile Bank, Puducherry 2. 2722201000175 Canara Bank, Chennai 3. 2722101004393 Canara Bank, Chennai 4. 7443 Union Bank of India, Puducherry 5. 3003671495 State Bank of India, Siruthozhil Branch, Puducherry

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the promoter have been submitted to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, where the securities of our Company are proposed to be listed at the time of filing of the Red Herring Prospectus.

Interest of the Promoter

Interest in the Promotion of our Company

Our Company had been incorporated by Mr. R.V. Ravikumar amongst others. For this purpose, he had subscribed to our Memorandum of Association and to the initial issue of our Equity Shares.

Interest in the Property of our Company

Except as disclosed in the section titled “Our Business” on page 82, our Promoter does not have any interest in any property acquired by or proposed to be acquired by our Company since incorporation.

Interest as Member of our Company

Mr. R.V. Ravikumar holds 93,49,719 Equity Shares, respectively, in our Company and is therefore interested to the extent of his shareholding and the dividend declared, if any, by our Company. Except to the extent of shareholding of the Promoter in our Company and benefits as provided in the section titled ‘Terms of appointment and compensation of our Directors’ on page 116, our Promoter does not hold any other interest in our Company.

Also see “Our Management - Interest of Directors” on page 122 of this Red Herring Prospectus.

Payment or Benefit to Promoters

Except as stated in the section “Related Party Transactions” beginning on page 140 of this RHP, no amount or benefit has been paid or given to our Promoter within the two (2) preceding years from the date of filing of this Red Herring Prospectus or is intended to be paid.

Confirmations

Except as set out in the section titled “Outstanding Litigation and Material Developments” on page 179 of this Red Herring Prospectus, our Promoter has not been declared a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by our Promoter in the past or are pending against them.

Related Party Transactions

Except as disclosed in the section “Related Party Transactions” beginning on page 140, our Company has not entered into any related party transactions with our Promoter.

OUR PROMOTER GROUP / GROUP COMPANIES / ENTITIES

Promoter Group Individuals

The following natural persons (being the immediate relative of our Promoter) form part of our Promoter Group:

Relatives of Mr.R.V.Ravikumar

Name	Relationship with Mr. R.V.Ravikumar
Mrs. R. Amirthavalli	Wife
Mrs. Datchayani	Mother
Mr. Kamalakannan Mr. Vijayababu	Brothers
Mrs. Kanmani	Sister
Mr. R. Anandakumar	Son
Mrs. Abirami Mrs. Anithabharathi	Daughters
Mr. S. Boobalan Mr. V. Sivasankar	Brothers-in-law
Mrs. Parimala Mrs. Poonguzhali Mrs. Thilagavathi	Sisters-in-law

Promoter Group Companies and Entities

As specified in clause 2 (zb) of the SEBI Regulation, the companies, HUFs, partnership firms and other entities, that form part of our Promoter Group are as follows:

Listed companies within our Promoter Group:

There is no Listed Company in our promoter group

Unlisted companies within our Promoter Group:

1. Ravikumar Properties Private Limited
2. Ravikumar Resorts & Hotels Private Limited
3. Craze (India) Private Limited
4. RKR Hotels Private limited
5. Reality Projects & Entertainments Private Limited
6. Ravikumar Powergen Private Limited
7. Brahmar Cellulose Products Private Limited
8. RV Matrix Software Technologies Private Limited

DETAILS OF UNLISTED COMPANIES WITHIN OUR PROMOTER GROUP

Ravikumar Properties Private Limited

Date of Incorporation	28/04/2004
CIN	U70101TN2004PTC053092
Registered Office	1-C, Nandita Apartments, 47, Thirumalai Pillai Road, T. Nagar, Chennai- 600 017, Tamil Nadu,
PAN No.	AACCR86921

Address of Roc	Registrar of Companies, Tamil Nadu
Nature of Activities	To carry on the business of real estate viz. promotion, development and building of residential, commercial and other complexes, raw houses and other constructions and to act as contractors and to do all other acts and deeds as may be necessary and incidental thereto.

Board of Directors as on 31st October, 2010

Name	Designation
Mr. R.V. Ravikumar	Director
Mrs. R. Amirthavalli	Director

Financial Performance

The brief financials of Ravikumar Properties Private Limited for the last three (3) years based on audited financial statements are as under:

(Rs. in Lacs except per share data)

Particulars	31 Mar- 10	31 Mar- 09	31-Mar-08
Equity Share Capital	350.00	350.00	350.00
Reserves (excluding revaluation reserves)	(639.91)	(575.01)	(471.70)
Net Worth	(289.91)	(225.01)	(121.70)
Sales & Other Income	-	86.05	7.73
Profit After Tax	(64.91)	(103.30)	(31.63)
E.P.S. (Rs.)	(1.85)	(2.95)	(0.90)
N.A.V. (Rs.)	(8.28)	(6.43)	(3.48)
Face Value per share (in Rs.)	10.00	10.00	10.00

Shareholding Pattern as on 31st October, 2010

No.	Particulars	No of Shares	% of holding
1.	Mr. R.V. Ravikumar	34,97,500	99.93
2.	Mrs. R. Amirthavalli	2,500	0.07
Total		35,00,000	100.00

Ravikumar Properties Private Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Ravikumar Resorts & Hotels Private Limited

Date of Incorporation	04/10/2004
CIN	U55101TN2004PTC054383
Registered Office	1-C Nandita Apartments, 47, Thirumalai Pillai Road, T. Nagar, Chennai- 600 017, Tamil Nadu
PAN No.	AACCR9013P

Address of Roc	Registrar of Companies, Tamil Nadu
Nature of Activities	Ravikumar Resorts & Hotels Private Limited has been incorporated to carry out business in hotels, resorts, real estate, promoters, developers, trading in goods and services related to all kinds of hotels and resorts business, agency, travel services. However, at present company is not carrying out any business.

Board of Directors as on 31st October, 2010

Name	Designation
Mr. R.V. Ravikumar	Director
Mrs. R. Amirthavalli	Director

Financial Performance

The brief financials of Ravikumar Resorts & Hotels Private Limited for the last three (3) years based on audited financial statements are as under:

(Rs. in Lacs except per share data)

Particulars	31 Mar- 10	31 Mar- 09	31-Mar-08
Equity Share Capital	151.00	151.00	151.00
Reserves (excluding revaluation reserves)	(3.89)	(2.54)	(2.16)
Net Worth	147.11	148.46	148.84
Total Income	-	-	7.19
Profit After Tax	(1.35)	(0.39)	(0.61)
E.P.S. (Rs.)	(0.09)	(0.03)	(0.04)
N.A.V. (Rs.)	9.74	9.83	9.86
Face Value per share (in Rs.)	10.00	10.00	10.00

Shareholding Pattern as on 31st October, 2010

No.	Particulars	No of Shares	% of holding
1.	Mr. R.V. Ravikumar	9,500	95.00
2.	Mrs. R. Amirthavalli	500	5.00
Total		10,000	100.00

Ravikumar Resorts & Hotels Private Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Craze (India) Private Limited

Date of Incorporation	18/08/1998
CIN	U15499TN1998PTC040998
Registered Office	3rd Floor, B Wing, B Block, Mena Kampala Arcade, Door No. 113 & 114, Sri Thiagaraya Road, T Nagar Chennai-600 017, Tamil Nadu,
PAN No.	AABCM9961C

Address of Roc	Registrar of Companies, Tamil Nadu
Nature of Activities	To carry on the business of manufacturing and marketing of biscuits.

Board of Directors as on 31st October, 2010

Name	Designation
Mr. R.V. Ravikumar	Director
Mrs. R. Amirthavalli	Director

Financial Performance

The brief financials of Craze (India) Private Limited for the last three (3) years based on audited financial statements are as under:

(Rs. in Lacs except per share data)

Particulars	31 Mar- 10	31 Mar- 09	31-Mar-08
Equity Share Capital	304.00	304.00	80.00
Reserves (excluding revaluation reserves)	(549.84)	(481.88)	(352.22)
Revaluation reserves	269.63	290.30	313.98
Share Application Money	-	-	224.00
Net Worth	23.79	112.42	41.76
Total Income	151.82	214.29	237.00
Profit After Tax	(67.96)	(129.66)	(45.11)
E.P.S. (Rs.)	(2.23)	(4.27)	(5.64)
N.A.V. (Rs.)	0.78	3.70	5.22
Face Value per share (in Rs.)	10.00	10.00	10.00

Shareholding Pattern as on 31st October, 2010

No.	Particulars	No of Shares	% of holding
1.	Mr. R.V. Ravikumar	7,92,000	99.00
2.	Mrs. R. Amirthavalli	8,000	01.00
Total		8,00,000	100.00

Craze (India) Private Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

RKR Hotels Private limited

Date of Incorporation	18/02/1998
CIN	U45201TN1998PTC039925
Registered Office	NO.3, Mangesh Street, T Nagar, Chennai-600 017, Tamil Nadu
PAN No.	AABCV7570J
Address of Roc	Registrar of Companies, Tamil Nadu

Nature of Activities	To carry on the business of real estate, and running of hotels, resorts, restaurants, bar, clubs & banquets amongst others.
----------------------	---

Board of Directors as on 31st October, 2010

Name	Designation
Mr. R.V. Ravikumar	Director
Mr. Ravi Appasamy	Director

Financial Performance

The brief financials of RKR Hotels Private limited for the last three (3) years based on audited financial statements are as under:

(Rs. in Lacs except per share data)

Particulars	31 Mar- 10	31 Mar- 09	31-Mar-08
Equity Share Capital	154.95	154.95	104.00
Share Application Money	4.00	-	433.43
Reserves (excluding revaluation reserves)	867.20	908.77	494.00
Net Worth	1021.34	1062.91	597.19
Total Income	98.29	64.76	-
Profit After Tax	(41.57)	(69.21)	-
E.P.S. (Rs.)	(2.68)	(4.47)	-
N.A.V. (Rs.)	65.91	68.60	38.54
Face Value per share (in Rs.)	10	10	10

Shareholding Pattern as on 31st October, 2010

No.	Particulars	No of Shares	% of holding
1.	M/s. Ravikumar Properties Private Limited	5,04,762	32.58
2.	Mr. R.V. Ravikumar	1,57,933	10.19
3.	Mr. Ravi Appasamy	10,000	0.64
4.	M/s. APA Hotels Private Limited	8,32,000	53.70
5.	M/s. Ravikumar Resorts & Hotels Private Limited	44,762	2.89
Total		15,49,457	100.00

RKR Hotels Private limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Reality Projects & Entertainments Private Limited

Date of Incorporation	22/12/2004
CIN	U45209KL2004PTC017713

Registered Office	Plot No. 2, Kiran Complex, Chalakudi- Athirapally Road, Vattillapara P.O., Thrissur District-680 721, Kerala
PAN No.	AADCR1354A
Address of Roc	Registrar of Companies, Kerala
Nature of Activities	To carry on the business of construct, develop and operate all kinds of projects for apartments, clubs, parks, cottages, camps, & shopping malls etc. However, at present company is not carrying out any business.

Board of Directors as on 31st October, 2010

Name	Designation
Mr. R.V. Ravikumar	Director
Mrs. R. Amirthavalli	Director

Financial Performance

The brief financials of Reality Projects & Entertainments Private Limited for the last three (3) years based on audited financial statements are as under:

(Rs. in Lacs except per share data)

Particulars	31 Mar- 10	31 Mar- 09	31-Mar-08
Equity Share Capital	500.00	500.00	500.00
Reserves (excluding revaluation reserves)	(32.39)	(30.77)	(9.77)
Net Worth	467.61	469.23	490.23
Total Income	-	-	-
Profit After Tax	(1.62)	(20.99)	(0.31)
E.P.S. (Rs.)	(0.32)	(4.20)	(0.06)
N.A.V. (Rs.)	93.52	93.85	98.05
Face Value per share (in Rs.)	100.00	100.00	100.00

Shareholding Pattern as on 31st October, 2010

No.	Particulars	No of Shares	% of holding
1.	M/s. Ravikumar Properties Private Limited	4,99,890	99.98
2.	Mr. R.V. Ravikumar	110	0.02
Total		5,00,000	100.00

Reality Projects & Entertainments (P) Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Ravikumar Powergen Private Limited

Date of Incorporation	29/11/2004
CIN	U40101TN2004PTC054566

Registered Office	1-C Nandita Apartments, 47, Thirumalai Pillai Road, T. Nagar, Chennai- 600 017, Tamil Nadu
PAN No.	AACCR9433M
Address of Roc	Registrar of Companies, Tamil Nadu
Nature of Activities	To carry on the business of production and supply of electric power from biomass, electricians, electrical and mechanical engineers, manufacturers of electric motors amongst others. However, at present company is not carrying out any business.

Board of Directors as on 31st October, 2010

Name	Designation
Mr. R.V. Ravikumar	Director
Mrs. R. Amirthavalli	Director

Financial Performance

The brief financials of Ravikumar Powergen Private Limited for the last three (3) years based on audited financial statements are as under:

<i>(Rs. in Lacs except per share data)</i>			
Particulars	31 Mar- 10	31 Mar- 09	31-Mar-08
Equity Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserves)	(5.15)	(3.75)	(3.58)
Share Application Money	3.50	3.50	3.50
Net Worth	(4.15)	(2.75)	(2.58)
Total Income	-	-	-
Profit After Tax	(1.40)	(0.17)	(0.12)
E.P.S. (Rs.)	(14.02)	(1.65)	(1.16)
N.A.V. (Rs.)	(41.50)	(27.47)	(25.82)
Face Value per share (in Rs.)	10.00	10.00	10.00

Shareholding Pattern as on 31st October, 2010

No.	Particulars	No of Shares	% of holding
1.	Mr. R.V. Ravikumar	9,500	95.00
2.	Mrs. R. Amirthavalli	500	5.00
Total		10,000	100.00

Ravikumar Powergen Private Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Brahmar Cellulose Products Private Limited

Date of Incorporation	21/02/2008
CIN	U24117TN2008PTC066550

Registered Office	3rd Floor, B Wing, B Block, Mena Kampala Arcade, Door No. 113 & 114, Sri Thiagaraya Road, T Nagar Chennai-600 017, Tamil Nadu,
PAN No.	AADCB3888M
Address of Roc	Registrar of Companies, Tamil Nadu
Nature of Activities	To carry on the business of inorganic, organic chemicals connected with cellulose, starch, gum fatty alcohol as raw material or as other ingredient and to carry out research & development activity in relation to this work.

Board of Directors as on 31st October, 2010

Name	Designation
Mr. R.V. Ravikumar	Director
Mrs. R. Amirthavalli	Director

Financial Performance

The brief financials of Brahmar Cellulose Products Private Limited for the last three (3) years based on audited financial statements are as under:

(Rs. in Lacs except per share data)

Particulars	31 Mar- 10	31 Mar- 09	31-Mar-08
Equity Share Capital	500.00	60.51	10.00
Reserves (excluding revaluation reserves)	(714.47)	(129.81)	-
Net Worth	(214.47)	(69.30)	9.50
Total Income	572.58	0.38	-
Profit After Tax	(584.66)	(129.81)	-
E.P.S. (Rs.)	(96.62)	(21.45)	-
N.A.V. (Rs.)	(4.29)	(11.45)	9.50
Face Value per share (in Rs.)	10.00	10.00	10.00

Shareholding Pattern as on 31st October, 2010

No.	Particulars	No of Shares	% of holding
1.	Mr. R.V. Ravikumar	5,99,049	99.00
2.	Mrs. R. Amirthavalli	6,051	1.00
Total		6,05,100	100.00

Brahmar Cellulose Products Private Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

RV Matrix Software Technologies Private Limited

Date of Incorporation	26/12/2003
CIN	U72200TN2003PTC052218

Registered Office	3rd Floor, B Wing, B Block, Mena Kampala Arcade, Door No. 113 & 114, Sri Thiagaraya Road, T Nagar Chennai-600 017, Tamil Nadu,
PAN No.	AABCV9228P
Address of Roc	Registrar of Companies, Tamil Nadu
Nature of Activities	To carry on the business of all types of software for computer system applications, software system consultancy, computer hardware and research & training in information technology amongst others.

Board of Directors as on 31st October, 2010

Name	Designation
Mrs. R. Amirthavalli	Director
Mrs. Abirami Saravanan	Director
Mrs. Anitha Bharathi	Director
Mrs. V. Umarani	Director
Mrs. Andal Venkatraj	Director
Mrs. Ponnou Cannou	Director

Financial Performance

The brief financials of RV Matrix Software Technologies Private Limited for the last three (3) years based on audited financial statements are as under:

(Rs. in Lacs except per share data)

Particulars	31 Mar- 10	31 Mar- 09	31-Mar-08
Equity Share Capital	10.00	10.00	10.00
Reserves (excluding revaluation reserves)	6.33	1.13	(0.04)
Net Worth	16.33	11.13	9.96
Total Income	103.82	48.28	47.82
Profit After Tax	5.20	1.17	0.63
E.P.S. (Rs.)	5.20	1.17	0.63
N.A.V. (Rs.)	16.33	11.13	9.96
Face Value per share (in Rs.)	10.00	10.00	10.00

Shareholding Pattern as on 31st October, 2010

No.	Particulars	No of Shares	% of holding
1.	Mrs. R. Amirthavalli	30000	30
2.	Mrs. Abirami Saravanan	20000	20
3.	Mrs. Anitha Bharathi	20000	20
4.	Mrs. V. Umarani	10000	10
5.	Mrs. Andal Venkatraj	10000	10
6.	Mrs. Ponnou Cannou	10000	10
Total		100000	100.00

RV Matrix Software Technologies Private Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Litigation/ Defaults

For details relating to legal proceedings involving the Promoters and Members of the Promoter Group, see the section titled “Outstanding Litigation and Material Developments” beginning on page 179 of this Red Herring Prospectus.

Disassociation with Companies/Firms by the promoter of our Company during the preceding three (3) years

There are no Companies/ Firms with which the promoter of our Company have disassociated themselves during the preceding three (3) years.

Interest of Promoter Group Companies

Our Promoter Group companies are interested parties to the extent of their shareholding in the Company, if any and in any dividend and distributions which may be made by the Company in future and to the extent of the related party transactions disclosed in the sections “Related Party Transactions” beginning on pages 140 of the Red Herring Prospectus, respectively.

Further, We have entered into an agreement on dated 24th day of March, 2008 with Ravikumar Properties Private Limited to acquire 33.54 acres of land situated at Nilayur Village, Madurai South Taluk, Madurai, Tamil Nadu for a consideration of Rs. 1500.00 Lacs of which Rs. 1099.68 Lacs advance payment has been made to them. We propose to set up an IMFL manufacturing unit on this land subject to government regulations, policies and approvals. Therefore, Ravikumar Properties Private Limited is interested to this extent.

Common Pursuit

There is no Common Pursuit between our Company and Promoter Group entities.

Related business transaction within the group and significance on financial performance

There are no business transactions between our Company and the Promoter Group Companies, hence significance of these transactions on the financial performance of the Companies do not exist.

Sale or Purchase between our Company and our Promoter Group companies

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.

Companies for which an application have been made for striking off name

There are no Companies in our group, which have made an application to the Registrar of Companies for striking off their name from the Registrar in India.

RELATED PARTY TRANSACTIONS

For details on Related Party Transactions of our Company, please refer to Annexure 18 of restated financial statement under the section titled “Financial Information” on page 168 of the Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by the Board of Directors and approved by the shareholders of our Company, at their discretion, and will depend on a number of factors, including but not limited to the profits, cash flows, capital expenditure, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

Our Company has not declared dividend during the last five financial years.

SECTION V: FINANCIAL INFORMATION

FINANCIAL INFORMATION OF THE ISSUER COMPANY

AUDITOR'S REPORT

The Board of Directors,
RAVI KUMAR DISTILLERIES LIMITED
17, Kamaraj Salai, Puducherry,
India- 605 011

Dear Sirs,

- 1) We have examined the financial information of **RAVI KUMAR DISTILLERIES LIMITED** ("the Company"), annexed to this report, as approved by the Board of Directors of the Company & Audit Committee of Board of Directors, which has been prepared in accordance with requirements of :
 - a. Paragraph B of Part II of Schedule II to the Companies Act, 1956 ('the Act') and amendments thereof;
 - b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and related clarifications and the amendments made thereto from time to time ('the SEBI Guidelines'); and
 - c. The Guidance Note on the Reports in Company Prospectuses (Revised) and Guidance Note on audit Reports / Certificates on Financial information in Offer Documents Issued by the Institute of Chartered Accountants of India (ICAI) and
 - d. In terms of our engagement agreed upon with you in accordance with our Engagement letter.

Financial Information as per audited financial statements:

- 2) The Management of the Company is responsible for the preparation of the restated Financial Statements from the audited financial statements for (a) the financial years ended on March 31, 2006, 2007, 2008, 2009, 2010 and (b) three months period ended on June 30, 2010.
- 3) Audit for the financial year ended 31st March 2006, 2007, 2008 and 2009 was conducted by previous auditor M/s. Manian & Narayanan, Chartered Accountants and accordingly reliance has been placed on the financial information examined by him for the said year. The financial report included for these years is based solely on the report submitted by them. Further, audit for financial year ended 31st March, 2010 was audited by M/s. Manian & Narayanan, Chartered Accountants, and reaudited by us for this purpose.
- 4) In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of Ravi Kumar Distilleries Limited, we, M/s. Ramanand & Associates, Chartered Accountants, statutory auditors, of Ravi Kumar Distilleries Limited have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

- 5) The financial information for the above periods was examined to the extent practicable, for the purpose of audit of financial information in accordance with the Engagement Standards issued by the Institute of Chartered Accountants of India (ICAI). Those standards require that we plan and perform the audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement. We have reported on the financial information on the basis information and explanations provided by the management, books and records produced to us and such other tests and procedures, which in our opinion, were necessary for our reporting. These procedures included comparison of the attached financial information of the company with the respective audited financial statements.
- 6) In accordance with the requirements of Paragraph B Part II of Schedule II of the Act, the SEBI Guidelines and the Engagement Letter, we further report that:
 - a) The Restated Statement of Assets and Liabilities of the Company as at March 31, 2006, 2007, 2008, 2009, 2010 and as at June 30, 2010 examined by us, as set out in **Annexure 1** to this report are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes on adjustments and Notes to accounts set out in **Annexure 3**.
 - b) The Restated Statement of Profit or Loss of the Company for the years ended March 31, 2006, 2007, 2008, 2009, 2010 and for the three months period ended on June 30, 2010 examined by us, as set out in **Annexure 2** to this report are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes on adjustments and Notes to accounts set out in **Annexure 3**.
 - c) The Restated Statement of Cash flows of the Company for the years ended March 31, 2006, 2007, 2008, 2009, 2010 and for the three months period ended on June 30, 2010, examined by us, as set out in **Annexure 4** to this report are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes on adjustments and Notes to accounts set out in **Annexure 3**.
 - d) Based on the above, We are of the opinion that the restated financial information has been made after incorporating:
 - i. Adjustments for any material amounts in the respective financial years to which they relate; and
 - ii. There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements or Auditor's qualification requiring adjustments.
 - iii. Recomputation of Financial Statements in accordance with the correct accounting policies
 - iv. There was no change in accounting policies, which needs to be in the "Restated Summary Statements".
 - v. There are no revaluation reserves, which need to be disclosed separately in the "Restated Summary Statements".
 - vi. There is no audit qualifications requiring adjustments in the "Restated Summary Statements" and audit qualifications which do not require any adjustments in the "Restated Summary Statements" and Non -

quantifiable / Non - adjustments items are included in the Notes on accounts as set out in **Annexure 3**.

- 7) We have not audited any financial information statements of the company as of any date or for any period subsequent to June 30, 2010. Accordingly, we express no opinion on the financial position, results of operations or cash flow of the company as of any date or for any period subsequent to June 30, 2010.

Other Financial Information:

- 8) We have also examined the following other restated financial information related to the Company for the years ended March 31, 2006, 2007, 2008, 2009, 2010 and June 30, 2010 set out in the following annexures prepared by the Management and approved by the Board of Directors for the purpose of inclusion in Offer Document.

- i. Significant Accounting Policies and Notes forming part of accounts as appearing in **Annexure 3** to this report.
- ii. Statement of Details of Reserves & Surplus as at March 31, 2006, 2007, 2008, 2009, 2010 and June 30, 2010 as set out in **Annexure 5** to this report.
- iii. Statement of Accounting Ratios for the year ended on March 31, 2006, 2007, 2008, 2009, 2010 and for the three months period ended on June 30, 2010 as set out in **Annexure 6** to this report.
- iv. Capitalization Statement as at June 30, 2010 as set out in **Annexure 7** to this report.
- v. Statement of Tax Shelters for the year ended on March 31, 2006, 2007, 2008, 2009, 2010 as set out in **Annexure 8** to this report.
- vi. Statement of Details of Secured Loans as at March 31, 2006, 2007, 2008, 2009, 2010 and June 30, 2010 as set out in **Annexure 9** to this report.
- vii. Statement of Details of Unsecured Loans as at March 31, 2006, 2007, 2008, 2009, 2010 and June 30, 2010 as set out in **Annexure 10** to this report.
- viii. Statement of Details of Investment as at March 31, 2006, 2007, 2008, 2009, 2010 and June 30, 2010 as set out in **Annexure 11** to this report.
- ix. Statement of Details of Sundry Debtors as at March 31, 2006, 2007, 2008, 2009, 2010 and June 30, 2010 as set out in **Annexure 12** to this report.
- x. Statement of Details of Loans and Advances as at March 31, 2006, 2007, 2008, 2009, 2010 and June 30, 2010 as set out in **Annexure 13** to this report.
- xi. Statement of Details of Other Current Assets as at March 31, 2006, 2007, 2008, 2009, 2010 and June 30, 2010 as set out in **Annexure 14** to this report.
- xii. Statement of Details of Current Liabilities and Provision as at March 31, 2006, 2007, 2008, 2009, 2010 and June 30, 2010 as set out in **Annexure 15** to this report.
- xiii. Statement of Details of Other Income for the year ended on March 31, 2006, 2007, 2008, 2009, 2010 and for the three months period ended on June 30, 2010 as set out in **Annexure 16** to this report.
- xiv. Statement of Details of Contingent Liabilities as at March 31, 2006, 2007, 2008, 2009, 2010 and June 30, 2010 as set out in **Annexure 17** to this report.
- xv. Statement of Details of Related Party Transactions of the Company for the year ended on March 31, 2006, 2007, 2008, 2009, 2010 and for the

three months period ended on June 30, 2010 as set out in **Annexure 18** to this report.

- 9) In our opinion, the "Financial information as per Audited Financial Statements" and "Other Financial Information" mentioned above contained in Annexure 1 to 18 of this report have been prepared in accordance with Part II of Schedule II to the Act, the SEBI Guidelines and the Guidance Note on the reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).
- 10) Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years / period ended for the three months.
- 11) This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed public issue of the Company. Our report should not be used, referred to, or distributed for any other purpose without our prior written consent.
- 12) This report should not be in any way be constructed as a re-issuance or redrafting of any of the previous audit reports issued by us or by any other firm of Chartered Accountants, nor should this report be constructed as a new opinion on any of the financial statements referred to herein.

For Ramanand & Associates
Chartered Accountants

Ramanand Gupta
Partner
Firm's registration number: 117776W
Membership No: 103975

Place: Mumbai
Date: October 22, 2010

Annexure-01

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Lacs)

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Assets						
Fixed Assets-Gross Block	1465.07	1461.27	1,605.48	1,614.37	1,213.11	1,217.11
Less: Depreciation	845.35	829.87	761.53	684.45	622.66	576.61
Net Block	619.72	631.40	843.95	929.92	590.45	640.50
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve	619.72	631.40	843.95	929.92	590.45	640.50
CAPITAL WIP	1099.68	1099.68	499.68	499.68	-	-
Total (A)	1719.40	1731.08	1343.63	1,429.60	590.45	640.50
Investments (B)	0.51	0.51	0.51	0.51	0.51	0.51
Current Assets, Loans and Advances						
Inventories	1108.13	989.72	874.48	808.87	505.49	511.53
Receivables	1857.16	2057.31	1964.17	1,863.28	1,797.18	1,226.23
Cash & Bank Balances	128.17	170.79	113.91	126.29	227.24	64.09
Loans & Advances	328.40	372.76	411.21	262.71	496.78	419.91
Other Current Assets	48.12	51.32	36.65	166.19	99.06	64.08
Total Current Assets (C)	3469.98	3641.90	3,400.42	3,227.34	3,125.75	2,285.84
Total Assets (D) = (A) + (B) + (C)	5189.89	5373.49	4,744.56	4,657.45	3,716.71	2,926.85
Liabilities & Provisions						
Loan Funds :						
Secured Loans	2488.89	2483.23	2,181.37	2,149.66	1,487.02	1,253.27
Unsecured Loans	144.91	347.01	312.03	482.99	721.36	570.58
Current Liabilities & Provisions:						
Current Liabilities	860.14	897.53	827.06	684.53	601.95	344.69
Provisions	130.10	100.09	60.44	148.06	108.46	68.16
Deferred Tax Liability	41.35	42.45	46.53	45.67	66.44	60.67
Total Liabilities & Provisions (E)	3665.39	3870.31	3,427.43	3,510.90	2,985.23	2,297.39
Net Worth (D) - (E)	1524.50	1503.18	1,317.13	1,146.54	731.48	629.48
Represented By:						
Share Capital	1250.00	1250.00	1,000.00	1,000.00	450.00	450.00
Reserves & Surplus	325.63	266.59	317.13	146.54	281.48	179.48
Less: Revaluation Reserve	-	-	-	-	-	-
Reserves (Net of Revaluation Reserve)	325.63	266.59	317.13	146.54	281.48	179.48

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Less : Misc. expenditure to the extent not written off	51.13	13.41	-	-	-	-
Total Net Worth	1524.50	1503.18	1,317.13	1,146.54	731.48	629.48

Annexure-02

STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(Rs. In Lacs)

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Income						
Sales of Goods Manufactured by Company	1814.82	8042.58	6,993.05	6,339.36	6,059.22	4,889.82
Sales of Goods Traded by Company	686.50	1729.20	1,489.98	694.61	439.90	364.56
Gross Sales	2501.32	9771.78	8,483.03	7,033.97	6,499.12	5,254.38
Less - Excise Duty	1177.99	4936.80	4,196.07	3,234.39	2,279.81	1,728.60
Net Sales	1323.33	4834.98	4,286.96	3,799.58	4,219.31	3,525.78
Discounts Received	18.80	67.90	60.84	34.10	19.35	22.78
Surplus on Excise Holograms	5.61	22.36	15.43	-	-	-
Other Income	1.99	6.03	9.04	16.13	7.42	2.92
Increase / (Decrease) in Inventories	43.49	92.11	(61.97)	69.64	(7.85)	15.29
Total	1393.22	5023.38	4310.30	3,919.45	4,238.23	3,566.77
Expenditure						
Raw Material & Packing Material Consumed	467.02	1830.79	1,818.09	1,804.85	1,781.85	1,331.83
Other Manufacturing & Operating Expenses	147.22	503.44	442.47	630.27	1,160.48	981.01
Cost of Goods Traded	474.61	1637.38	1,008.15	684.66	401.02	309.81
Employee's Cost	32.10	132.94	127.22	132.60	138.48	123.64
Administration Expenses	35.02	97.10	111.12	71.05	129.87	143.75
Selling & Distribution Expenses	60.84	185.92	195.26	121.78	253.84	263.25
Total	1216.81	4387.57	3,702.32	3,445.21	3,865.54	3,153.30
Profit before Depreciation, Interest and Tax	176.41	635.81	607.99	474.24	372.69	413.48
Depreciation	15.48	70.95	77.08	65.34	70.71	102.98
Profit before Interest & Tax	160.93	564.86	530.91	408.90	301.98	310.50
Interest & Finance Charges	72.99	279.64	299.02	224.99	153.91	188.54
Net Profit before Tax	87.94	285.22	231.89	183.91	148.07	121.96
Less: Provision for Tax-Current Tax	30.00	89.83	56.59	35.57	36.00	34.92
Deferred Tax	(1.10)	(4.07)	0.86	(20.76)	5.77	32.79
Fringe Benefit Tax	-	-	3.85	4.04	4.30	1.90
Net Profit After Tax & Before Extraordinary Items	59.04	199.46	170.59	165.06	102.00	52.35
Net Profit After Extraordinary Items	59.04	199.46	170.59	165.06	102.00	52.35

Annexure-03

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR PREPARATION OF RESTATED FINANCIAL STATEMENT

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation of Financial Statements

- (a) The Financial Statements have been prepared under Historical Cost conventions and in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India, Companies (Accounting Standard) Rules, 2006 notified by Ministry of Company Affairs and Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and relevant provisions of the Companies Act, 1956.
- (b) The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

2. Use of Estimates

The preparation of Financial Statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized. Management believes that the estimates used in preparation of financial statements are prudent and reasonable.

3. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use. Capital Work-in-Progress comprises of advances paid to acquire Fixed Assets, and the costs of the fixed assets are not ready for use for their intended use as at Balance sheet date. Capital advances representing unfulfilled contracts are included in Capital Work-in-Progress.

4. Depreciation / Amortization

Depreciation on fixed assets is provided on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 over their useful life. Depreciation of asset sold / discarded during the period is proportionately charged. Individual low cost assets (acquired for less than Rs 5000/-) are depreciated within a year of acquisition. Intangible assets are amortized over their estimated useful life on a straight-line basis.

5. Inventories

Inventories are valued at lower of cost and estimated net realizable value after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Cost includes taxes, duties and all incidental expenses directly attributable to the purchases.

Method of assignment of cost is as under:

Raw Material, Stores & Spares	:	Weighted average cost basis
Work - in - progress	:	Direct expenses plus appropriate Factory overheads on the basis of completed production
Finished Goods	:	Cost of goods, direct expenses plus appropriate Factory overheads and Excise Duty
Traded Goods	:	Actual cost Basis

6. Impairment of Assets

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered "Impairment Loss". Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

7. Foreign Exchange Transactions

- (i) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions.
- (ii) Foreign Exchange monetary items in the Balance Sheet are translated at the year-end rates. Exchange differences on settlement / conversion are adjusted to Profit and Loss Account.

8. Revenue Recognition

The company is in the business of manufacture and sale of IMFL productions. Sale of goods are recognized when the goods are dispatched / on passing title of the Goods to the customers. The sales are accounted by including the scheme discounts / Excise Duty and Sales Tax. The Scheme Discounts / Sales Tax are charged off separately to the Profit and Loss Account.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sale price and the carrying value of the investment. Interest is recognized based on time-proportion method based on rates implicit in the transaction.

9. Investment

Investments that are readily realizable and intended to be held for not more than a year are classified as "Current Investments". All other Investments are classified as Long Term Investments.

Current Investments are carried at lower of cost or Market / Fair Value determined on an individual investment basis.

Long Term investments are valued at cost. Provision for diminution in the value of long-term investment is made only if such decline is other than temporary in nature.

10. 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. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

11. Grants and Subsidies

Grants and Subsidies are recognized when there is reasonable assurance that the Grant / Subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to a revenue item it is recognized as income over the period necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the Grant on subsidy relates to an asset its value is deducted in arriving at the carrying amount of the related asset.

12. Employee Benefits

The Provident fund scheme and Employee State Insurance Scheme are defined contribution plans. The company contributes a fixed sum to the Provident Fund / Employees State Insurance Scheme maintained by the Central Government. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

The liability for Gratuity to employees as at the Balance Sheet date is as per the obligation to fund to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India. The contribution thereof paid/payable for the relevant period is charged off to Profit and Loss Account.

13. Taxation

Income Tax:

Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961 and in accordance with Accounting Standard 22 on “Accounting for Taxes on Income”, issued by ICAI.

Deferred Tax assets or liabilities are recognized for further tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date the company reassesses unrecognized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

Fringe Benefit Tax:

Fringe Benefit Tax is recognized in accordance with the relevant provision of the Income Tax Act, 1961 and the Guidance note on Fringe Benefit Tax issued by the ICAI.

14. Leases

Finance Lease

Leases which effectively transfer to the company all the risks and benefits incidental to ownership of the leased item, are classified as Finance Lease. Lease rentals are capitalized at the lower of the fair value and present value of the minimum lease

payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income life of the assets at the following rates

Operating Lease

Lease where the lesser effectively retains substantially all risks and benefits of the asset are classified as Operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line Basis over the Lease term.

15. Earnings Per Share

In determining the Earnings Per share, the company considers the net profit after tax the includes any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the Weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the Weighted average number of shares considered for computing Basic Earning per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

In the event of issue of bonus shares, or share split the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

16. Contingent Liabilities & Provisions

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for

- a) Possible obligation which will be confirmed only by future events not wholly with in the control of the company or
- b) Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.
- c) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized

B. CHANGES IN ACCOUNTING POLICIES IN THE YEARS/PERIODS COVERED IN THE RESTATED FINANCIALS

There is no change in significant accounting policies during the reporting period except, as and when Accounting Standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 were made applicable on the relevant dates.

C. NOTES ON RESTATED FINANCIAL STATEMENTS

(I) NOTES ON REGROUPINGS MADE IN THE RESTATED FINANCIALS

(a) For the Financial year ending 31st March, 2006.

Regrouping made in the restated accounts for the Financial Year ending 31st March, 2006, which has no impact on the Profit and Loss Account.

- i) The Excise Duty amounting to Rs. 1728.60 Lacs included in Other Manufacturing and Operating Expenses has been regrouped as Excise Duty and shown as a deduction from Gross Sales.

(b) For the Financial year ending 31st March, 2007.

Regrouping made in the restated accounts for the Financial Year ending 31st March, 2007 which has no impact on the Profit and Loss Account.

- i) The Excise Duty amounting to Rs. 2279.81 Lacs included in Other Manufacturing and Operating Expenses has been regrouped as Excise Duty and shown as a deduction from Gross Sales.

(c) For the Financial year ending 31st March, 2008.

Regrouping made in the restated accounts for the Financial Year ending 31st March, 2008, which has no impact on the Profit and Loss Account.

- i) The Excise Duty amounting to Rs. 3234.39 Lacs included in Other Manufacturing and Operating Expenses has been regrouped as Excise Duty and shown as a deduction from Gross Sales.

(d) For the Financial year ending 31st March, 2009.

Regrouping made in the restated accounts for the Financial Year ending 31st March, 2009, which has no impact on the Profit and Loss Account.

- i) The Service Tax grouped under Duties & taxes amounting to Rs. 3.30 Lacs included in Selling & Distribution Expenses has been regrouped under Administrative Expenses.

(e) For the Financial year ending 31st March, 2010.

No regrouping has been made in the restated accounts for the Financial Year ending 31st March, 2010.

(e) For the Period ending 30th June, 2010.

No regrouping has been made in the restated accounts for the three months ending 30th June, 2010.

II. NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS

(a) For the Financial year ended 31st March, 2006

- i) The Expenses towards the compounding fees for compounding under Companies Act, relating to Financial year ending 31st March, 2006 amounting to Rs. 1.50 Lacs have been considered and treated as an Expenditure in the Financial Statement for the Year Ended 31st March, 2008, has been restated in the Financials for the year ended 31st March, 2006.

The above restatements have resulted in the reduction of Profits and consequential impact on Reserves and Current Liabilities.

(b) For the Financial year ended 31st March, 2007

- i) The Expenses towards the compounding fees for compounding under Companies Act, relating to Financial Year ending 31st March, 2007 amounting to Rs. 1.50 Lacs have been considered and treated as Expenditure in the Financial Statement for the Year Ended 31st March, 2008, has been restated in the Financials for the year ended 31st March, 2007.

The above restatements have resulted in the reduction of Profits and consequential impact on Reserves and Current Liabilities.

(c) For the Financial year ended 31st March, 2008

- i) The following expenditure amounting to Rs. 28.20 Lacs restated in the respective years viz. Opening Reserves of 1-4-2004 and year ending 31st March, 2005, 2006 and 2007 as stated in earlier paragraph have been reduced from the administrative expenses of the year ended 31st March, 2008 since the same has been restated.

Year ending	Particulars	Amount (In Lacs)
31st March, 2004	Customs Duty- Adjusted in the opening reserves as on 1-4-2004.	23.70
31st March, 2005	ROC Compounding Fees	1.50
31st March, 2006	ROC Compounding Fees	1.50
31st March, 2007	ROC Compounding Fees	1.50
		28.20

(d) For the Financial year ended 31st March, 2009

- i) The financials for the period ended 31st March, 2010 contained a Prior Period Income of Rs. 3.79 lacs being the Profit on Sale of Asset, which originally pertains to the year ended 31st March 2009. In the restated financials, the Prior Period income of Rs. 3.79 lacs is restated to the year ended 31st March 2009 along with the related deletion of Land amounting to Rs. 81.43 lacs, which is also restated in Fixed Assets. The provision for Taxation arising out of such income amounting to Rs. 1.17 lacs is also restated in the financials for the year ended 31st March 2009. The consequential restatement in the restated financials for the year ending 31st March, 2010 is also carried out.

The above restatements have resulted in the increase of Profits and consequential impact on Reserves and Provision for Tax.

- ii) The financials for the period ended 31st March, 2010 contained an additional Taxation Provision of Rs 8.96 Lacs which originally pertains to the year ended 31st

March 2009. In the restated financials the additional taxation provision of Rs. 8.96 Lacs is restated to the year ended 31st March 2009. The consequential restatement in the restated financials for the year ending 31st March, 2010 is also carried out.

The above restatements have resulted in the corresponding adjustments in Provision for Taxation.

e) For the Financial year ended 31st March, 2010

The financials for the period ended 31st March, 2010 contained Issue Expenses of Rs. 13.41 Lacs, which has been clubbed under administrative expenses, the same has been shown as Under "Miscellaneous Expenditure to the extent not written off" under the Statement of assets & liabilities.

III. Other Notes

General

The Company was incorporated during the year 1993 and is engaged in the business of manufacture and sale of Indian Manufactured Foreign Liquor. The Company has its manufacturing unit at Puducherry.

1. Equity Share Capital

- a. The Authorised Share Capital of the Company as on 1st April, 2004 stood at Rs. 4,00,00,000/- comprising of 40,00,000 Equity shares of Rs.10/- each and the Issued and Paid up Capital as on that date was Rs. 1,96,40,800/- comprising of 19,64,080 Equity Shares of Rs.10/- each. The Company did not issue any fresh share capital during the year 2004-05.
- b. During the fiscal 2005-06, the Company had issued 35,920 Equity Shares of Rs.10/- each at an issue price of Rs.100 each by way of preferential allotment in accordance with Section 81 (IA) of the Companies Act.
- c. During the fiscal 2005-06, the Company had issued 25,00,000 Equity Shares of Rs.10/- each as Bonus Shares for the existing shareholders in the ratio of 5:4.
- d. During the fiscal 2007-08, the Company had issued 30,00,000 Equity Shares of Rs.10/- each as Bonus Shares for the existing shareholders in the ratio of 2:3.
- e. During the fiscal 2007-08, the company has allotted 25,00,000 Equity shares of Rs 10/- each at par by way of preferential allotment in accordance with Section 81 (IA) of the Companies Act.
- f. During the fiscal 2009-10, the Company had issued 25,00,000 Equity Shares of Rs.10/- each as Bonus Shares for the existing shareholders in the ratio of 1:4.

2. Term Loan and Working Capital

- a. The Company had availed Term Loan from Non Banking Finance Company (Financial Institutions) for expansion of facilities.
- b. The Company had also availed Term Loan by a Bank towards purchase of capital equipments and expansion of manufacturing operations.
- c. The Company has availed Cash Credit from a Scheduled Bank for Working Capital requirements.

- d. The above facilities are secured by Hypothecation of all present and future goods, book debts and all other movable assets of the Company, outstanding monies, receivables claims by way of refund of cess to excise duties under the duty draw back credit scheme or any other scheme and Company's plant and machinery and First charge on the entire assets acquired out of the term loan / loans, finance / refinance by relevant Institution. Further the Facilities from the Bank are secured by the personal Guarantee of Directors.

3. Manufacture of IMFL Brands owned by other Corporate

The Company manufactures and sells its own brand of liquors and also uses the brand of others. For the purpose of manufacture and sales of liquor brands not owned by the company, the company has entered in to arrangement / agreement with the respective brand owners.

The terms of the Agreement / Arrangement with such brand owners provide for payment of consideration for use of brand name / for the additional services rendered by the brand owners / other amount due to the brand owners in the agreed proportion. The payment towards use of Brand name is accounted in the books as "Royalty". Other dues / payments along with Royalty are grouped as "Operational Support Cost". The Operational Support Cost is included under the head "Other Manufacturing Expenses"

Further the Agreements / Arrangements with other Brand owners provide a facility of Deferred Payment of the amount due under the agreement. These payables which are estimated to be payable after a period exceeding 12 months are classified as "Deferred Credit from Corporate Suppliers" and are grouped under "Unsecured Loans". The Company is in the process of receiving confirmation of balances and reconciliation of accounts as stated in Note No. 13 below.

4. Additional information as required under paragraph 3,4 and 4C of part II of schedule VI of the Companies Act (As certified by the Management not verified by the Auditors)

Particulars	30.06.10	2009-10	2008-09	2007-08	2006-07	2005-06
	(in Cases)					
Installed Capacity (as certified by the Management)	14,25,000	14,25,000	14,25,000	7,20,000	7,20,000	7,20,000
Actual Production	1,77,604	7,47,074	6,66,666	5,55,036	6,92,940	5,27,893

a. Raw Material (ENA) Consumed

Particulars	30.06.2010		2009-10		2008-09		2007-08		2006-07		2005-06	
	Quantity (in Liters)	Value (Rs.in Lacs)	Quantity (in Liters)	Value (Rs.in Lacs)	Quantity (in Liters)	Value (Rs.in Lacs)	Quantity (in Liters)	Value (Rs.in Lacs)	Quantity (in Liters)	Value (Rs.in Lacs)	Quantity (in Liters)	Value (Rs.in Lacs)
Raw Material (ENA)												
Opening Stock	1090840	420.35	1043940	402.44	1318910	474.81	1025280	262.17	819920	205.85	95161	214.62
Add : Purchases	510290	158.19	2898590	930.45	2517720	956.30	2646980	1180.92	309501	856.99	208018	647.12

Particulars	30.06.2010		2009-10		2008-09		2007-08		2006-07		2005-06	
Less : Closing Stock	969516	385.71	1090840	420.35	1043940	402.44	1318910	474.81	1025280	262.17	81992	205.85
Materials Consumed	631614	192.83	2851690	912.54	2792690	1028.67	2353350	968.28	288965	800.67	221187	655.89

The Quantitative Details for the Primary Raw Material - Extra Neutral Alcohol has been provided. The Quantitative Details for Flavours & Essence and other items could not be provided due to huge volume of various types of items

b) Particulars of Opening and Closing Stock of goods produced and sold:

Particulars	30.06.2010		2009-10		2008-09		2007-08		2006-07		2005-06	
	Qty (in cases)	Value (Rs.in lacs)	Qty (in cases)	Value (Rs.in lacs)	Qty (in cases)	Value (Rs.in lacs)	Qty (in cases)	Value (Rs.in lacs)	Qty (in cases)	Value (Rs.in lacs)	Qty (in cases)	Value (Rs.in lacs)
Manufacturing												
Opening Stock	7338	173.41	10313	87.82	14594	126.57	8457	78.94	16095	100.42	11955	69.44
Production	177604	---	747074	---	666666	---	555036	---	692940	---	527893	---
Turnover	174807	1814.82	750049	8042.58	670947	6993.05	548,899	6339.36	700578	6059.10	523753	4889.82
Closing Stock	10135	228.78	7338	173.41	10313	87.82	14,594	126.57	8,457	78.94	16095	100.42
Trading												
Opening Stock	7742	82.06	7364	77.69	3,152	32.84	2,399	23.67	2,953	25.62	3,102	26.52
Purchases - Local	57330	505.08	160965	1641.75	104051	1053.00	64243	693.82	36733	399.08	32,369	318.90
Purchases - Other states	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	815	16.39
Sales - Local	52300	686.50	160587	1729.20	99,839	1489.98	63,490	694.61	37,287	439.90	32,518	327.91
Sales - Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	815	36.65

Particulars	30.06.2010		2009-10		2008-09		2007-08		2006-07		2005-06	
	Qty (in cases)	Value (Rs.in lacs)	Qty (in cases)	Value (Rs.in lacs)	Qty (in cases)	Value (Rs.in lacs)	Qty (in cases)	Value (Rs.in lacs)	Qty (in cases)	Value (Rs.in lacs)	Qty (in cases)	Value (Rs.in lacs)
states												
Closing Stock	12772	112.53	7742	82.06	7,364	77.69	3,152	32.84	2,399	23.67	2,953	25.62

The Quantitative Details of the Manufactured Finished Products comprising of various quantities have been presented in the form of Number of cases, due to large volume.

5. Details of Deferred Tax assets and liabilities:

In view of the Accounting Standard 22 issued by Institute of Chartered Accountants of India, the significant component and classification of deferred tax liability/asset because of timing difference comprises of the following:

(Rs. in Lacs)						
Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Deferred Tax Liabilities / (Assets) at the beginning of the year	42.46	46.53	45.67	66.44	60.67	27.88
On account of Difference between book and Tax Depreciation	(1.11)	(4.07)	0.86	(20.76)	5.77	35.83
Disallowance as per Income Tax Act.	-	-	-	-	-	(3.04)
Deferred Tax Liabilities / (Assets)	41.35	42.46	46.53	45.67	66.44	60.67

6. Details of Dues to Micro enterprises and Small enterprises:

Under the Micro, Small and Medium Enterprise Development Act, 2006 certain disclosure is required to be made related to micro, small and medium enterprise. The company does not have any transaction with micro, small and medium enterprise defined under the act and hence there are no amounts due to such undertakings.

7. Segment Reporting

The company operates only in one reportable business segment namely manufacture and sale of Indian Manufactured Foreign Liquor. The liquor business incorporates the product groups (viz) IMFL and others, which have similar risks and returns. Hence segment reporting is not applicable.

8. Investments:

Investment represents Unquoted - Non-Trade - at Cost value of National Saving Certificate of Rs.51,000/- (Previous Year Rs.51,000/-)

9. Inter Corporate Loans

During the year 2007-08, the Company made an allotment of 24,60,000 Equity Shares to Ravikumar Properties Private Limited and 40,000 Shares to Mr. R V Ravikumar at an issue price of Rs. 10 to settle their amount outstanding.. The said allotment of shares though done in settlement of a Debt Payable in money by the Company is not reflected in the Cash Flow Statement as cash out flow forming part of the restated financials since there was no fresh cash inflow towards share capital and Outflow towards repayment of the loan during the said year.

10. Sale of Land:

a) The Company had purchased certain immoveable properties being land for the purpose of expansion. The said land was divided in to plots for allotment to the employees of the Company. The lands which could not be allotted were sold to third parties.

The main objects of the Company does not provide for purchase and sale of lands and further the Company has done this as a solitary transaction to dispose off the surplus lands. The Profit arising out of such transactions are treated as "Other Income".

b) The Company had during the year 2008-09 sold a portion of the above said land situated at Vadalur by making individual plots and the consideration for the sale was received by the Managing Director, who was authorised by the Board to identify the prospective buyers, negotiate and execute the sale and collect the proceeds. The Managing Director by virtue of the Board's authority effected the sale and received the sale proceeds amounting to Rs.86.96 Lacs during the year 2008-09 and the resultant profit on sale of such land amounting to Rs. 3.79 Lacs. The sale proceeds have been paid by the Managing Director and accounted by the company only during the financial year ended 31st March, 2010, since the Managing Director could not submit the Statement of accounts with regard to the sale during the year 2008-09 and hence treated as Prior Period Items during the financial year ended 31st March, 2010, which is now adjusted in the respective financial year 2008-09.

11. Advance for Capital Items:

The Company has entered in to an Agreement with one of the group companies i.e Ravikumar Properties Private Limited for purchase of immoveable properties for expansion of manufacturing operations in Tamil Nadu. The Company has submitted all the necessary documents to the Government Authorities for getting the manufacturing license. The advance paid in respect of the same amounts to Rs.1099.68 Lacs has been shown as Capital Advances as on the period ended on 30th June, 2010 and as at 31st March, 2010 and Rs. 499.68 Lacs for the year ending on 31st March, 2009.

12. Taxation Matters:

The Company has received a Demand Notice from Income Tax Department in respect of the Assessment year 2003-04 on account of disallowance of exemption under section 80 IB of the Income Tax Act, 1961 and in respect of the Assessment year 2007-08 on account of disallowance of deduction under section 80 IB and disallowance of expenditure under section 40 A(1a) of the Income Tax Act, 1961. The Department has raised a demand of Rs.305.77 Lacs for both the assessment years. The Company has filed appeals with the Commissioner of Income Tax (Appeals) against the orders of the Assessing Officer. The Company is confident of succeeding in both the appeals and the Company has also taken favorable opinion from legal experts.

Similar disallowance of deduction under Section 80 IB has been made by the Department which has been contested and favorable decisions have been received from the First Appellate Forum. Hence no provision has been made in the books of accounts

and the demand raised by the Department has been shown under “Contingent Liabilities”.

In respect of other disputed liabilities pertaining to earlier years such as Turnover Tax, Compounding Fees under the Company Law, Bank Guarantee amount, the amounts have been shown under “Contingent Liabilities” in the respective years.

13. Company Law Matters:

During the year 2007-08, the Company received a Notice from the Registrar of Companies, Tamil Nadu for non-compliance of provisions of Section 297 of the Companies Act, 1956. The Registrar of Companies observed that the Company had not complied with the provisions of Section 297 of the Companies Act, 1956 and issued Show Cause Notice for levy of Penalty. The Company has filed its application under section 621A of Companies Act, 1956 for compounding of aforesaid non compliances. The Chennai Bench of Company Law Board has compounded aforesaid non compliances by its order dated 15th September, 2010. The Company has paid Rs. 19,500/- as compounding fees.

During the fiscal 2009-2010, the Company received a Letter from the Registrar of Companies, Tamil Nadu seeking replies for non-compliance of provisions of Section 211(3C), 227 and 255 of the Companies Act, 1956. The Registrar of Companies observed that the Company had not complied the provisions of Section 211(3C), 227 and 255 of the Companies Act, 1956. The Company has sent a reply letter to the Registrar of Companies, Tamil Nadu pleading condonation of non-compliance under the Companies Act relating to the financial year 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09. The Registrar of Companies, Tamil Nadu has vide their letter dated 31st March, 2010 has decided to take a lenient view on Section 211(3C) and 255 of the Companies Act, 1956 and to await the instruction of ministry in respect of Section 227 of the Companies Act, 1956. However the proceedings is still pending and action report from RoC is awaited.

14. Current Assets, Loans and Advances and Sundry Creditors

The Current Assets, Loans and Advances are recoverable in the ordinary course of the business at the value stated in the Balance sheet. There will be no additional amount payable in respect of Current Liabilities and Other Unsecured Loans other than the amount stated in the Balance sheet.

15. Impairment of Assets

Assets of the Company are being tested for impairment. Considering the internal and external sources of information, there was no indication of potential impairment loss, and hence estimation of recoverable amount does not arise.

16. Earnings Per Share

The details of Earnings Per Share as per AS-20 are provided in Annexure 6.

17. Contingent Liabilities:

The details of Contingent Liabilities are provided in Annexure 17.

18. Related Party Transactions:

The details of Related Party Transactions as per AS-18 are provided in Annexure 18

19. The figures in the Restated Financials are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored

20. Audit Qualifications

a) Qualifications made in March 31, 2008 in Companies (Auditor's Report) Order, 2003 (as amended) (CARO) which do not require any corrective adjustment in the financial information is as follows:

"According to the information and explanations given to us and as per the records of the Company, the company is generally regular in depositing with appropriate authorities, undisputed statutory dues such as Provident Fund, Employees State Insurance, Income Tax, Sales tax, Excise Duty, Cess **though there is delay in certain cases**"

Adjustment on this account has not been made in the Restated Financial Statements, since in the opinion of the Management, no impact arises on account of the above in any of the years / periods. *The details of such delay is as below:*

ESI PAYMENT					
Month	Employees Contribution	Employers Contribution	TOTAL	Due Date	Payment Date
Mar-08	6794	18441	25235	20/04/2008	28/04/2008
Total	6794	18441	25235		
PF PAYMENT					
Oct-07	34129	37272	71401	15/11/2007	23/11/2007
Dec-07	34615	37802	72417	15/01/2008	19/01/2008
Jan-08	35983	39296	75279	15/02/2008	20/02/2008
Feb-08	35372	38629	74001	15/03/2008	29/03/2008
Mar-08	35975	39288	75263	15/04/2008	03/05/2008
Total	176074	192287	368361		

b) Qualifications made in the Main Auditor's Report for the financial year ended March, 31, 2010, which are not quantifiable - Non Adjustment items.

Auditor's Report issued for the financial year ended 31st March, 2010 was qualified on account of the Non-compliance of certain Company Law Matters pertaining to the Financial Years 2004-05, 2005-06 and 2006-07 for which the Compounding was under process.

Adjustment on account of the same has been restated by accounting in the relevant financial years amounting to Rs.1.50 Lacs each, to which the liability relates to viz., 2004-05, 2005-06, 2006-07.

ANNEXURE -04
STATEMENT OF CASH FLOW, AS RESTATED

(Rs. In Lacs)

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
CASH FLOW FROM OPERATING ACTIVITIES						
Net profit before tax	87.94	285.22	231.89	183.91	148.07	121.96
Adjustment for:						
Add: Depreciation	15.48	70.95	77.08	65.34	70.71	102.98
Less: Interest & Other Financial income	(0.74)	(2.38)	(5.25)	(16.02)	(7.42)	(2.92)
Add: Interest expenses	72.99	279.64	299.02	224.99	153.91	188.54
Less: Profit on sale of Assets	-	(3.53)	(3.79)	(0.11)	-	-
Operating Profit before Working capital changes	175.67	629.90	598.94	458.11	365.27	410.56
Adjustments for:						
Decrease (Increase) in Trade & Other Receivables	200.15	(93.14)	(100.89)	(66.10)	(570.95)	(209.79)
Decrease (Increase) in Inventories	(118.41)	(115.24)	(65.61)	(303.38)	6.03	(16.58)
Decrease (Increase) in other Current Assets (Excluding Advance Taxes etc.)	6.08	(4.38)	(5.43)	(4.65)	13.85	36.46
Decrease (Increase) in Loans and Advances	44.36	38.45	(148.50)	234.07	(76.87)	7.15
Increase (Decrease) in Current Liabilities	(37.39)	70.47	142.54	82.56	257.26	22.39
Net Changes in Working Capital	94.79	(103.84)	(177.89)	(57.50)	(370.68)	(160.36)
Cash Generated from Operations	270.46	526.06	421.05	400.61	(5.41)	250.19
Taxes	(2.86)	(60.48)	(13.09)	(62.48)	(48.82)	(14.38)
Net Cash Flow from Operating Activities (A)	267.60	465.58	407.97	338.13	(54.23)	235.82
CASH FLOW FROM INVESTING ACTIVITIES						
(Purchase) of fixed assets	(3.80)	(14.43)	(72.54)	(405.50)	(20.66)	(138.04)
Capital Work in Progress	-	(600.00)	-	(499.68)	-	102.21
Sale of fixed assets	-	159.56	85.22	0.80	-	2.50
Interest and other income	0.74	2.38	5.25	16.02	7.42	2.92
Net Cash Flow from Investing Activities (B)	(3.06)	(452.49)	17.94	(888.36)	(13.24)	(30.41)
CASH FLOW FROM FINANCING ACTIVITIES						
Issue of share capital	-	-	-	-	-	3.59
Share Premium	-	-	-	-	-	32.33
Interest paid	(72.99)	(279.64)	(299.02)	(224.99)	(153.91)	(188.54)
Secured Loans Taken / (Repaid)	5.66	301.86	31.71	662.64	233.75	166.04
Unsecured Loans Taken/ (Repaid)	(202.10)	34.98	(170.96)	11.63	150.78	(223.72)
Miscellaneous / Preliminary Expenditure paid	(37.72)	(13.41)	-	-	-	-
Net Cash Flow from Financing Activities (C)	(307.15)	43.79	(438.27)	449.28	230.62	(210.30)
Net Increase / (Decrease) in Cash & Cash Equivalents	(42.62)	56.88	(12.38)	(100.95)	163.15	(4.89)
Cash and cash equivalents at the beginning of the year / Period	170.79	113.91	126.29	227.24	64.09	68.98

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Cash and cash equivalents at the end of the year/ Period	128.17	170.79	113.91	126.29	227.24	64.09

Annexure- 05
STATEMENT OF RESERVES & SURPLUS, AS RESTATED

(Rs. In Lacs)						
Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Share Premium	-	-	-	32.33	32.33	32.33
Less: Utilized for Bonus Issue	-	-	-	32.33	-	-
Net Share Premium (A)	-	-	-	-	32.33	32.33
Profit / (Loss) Brought Forward	266.59	317.13	146.54	249.15	147.15	357.48
Add: Profit / (Loss) for the Year / Period	59.04	199.46	170.59	165.06	102.00	52.35
Less: Utilized for Bonus Issue	-	(250.00)	-	(267.67)	-	(250.00)
Less: Miscellaneous Expenditure written off	-	-	-	-	-	(12.68)
Profit / (Loss) Carried Forward (B)	325.63	266.59	317.13	146.54	249.15	147.15
Reserves & Surplus (A+B)	325.63	266.59	317.13	146.54	281.48	179.48

Annexure- 06
ACCOUNTING RATIOS

(Rs. In Lacs)						
Particulars	30.06.10*	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Networth (A)	1524.50	1503.18	1,317.13	1,146.54	731.48	629.48
Net Profit after Tax (B)	59.04	199.46	170.59	165.06	102.00	52.35
No. of Shares outstanding at the end [F.V Rs.10] (C)	12,500,000	10,000,000	10,000,000	7,000,000	4,500,000	2,000,000
Bonus Shares (D)	-	2,500,000	-	3,000,000	-	2,500,000
No. of Shares outstanding at the end post Bonus Issue (E)(C+D)	12,500,000	12,500,000	10,000,000	10,000,000	4,500,000	4,500,000
Weighted average number of shares outstanding [F.V Rs.10](F)	4,500,000	4,500,000	4,500,000	2,218,579	2,000,000	1,967,328
Bonus Shares (G)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Weighted average number of shares outstanding post Bonus Issue (H)(F+G)	12,500,000	12,500,000	12,500,000	10,218,579	10,000,000	9,967,328
Earnings per Share (EPS) (B / H) (Rs.)*3 months	0.47	1.60	1.36	1.62	1.02	0.53
Return on Networth (B / A) * 3 months	3.87%	13.27%	12.95%	14.40%	13.94%	8.32%
Net Assets Value per Share (A / E) * 3 months	12.20	12.02	13.17	11.47	16.26	13.99

Definitions of key ratios:

I. Earnings per share (Rs.): Net Profit for the year / period as restated attributable to equity shareholders / weighted average number of equity shares outstanding as at the end of the year / period. Earnings per share are calculated in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

II. Return on Net Worth (%): Net Profit after tax / Networth as at the end of the year / period.

III. Net Worth: Net Worth at the end of the year / Number of equity shares outstanding at the end of the Year / Period.

IV. Net Asset Value (Rs.): Net Worth at the end of the year / Number of equity shares outstanding at the end of the year / period.

V. Net Profit, as appearing in the statement of restated profits and losses, has been considered for the purpose of computing the above ratios.

Annexure -07

CAPITALISATION STATEMENT

(Rs. In Lacs)		
Particulars	Pre-issue as at 30.06.10	Post Issue *
Borrowing		
Short - Term Debt	2,009.22	(*)
Long - Term Debt	487.95	(*)
Total Debt	2,497.17	(*)
Shareholders' Funds		
Share Capital		
- Equity	1,250.00	
Less: Calls - in - arrears	-	
- Preference	-	
Reserves & Surplus	325.63	
Less: Miscellaneous Expenditure not written off	51.13	
Total Shareholders Funds	1,524.50	
Long - Term Debt /Shareholders Fund	1.32	

* The Post Issue Capitalization will be determined only after the completion of the allotment of equity shares.

Annexure- 08

STATEMENT OF TAX SHELTERS

(Rs. In Lacs)

Particulars	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Profit before tax as per Restated P/L	285.22	231.89	183.91	148.07	121.96
Corporate Tax Rate	33.99%	33.99%	33.99%	33.66%	33.66%
Tax at Notional Rate	96.95	78.82	62.51	49.84	41.05
Adjustments					
Difference between Tax Depreciation and Book Depreciation	(14.59)	2.52	15.00	(4.54)	(12.79)
Exempted Profits (80 IB of Income Tax Act, 1961)	-	63.73	40.58	47.37	43.84
Other Items disallowed	(4.10)	(0.82)	-	(1.50)	(10.53)
Other Items allowed	-	-	23.70	-	4.42
Set off of Business Losses / Unabsorbed Depreciation	-	-	-	-	-
Net Adjustments	(18.69)	65.43	79.28	41.32	24.94
Tax Saving thereon	(6.36)	22.24	26.95	13.91	8.39
Tax Saving to the extent of Tax at Notional Rate	-	22.24	26.95	13.91	8.39
Tax Payable [A]	103.31	56.58	35.56	35.93	32.66
Tax Payable on Extraordinary Items [B]	-	-	-	-	-
Total Tax Payable [C=A+B]	103.31	56.58	35.56	35.93	32.66
Tax Payable under MAT (115JB of Income Tax Act, 1961) [D]	30.79	-	-	-	-
Net Tax Payable [Higher of C & D]	103.31	56.58	35.56	35.93	32.66

Annexure- 09

STATEMENT OF SECURED LOANS

(Rs. In Lacs)

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Cash Credit	2000.94	1,901.14	1,852.28	1,702.06	1,487.02	1,196.47
Term Loans	487.95	582.09	329.09	447.60	-	56.80
Total	2488.89	2,483.23	2,181.37	2,149.66	1,487.02	1,253.27

Principal Terms of Secured Loans & Assets charged as security as on 30.06.2010

Sr. No.	Lender	Loan Documentation	Types of Loan	Loan Amt Sanction (Rs. In Lacs)	Loan Amt outstanding (Rs. In Lacs)	Interest Rate (p.a.)	Repayment Terms	Interest Reset/Prepayment

Sr. No.	Lender	Loan Documentati on	Types of Loan	Loan Amt Sanctio n (Rs. In Lacs)	Loan Amt outstandi ng (Rs. In Lacs)	Interest Rate (p.a.)	Repayment Terms	Interest Reset/Prepayment
1	State Bank of India, No. 2, Valluvar Kottam High Road, Nungambak kam, Chennai- 600 034.	Sanction letter dated 24th March, 2009, and Renewal Letter dated 27 th March, 2010	Cash Credit (Hyp)	2100.00	2000.94	13.50%	Cash Credit A/c	
		Sanction letter dated 14th October, 2007	Term Loan	120.00	28.98	13.00%	Repayment in monthly installments commencing from 01.04.08 to 31.03.2011.	
2	Sundaram Finance Ltd., No.21, Patullos Road, Chennai - 600 002.	Hire Purchase Contract No.EC9682 dated 18.08.09	Hire Purchase	600.00	458.97		Repayment in equated monthly installments (EMI) commencing from 18.09.09 to 18.07.13 @ Rs.16,81,020 /- p.m	

Annexure- 10

STATEMENT OF UNSECURED LOANS

Particulars	(Rs. in Lacs)					
	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Unsecured Loans from Directors	-	-	0.64	10.79	1.18	0.64
Inter Corporate Loans	-	-	-	-	246.83	246.83
Deferred Credit from Corporate Suppliers	136.63	338.73	303.11	456.12	457.27	305.33
Others	8.28	8.28	8.28	16.08	16.08	17.78
Total	144.91	347.01	312.03	482.99	721.36	570.58

Annexure- 11

DETAILS OF INVESTMENTS

(Rs. in Lacs)

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
National Saving Certificate -O.B	0.50	0.50	0.50	0.50	0.50	0.50
Postal Savings-O.B	0.01	0.01	0.01	0.01	0.01	0.01
Total	0.51	0.51	0.51	0.51	0.51	0.51

Annexure- 12

DETAILS OF SUNDRY DEBTORS

(Rs. In Lacs)

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
(A)Unsecured, Considered good outstanding for a period less than six months						
Others	1541.29	1691.53	1615.40	1,767.04	1,727.16	1,200.54
Amount due from Promoter/Group Companies and Directors	-	-	-	-	-	-
(B)Unsecured, Considered good outstanding for a period more than six months						
Others	315.87	365.78	348.77	96.24	70.02	25.69
Amount due from Promoter/Group Companies and Directors	-	-	-	-	-	-
Total	1857.16	2057.31	1964.17	1,863.28	1,797.18	1,226.23

Annexure- 13

DETAILS OF LOANS & ADVANCES

(Rs. In Lacs)

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
(A)Advances with Promoter, Directors & Group Companies						
Rent advance	-	-	-	-	0.98	-
(B) Other than Related Parties						
<u>Advances recoverable in cash or in kind or for value to be received</u>						
Advances to Suppliers	66.27	139.54	225.98	183.54	190.99	126.33
Advances to Staff	10.06	16.34	8.20	6.30	6.19	2.45
Rent advance	16.90	4.16	4.41	4.49	2.54	3.51
Other advances	235.17	212.72	172.62	68.38	296.08	287.62
Total	328.40	372.76	411.21	262.71	496.78	419.91

Annexure- 14

OTHER CURRENT ASSETS

(Rs. In Lacs)

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Prepaid Expenses	19.84	25.46	23.85	15.08	11.13	25.90
Deposits & EMD	14.62	15.07	12.31	15.65	14.95	14.03
Advance Tax & TDS & TCS	13.66	10.79	0.49	135.46	72.98	24.15
Total	48.12	51.32	36.65	166.19	99.06	64.08

Annexure-15

DETAILS OF CURRENT LIABILITIES & PROVISIONS

(Rs. In Lacs)

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Sundry Creditors						
Advance Received	151.55	83.70	126.54	51.34	85.90	33.00
<u>Creditors of Expenses</u>						
<i>Directors remuneration</i>	8.55	12.81	13.82	2.00	0.88	4.24
<i>Other expenses</i>	158.87	227.09	220.85	208.33	160.31	113.68
Creditors for goods	541.17	573.93	465.85	422.85	354.86	193.77
Total (A)	860.14	897.53	827.06	684.53	601.95	344.69
Provisions						
Provision for Income Tax	130.10	100.09	56.59	139.72	104.16	66.26
Provision for Fringe Benefit Tax	-	-	3.85	8.34	4.30	1.90
Total (B)	130.10	100.09	60.44	148.06	108.46	68.16
Total (A+B)	990.24	997.62	887.50	832.59	710.41	412.85

Annexure-16

DETAILS OF OTHER INCOME

(Rs. In Lacs)

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Interest & Other Income	0.74	2.38	4.91	7.19	1.36	-
Miscellaneous Income	1.25	0.12	0.34	8.83	0.31	2.92
Profit on sale of Assets	-	3.53	3.79	0.11	-	-
Excess Provision W/back	-	-	-	-	5.75	-
Total	1.99	6.03	9.04	16.13	7.42	2.92

Annexure-17

DETAILS OF CONTINGENT LIABILITY

(Rs. In Lacs)

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Liabilities in respect of turnover tax	222.55	222.55	195.51	149.05	149.00	113.19
Liabilities towards Bank Guarantee	1.00	1.00	1.00	12.50	12.50	-
Liability Towards Counter Guarantee provided By Bank on Behalf of the Company	90.00	90.00	90.00	90.00	90.00	90.00
Liabilities towards Compounding fee	2.80	2.80	2.80	2.80	-	-
Liabilities towards Income Tax Matters	479.66	479.66	144.40	144.40	-	-
Total	796.01	796.01	433.71	390.65	251.50	203.19

Annexure-18

STATEMENT OF RELATED PARTY TRANSACTION

I List of Related Parties

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
<u>Party where control exists</u>						
Promoter	Mr. R.V.Ravikumar	Mr. R.V.Ravikumar	Mr. R.V.Ravikumar	Mr. R.V.Ravikumar	Mr. R.V.Ravikumar	Mr. R.V.Ravikumar
<u>Other Related Parties With whom transactions have taken place</u>						
Key Managerial Personnel	Mr. R.V.Ravikumar(Managing Director)	Mr. R.V.Ravikumar(Managing Director)	Mr. R.V.Ravikumar(Managing Director)	Mr. R.V.Ravikumar(Managing Director)	Mr. R.V.Ravikumar(Managing Director)	Mr. R.V.Ravikumar(Managing Director)
	Mrs.R. Amirthavalli	Mrs.R. Amirthavalli	Mrs.R. Amirthavalli	Mrs.R. Amirthavalli	Mrs.R. Amirthavalli	Mrs.R. Amirthavalli
	Mrs. Vijayalakshmi	Mrs. Vijayalakshmi	Mrs. Vijayalakshmi	Mrs. Vijayalakshmi	Mrs. Vijayalakshmi	Mrs. Vijayalakshmi
	----	Mr.Badrinath.S. Gandhi	Mr.Badrinath.S. Gandhi	Mr.Badrinath.S. Gandhi		
				Mr.V.Sivasankar		
Group Companies	----	M/s.Ravikumar Properties Private Limited	M/s.Ravikumar Properties Private Limited	M/s.Ravikumar Properties Private Limited		

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
	----	Craze (India) Private Limited	Craze (India) Private Limited	Craze (India) Private Limited		
	----	M/s Ravikumar Resorts and Hotels Private Limited	M/s Ravikumar Resorts and Hotels Private Limited	M/s Ravikumar Resorts and Hotels Private Limited		
	----	M/s Ravikumar Powergen Private Limited	M/s Ravikumar Powergen Private Limited	M/s Ravikumar Powergen Private Limited		
	----	M/s Reality Projects and Entertainments Private Limited	M/s Reality Projects and Entertainments Private Limited	M/s Reality Projects and Entertainments Private Limited		
	----	M/s.Brahmar Cellulose Products Private Limited	M/s.Brahmar Cellulose Products Private Limited			
II Transactions with Related Parties						
Revenue Items						
Debits (A)						
Payment of Remuneration						
Key Management Personnel	5.58	24.57	38.53	39.68	34.32	34.32
Payment of Rent						
Key Management Personnel	3.24	12.96	12.96	12.96	11.61	19.76
Payment of Vehicle Hiring Charges						
Key Management Personnel	-	-	-	-	34.50	34.98
Benefits & Perquisites						
Key Management Personnel	-	-	-	1.40	1.16	-
Credits (B)	-	-	-	-	-	-

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Non Revenue Items						
Debits (A)						
Loans & Advances Given / Repaid						
Group Company	-	-	103.72	0.39	-	-
Key Management Personnel	-	0.65	-	-	-	-
Advance Made for Purchase of Property :						
Group Company	-	600.00	-	499.68	-	-
Outstandings / Year End Balances :						
Advances outstanding to Group Company for Purchase of Property	1099.68	1099.68	499.68	499.68	-	-
Loans & Advances receivable/ outstanding from Group Company	-	-	104.10	0.39	-	-
Loans & Advances receivable/ outstanding from Key Management Personnel	-	-	-	-	-	-
Sales Proceeds Receivable from Key Management Personnel	-	-	85.23	-	-	-
Credits (B)						
Loans & Advances Received						
Group Company	-	81.10	-	-	-	64.40
Key Management Personnel	-	-	8.10	9.61	0.54	13.39
Outstanding / Year End balances Payable :	-					
Remuneration payable to Key Management	-	12.81	13.82	2.00	0.88	4.24

Particulars	30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
Personnel						
Loans & Advances payable to Key Management Personnel	-	-	0.65	10.80	1.18	0.64
<u>Equity Contribution</u>						
Allotment of Shares other than Bonus Issue						
Group Company	-	-	-	24.60	-	-
Key Management Personnel	-	-	-	0.40	-	-

CHANGES IN ACCOUNTING POLICIES IN PAST THREE YEARS:

There was no change in the Accounting Policies of the Company during last three years, which would materially affect the results of the Company.

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

The investors should read the following discussion of our financial condition and results of operations together with our audited financial statements for the financial years 2006, 2007, 2008, 2009, 2010 and for three months ended 30th June, 2010 including the notes thereto and the reports thereon which appear in the section titled "Financial Information" beginning on page 142 of this Red Herring Prospectus.

The Financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations and restated as described in the report of our statutory Auditor viz. Ramanand & Associates, Chartered Accountants, dated 22nd October, 2010 in the section titled "Financial Information" beginning on page 142 of this Red Herring Prospectus.

The fiscal year of our Company ends on 31st March of each year, so all references to a particular fiscal year are to the twelve (12) month period ended 31st day of that year.

OVERVIEW OF THE BUSINESS

Our Company was incorporated as "Ravi Kumar Distilleries Limited" on 11th October, 1993 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu and received its Certificate for Commencement of Business on 4th day of December, 1998.

We are engaged in the business of manufacturing and trade of Indian Made Foreign Liquor (IMFL) under our own brand portfolio as well as under tie-up arrangements with other companies. The IMFL comprises of Whisky, Brandy, Rum, Gin & Vodka.

We started with initial capacity of 7,20,000 cases per annum and a bond capacity of 6300 cases of Excise Bonded warehouse. Presently our plant is having an installed capacity of 14,25,000 cases per annum and 26000 cases of Excise Bonded Warehouse. We are an ISO 9001: 2000 certified company since 2007.

We currently operate through our manufacturing unit located at - R.S 89/4A, Katterikuppam Village, Mannadipet Commune, Puducherry. Our unit is equipped with State -of - art infrastructure facilities & technology, which can undertake the manufacturing of IMFL and also encompasses all modern facilities for blending and bottling.

Our core competencies are our in house technical and formulation knowledge, skilled workforce and well-equipped manufacturing facilities, which enables us to manufacture a wide range of IMFL products, to meet diverse client requirements.

THE INDUSTRY OVERVIEW

India is the third largest market for alcoholic beverages in the world. The demand for spirits and beer is estimated to be around 373 million cases. (Source: Annual Report, Government of India, Ministry of Food Processing Industries).

The Alcohol Industry in India can be divided into the following five categories: -

- **Industrial Alcohol**
- **Potable Alcohol**
- **Mixed Distilleries (Industrial and Potable Alcohol)**

- **Bottling Plants (purchasing alcohol and bottling alcoholic beverages)**
- **Distilleries producing alcohol from substrates other than molasses.**

Majority of distilleries manufacture alcohol from Sugar Cane Molasses.

Alcohol industry is the second largest source of revenue of the State Exchequer - Rs. 25,000 crores. The Industry turnover is Rs. 6,000 crores. It is the only Industry where inputs are de-controlled (free market price) and output is controlled (selling price is determined by State Excise in most States).

IMFL (Indian-made foreign liquor) industry is poised to grow at 15% CAGR over 2007-10. The total market for spirits (alternatively referred to as IMFL) in India for the year 2007 was estimated at Rs 9,31,367 million. The market grew at 12.5-13% between year 2001 and 2007. In volume terms, the spirits market was estimated at approximately 3.7 billion liters for FY '07 (excluding beer and country liquor segments). The shares of whisky and rum in the overall spirits market in India were approximately 30% and 4% respectively for the year 2007, alcoholic beverages industry sources said. (Source: FnB News: <http://www.fnbnews.com/>)

In the financial year 2008-09, the IMFL industry grew at 12-15 per cent, of which value growth was 8-10 per cent and volume growth was 3-5 per cent,” (Source: Business Standard: Mumbai August 19, 2009)

FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS

Our results of operations could potentially be affected by the following factors amongst others:

- Frequent changes in Government Policies;
- Stiff competition from national and regional players;
- Distribution and trading restriction of IMFL products;
- Restrictions on advertisements and publicity;
- Dependence on government agencies for sale of our products;

Discussion on Results of Operation:

The following discussion on results of operations should be read in conjunction with the restated financial results of our Company for the years ended 2006, 2007, 2008, 2009, 2010 and for three months ended 30th June, 2010.

For Three months period ended 30th June, 2010

Particulars	Three (3) Months (Rs. In Lacs)	% of Total Income
Total Income	1393.22	100.00
Expenditure (Excluding Depreciation ,Interest & Tax)	1216.81	87.34
Depreciation	15.48	1.11
Interest	72.99	5.24
Net Profit before Tax	87.94	6.31
Taxes	28.90	2.07
Net Profit after Taxes	59.04	4.24

Result of operations as % of Income

We had recorded the total income of Rs. 1393.22 Lacs and the expenditure has accounted 87.34% of total income and represented a total amount of Rs. 1216.81 Lacs. The depreciation and interest charges have accounted for 1.11% and 5.24% of total income respectively and taxes have accounted for 2.07% of total income. Our Company has recorded a net profit after tax of Rs.59.04 Lacs during the three months period ended 30th June, 2010.

Analysis on Results of Operation

Considering the various Key factors affecting our income and expenditure, our results of operations may vary from period to period. The following table sets forth certain information with respect to our results of operations for the periods indicated read together with notes to accounts, accounting policies and auditors report as appearing in this Red Herring Prospectus.

Particulars	31.03.10	31.03.09	31.03.08	31.03.07
Income				
Operating Income				
Sales	9771.78	8483.03	7033.97	6499.12
Less : Excise Duty	4963.80	4196.07	3234.39	2279.81
Net Sales	4834.98	4286.96	3799.58	4219.31
Increase/ (Decrease) (%)	12.78%	12.83%	(9.95%)	19.67%
Other Income	6.03	9.04	16.13	7.42
Increase/ (Decrease) (%)	(33.29%)	(43.96%)	117.39%	154.11%
Expenditure				
Raw Material consumed	1830.79	1818.09	1804.85	1781.85
Increase/ (Decrease) (%)	0.70%	0.73%	1.29%	33.79%
Other Manufacturing Expenses	503.44	442.47	630.27	1160.48
Increase/ (Decrease) (%)	13.78%	(29.80%)	(45.69%)	18.29%
Personnel Expenses	132.94	127.22	132.60	138.48
Increase/ (Decrease) (%)	4.50%	(4.06%)	(4.25%)	12.00%
Office & Administration Expenses	97.10	111.12	71.05	129.87
Increase/ (Decrease) (%)	(12.62%)	56.40%	(45.29%)	(9.66%)
Selling & Distribution Expenses	185.92	195.26	121.78	253.84
Increase/ (Decrease) (%)	(4.78%)	60.34%	(52.02%)	(3.57%)
Profit before Depreciation, Interest and Tax	635.81	607.99	474.24	372.69
Increase/ (Decrease) (%)	4.58%	28.20%	27.25%	(9.86%)
Depreciation	70.95	77.08	65.34	70.71
Increase/ (Decrease) (%)	(7.95%)	17.97%	(7.59%)	(31.34%)
Profit before Interest & Tax	564.86	530.91	408.90	301.98
Increase/ (Decrease) (%)	6.39%	29.84%	35.41%	(2.74%)
Interest & Financial Charges	279.64	299.02	224.99	153.91
Increase/ (Decrease) (%)	(6.48%)	32.90%	46.18%	(18.37%)
Net Profit before Tax	285.22	231.89	183.91	148.07

Particulars	31.03.10	31.03.09	31.03.08	31.03.07
Less: Provision for Tax-Current Tax	89.83	56.59	35.57	36.00
Deferred Tax	(4.07)	0.86	(20.76)	5.77
Fringe Benefit Tax	-	3.85	4.04	4.30
Net Profit After Tax & Before Extraordinary Items	199.46	170.59	165.06	102.00
Increase/ (Decrease) (%)	16.92%	3.35%	61.82%	94.84%
Extraordinary Items (Net of Tax)	-	-	-	-
Net Profit After Extraordinary Items	199.46	170.59	165.06	102.00

COMPARISON OF FINANCIAL YEAR ENDED 31st MARCH, 2010 WITH FINANCIAL YEAR ENDED 31st MARCH, 2009

Net Sales: Our net sales for the financial year ended 31st March, 2010 was at Rs. 4834.98 Lacs as against the total of Rs. 4286.96 Lacs for the fiscal 2009 with an increase of 12.78% and such increase was attributed to rise in sales of IMFL products due to our continuing marketing efforts.

Expenditure: The consumption of raw material accounted for 37.87 % of net sales during the financial year ended 31st March, 2010 at Rs. 1830.79 Lacs as compared to 42.41% of Net Sales at Rs. 1818.09 Lacs for the fiscal 2009. While in the fiscal 2010, manufacturing expenses was at Rs. 503.44 Lacs and accounted 10.41% of Net sales as compared to 10.32% of Net sales at Rs. 442.47 Lacs in the fiscal 2009.

The administrative expenses have registered decline of 12.62 % at Rs. 97.10 Lacs in fiscal 2010 as compared to Rs. 111.12 Lacs for the fiscal 2009 due to better cost control and the Personnel Expenses have registered increase of 4.50% at Rs. 132.94 Lacs in fiscal 2010 as compared to Rs. 127.22 Lacs in fiscal 2009 due to increment policy. The Selling and distribution expenses have registered the decrease of 4.78% at Rs. 185.92 Lacs as compared to 195.26 Lacs in fiscal 2009.

In this fiscal the overall expenses has been stagnant as compared to fiscal 2009 as Company has not increased the volume of operations and been restricted to Puducherry region only.

Depreciation: Depreciation has accounted for Rs. 70.95 Lacs with an decrease of 7.95% in fiscal 2010 as compared to Rs. 77.08 Lacs in the fiscal 2009. The decrease is basically a routine decrease as Company charges the depreciation on the written down value basis and no major additions has been done in the line of fixed assets in the fiscal 2010.

Interest Charges: The interest cost of company has registered the marginal decline of 6.48% for the financial year 2010 at Rs. 279.64 Lacs as against Rs. 299.02 Lacs for the financial year 2009 and such decline is attributed to decline in average credit facilities availed by the Company in this fiscal.

Profits after Taxes (PAT): PAT of company has recorded a jump of 16.92% with Rs. 199.46 Lacs for fiscal 2010 as against Rs. 170.59 Lacs for fiscal 2009 due to higher base of revenue and optimal utilization of resources.

COMPARISON OF FINANCIAL YEAR ENDED 31st MARCH, 2009 WITH FINANCIAL YEAR ENDED 31st MARCH, 2008

Net Sales: Our net sales for the financial year ended 31st March, 2009 was at Rs. 4286.96 Lacs as against the total of Rs. 3799.58 Lacs for the fiscal 2008 with an increase of 12.83% and such

increase was attributed to rise in sales of IMFL products due to our continuing marketing efforts.

Expenditure: The consumption of raw material accounted for 42.41 % of net sales during the financial year ended 31st March, 2009 at Rs. 1818.09 Lacs as compared to 47.50% of Net Sales at Rs. 1804.85 Lacs for the fiscal 2008. While in the fiscal 2009, manufacturing expenses was at Rs. 442.47 Lacs and accounted 10.32% of Net sales as compared to 16.59% of Net Sales at Rs. 630.27 Lacs in the fiscal 2008.

The administrative expenses have registered increase of 56.40% at Rs. 111.12 Lacs in fiscal 2009 as compared to Rs.71.05 Lacs for the fiscal 2008 due to higher base of revenue and the Personnel Expenses have registered decrease of 4.06% at Rs. 127.22 Lacs in fiscal 2009 as compared to Rs. 132.60 Lacs in fiscal 2008. The Selling and distribution expenses have registered an increase of 60.34% at Rs. 195.26 Lacs as compared to Rs. 121.78 Lacs in fiscal 2008.

The overall net increase in the expenditure has resulted due to increase in the turnover and volume of operations of the Company.

Depreciation: Depreciation has accounted for Rs. 77.08 Lacs with an increase of 17.97% in fiscal 2009 as compared to Rs. 65.34 in the fiscal 2008. This increase is attributed to increase in line of fixed assets, however gross block of fixed assets has been decreased from Rs. 1614.37 Lacs in fiscal 2008 to Rs. 1605.48 Lacs in fiscal 2009 due to sale of land, which is non depreciable.

Interest Charges: The interest cost of company has registered increase of 32.90% for the financial year 2009 at Rs.299.02 Lacs as against Rs. 224.99 Lacs for the financial year 2008 and such rise is attributed to increase in credit facilities availed by the Company.

Profits after Taxes (PAT): PAT of company has recorded a jump of 3.35% with Rs. 170.59 Lacs for fiscal 2009 as against Rs. 165.06 Lacs for fiscal 2008 due to higher base of revenue and optimal utilization of resources.

COMPARISON OF FINANCIAL YEAR ENDED 31st MARCH, 2008 WITH FINANCIAL YEAR ENDED 31st MARCH, 2007

Net Sales: Our Net Sales for the fiscal 2008 was at Rs. 3799.58 Lacs registering a decrease of 9.95% as against Rs. 4219.31 recorded in fiscal 2007. In Fiscal 2008 revenue generated on account of gross sales from IMFL products has increase by 8.23% in comparison with Fiscal 2007, however the excise duty portion has increased immensely to the tune of 41.87% in comparison with Fiscal 2007, thereby diminishing net sales in Fiscal 2008.

Expenditure: The consumption of raw material accounted for 47.50% of net sales during the financial year ended 31st March, 2008 at Rs. 1804.85 Lacs as compared to 42.23% of Net Sales at Rs. 1781.85 Lacs for the fiscal 2007. While in the fiscal 2008, manufacturing expenses was at Rs. 630.27 Lacs and accounted 16.59% of Net sales as compared to 27.50% of Net Sales at Rs. 1160.48 Lacs in the fiscal 2007.

The administrative expenses have registered decrease of 45.29% at Rs. 71.05 Lacs in fiscal 2008 as compared to Rs.129.87 Lacs for the fiscal 2007 chiefly due to decline in rent, professional and consultancy charges. Personnel Expenses have registered a marginal decrease of 4.25% at Rs. 132.60 Lacs in fiscal 2008 as compared to Rs. 138.48 Lacs in fiscal 2007. The Selling and distribution expenses have registered a decrease of 52.02% at Rs. 121.78 Lacs in fiscal 2008 as compared to Rs. 253.84 Lacs in fiscal 2007.

The overall decrease in the expenditure has resulted due to efficient management and optimum utilization of resources to boost our profits.

Depreciation: Depreciation has accounted for Rs. 65.34 Lacs with a decline 7.59% in fiscal 2008 as compared to 70.71 Lacs in the fiscal 2007.

Interest Charges: The interest cost of company has registered an increase by 46.18% for the financial year 2008 at Rs.224.99 Lacs as against of Rs.153.91 Lacs for the financial year 2007 due to increase in secured borrowings during the fiscal 2008. However, unsecured borrowings have decreased by 33.04% in comparison with Fiscal 2007.

Profits after Taxes (PAT): PAT of company has recorded a jump of 61.82% with Rs. 165.06 Lacs for fiscal 2008 as against Rs. 102.00 Lacs for fiscal 2007 due to higher base of revenue and reduction in operating expenses.

Other Information required as per SEBI Regulations

- ***Unusual or infrequent events or transactions***

There are no unusual or infrequent events or transactions that have significantly affected operations of the Company.

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

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations. Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

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

Apart from the Risks disclosed under the section titled "Risk Factors" no known trends or uncertainties are envisaged or are expected to have a material adverse impact on sales, revenue or income from continuing operations to Company's knowledge.

- ***Future changes in relationship between costs and revenues in case of events such as future increase in labour or material cost or prices that will cause material change.***

According to our knowledge, there are no future relationship between cost and income that would be expected to have a material adverse impact on our operations and revenues. However Increase in the cost of the products in which the Company deals, will affect the profitability of the Company. Further, the Company is not able to pass on the increase in prices of the product to the customers in full. This can be offset through cost reduction.

- ***The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices***

The increase in revenues is by and large linked to increases in volume of all the activities carried out by the company.

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

The Company operates in only one Industry Segment i.e. Manufacturing of IMFL products.

- ***Status of any publicly announced New Products or Business Segment***

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

- ***The extent to which our Company's business is seasonal.***

Our business is not seasonal and no major cyclical trends are observed in this industry.

- ***Any significant dependence on a single or few suppliers or customers***

Our company is not under threat of dependence from any single supplier or customer.

- ***Competitive conditions***

IMFL industry is witnessing high level of competition as the domestic players gear up to compete for a larger share of the market. The entry of multinationals in the domestic liquor business has led to increased competition.

Major Competition in the IMFL markets is from established national players. These players are primarily present in the Medium and Premium segments of the market. Apart from the national level players there are regional players who compete with us across all the segments. Therefore, we not only face competition from few existing players in IMFL segment in each State i.e. Andhra Pradesh, Kerala and Karnataka but also from imports coming into the grey markets.

Our competitors for the Puducherry market are as follows:

- M/s.Vinbros & Co., Odiampet, Villianur, Puducherry.
- M/s. Premier Distilleries Ltd., Mangalam, Villianur, Puducherry.
- M/s. Deekay Exports, Madukari, Puducherry.
- M/s. Khodays Industries, Puducherry.
- M/s. United Spirits Ltd, Puducherry.

The IMFL markets of Kerala, Karnataka and Andhra Pradesh are characterized by regulatory restrictions on selling by respective State Government on IMFL products. Distilleries/Breweries/Bottling plants are not allowed to sell their production directly to wholesalers/market. The State Governments directly purchase IMFL products from the respective distilleries and breweries largely mitigating the effect of competition with all the players who are able to sell their production. If there is a change in the aforesaid regulatory scenario the marketing strategy is likely to get affected. The industry also faces threats of prohibition, high excise duties, exorbitant import duty, restrictions on advertisement, restrictions on inter-state movement, besides there are barriers of control over distribution and near-monopoly status of retailers and distributors. All these factors have affected our margins and established national players continue to have better edge over the Industry.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated herein, there are no outstanding or pending litigation, suits, civil prosecution, criminal proceedings or tax liabilities against our Company, our Directors, our Promoters and Promoter Group and there are no defaults, non-payment of statutory dues, over dues to banks and financial institutions, defaults against bank and financial institutions and there are no outstanding debentures, bonds, fixed deposits or preference shares issued by our Company; no default in creation of full security as per the terms of the issue, no proceedings initiated for economic or other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (l) of Part I of Schedule XIII of the Companies Act, 1956), and no disciplinary action has been taken by SEBI or any stock exchanges against our Promoters, our Directors or Promoter Group Companies.

Further, as stated below, there are no show-cause notices, claims served on our Company, our Promoters, our Directors or Promoter Group Companies from any statutory authority/ revenue authority that would have a material adverse affect on our business.

I. Cases filed by our Company

Civil Cases

Sl. No.	Case No. / Complaint No.	Defendant / Respondent / Opposite Party	Brief Description of the case and Status
1	O S No. of 2007, in the Court of the District Judge, Ranga Reddy Dist at LB Nagar.	1. KAPITAN Distilleries Ltd. represented by its Managing Director. A-10, Co-operative Industrial Estate IDA Bala Nagar Hyderabad 500 037. 2. The Andhra Pradesh Beverages Corporation Ltd. represented by its Managing Director POSNETT Bhavan Tilak Road, Hyderabad 500 001.	The Company is the plaintiff in the suit. Company for the purpose of its business transactions has entered into an agreement dated 26.01.2001 with KAPITAN Distilleries Ltd. (Kapitan) for the manufacture of IMFL Brands of the Company viz. Capricorn Super Brandy, Capricorn Super Whisky and Konark Malt - Whisky for supplying to Andhra Pradesh Beverages Corporation Ltd.(second defendant). It has been further stated in the plaint that as per the agreement between the Plaintiff and the Kapitan, Kapitan had to bottle the brands of the plaintiff at the rates specified in the agreement and to supply the same to the second defendant. The payment for the supplies had to be made by the second defendant to Kapitan. After deducting the service charges for bottling the IMFL the balance amount was to be released by Kapitan to the plaintiff. However Kapitan from the month of

Sl. No.	Case No. / Complaint No.	Defendant / Respondent / Opposite Party	Brief Description of the case and Status
			April 2002 unilaterally started recovering the sum of Rs 1,50,000/- per month as minimum service charges against the agreed rate of Rs.1,20,000/-per month. Subsequently from the month of February 2003 the production of plaintiff's brand was stopped and the quantity till then produced was sold to the second defendant before 31.3.2003. The amount realized by Kapitan have not been paid to the Company and as such Kapitan is liable to pay to the Company a sum of Rs.37 lacs as on 10.8.2007 for which, the suit has been filed. Along with the suit, the Company has also filed a petition before the Court for a garnishee order directing the second defendant to withhold the amount of Rs. 38 lacs from out of the amount payable by the second defendant to Kapitan. The suit is pending and shall come up for hearing in normal course.

Criminal Cases

There are no criminal proceedings filed by our Company against any Person.

II. Cases filed against our Company

Civil proceedings

Sl No.	Case No. / Complaint No.	Plaintiff / Opposite Party	Brief Description of the case and Status
1	OS No.70 of 2007 in the Court of Principal District Judge Puducherry.	Mohan Breweries and Distilleries Ltd. 158 Royala Towers, 2 nd Floor, Anna Salai, Chennai- 600002.	Mohan Breweries and Distilleries Ltd. is the plaintiff and the Company is the defendant in the suit. As per the averments in the plaint, the plaintiff is manufacturer of all alcoholic products including whisky and beer. The plaintiff has conceived and designed a bottle with a peculiar design, embossed with the letters "MBDL" alongwith the words "FOR SALE IN TAMILNADU ONLY" and had

Sl No.	Case No. / Complaint No.	Plaintiff / Opposite Party	Brief Description of the case and Status
			obtained registration for the bottle being design No. 195207 in clause 09.01 of 19.4.2004, under the Designs Act, 2000. Ever since the registration, the Plaintiff has been continuously and extensively using the said bottle design and the bottles. It has been alleged in the plaint that during the last week of September 2007 it was brought to the notice of the Plaintiff that the defendant (the Company) has been blending, brewing and bottling the whisky under the brand "GOAL KEEPER" in the bottles of identical design with the letters "MBDL" along with the words "FOR SALE IN TAMILNADU ONLY" written in a rectangular box on one side and marketing the same in the state of Puducherry. By so doing the defendant had copied the registered design of the plaintiff for the bottle. The defendant has manner of right, title or interest whatsoever to adopt an identical design along with an embossment in the bottle. It is further alleged in the plaintiff had committed a piracy of the registered design within the meaning of Section 22 of the Designs Act, 2000. It is submitted by the plaintiff that by reason of the user of the offending bottle design by the defendant, the plaintiff has been put to serious loss and hardship, which cannot be compensated in terms of money. In the circumstances the plaintiff had prayed for a permanent injunction restraining the defendant from infringing in any manner the plaintiff's registered design of the bottle together with the letters MBDL along with the words FOR SALE IN TAMIL NADU ONLY written within a rectangular box by using an identical bottle design and directing the defendant to surrender to the plaintiff the entire stock of unused

Sl No.	Case No. / Complaint No.	Plaintiff / Opposite Party	Brief Description of the case and Status
			offending identical bottle design and for rendition of a true and faithful account of the profits earned by the defendant through sale of whisky by using the offending bottle design. Pending the hearing of the suit, the plaintiff has also filed a petition for an ad interim injunction which has been granted till 7.12.2007. The Company had filed a reply denying some of the averments in the plaint. The matter is pending and shall come for hearing in due course of time.

Proceedings Against Company under Labour laws

Sl No.	Case No. / Complaint No.	Plaintiff / Opposite Party	Brief Description of the case and Status
1.	G.O..RT No.151/2007/LAB/AIL/J Labour Department Government of Puducherry	Mr. E Raghavan S/o. Mr. Elumalai 20, Mariamman Koil Street Katterikuppam Post Puducherry	Mr E Raghavan, a casual labourer employed by the Company was dismissed from the services on 10.2.2006. Against the dismissal Mr. Raghavan filed a dispute before the Labour Officer (conciliation), Govt. of Puducherry challenging his dismissal. The Company had filed a reply to the charges leveled by Mr Raghavan . Since the dispute could not be settled by the Labour Officer (Concilation) Govt of Puducherry, had made reference to the Govt. for adjudication of the dispute. The Joint Secretary (Labour) to Govt of Puducherry by his GO NO.151/2007/LAB/AIL/J dated 9.11.2007 passed an order to refer the dispute to Labour Court Puducherry for adjudication. The matter is pending and shall come for hearing in due course of time.

Criminal Proceedings

There are no criminal proceedings filed against our Company.

III. Indirect tax proceedings involving our Company

1. For Turnover Taxes:

Sl No.	Case No. and Year	Opposite Party	Brief Description of the case and Status
1.	Appeal No. 14/PGST/0506 For AY 2002-2003.	Commercial Tax Officer IAC, Puducherry.	The Commercial tax Officer (IAC) (hereinafter referred to as (CTO) by its order dated 27.1.2006 made a demand for payment of turnover tax of Rs.14,25,952/- for the assessment year 2002-2003. Against this order the Company filed an appeal before the Appellate Asst. Commissioner, Commercial Tax Dept. Govt.of Puducherry challenging the demand on the ground that the Company being eligible for a tax holiday is not required to pay the turnover tax demanded. Since there was a delay in filing the appeal, the Company filed an application for condoning the delay in filing the appeal. The Appellant Asst. Commissioner by its order dated 16.10.2006 allowed the prayer for condoning the appeal and has also granted a prayer by the Company for stay of the collection of tax. The stay so granted was subject to the Company submitting a security bond in Form No. XIX duly executed by the Managing Director and furnishing particulars of the property owned by the Company or by the Managing Director to the value equivalent to the arrears amount. The Company had Complied with the order of the Appellant Asst. Commissioner of Tax. The appeal is still pending and shall come for hearing in normal course.
2	Appeal No.13/PGST/0506	Commercial Tax Officer IAC, Puducherry.	The Commercial tax Officer (IAC) (hereinafter referred to as (CTO) by

Sl No.	Case No. and Year	Opposite Party	Brief Description of the case and Status
	For A Y 2003 - 2004.		its order dated 27.1.2006 made a demand for payment of turnover tax of Rs.20,26,374/- for the assessment year 2003-2004. Against this order the Company filed an appeal before the Appellate Asst. Commissioner, Commercial Tax Dept. Govt. of Puducherry challenging the demand on the ground that the Company being eligible for a tax holiday is not required to pay the turnover tax demanded. Since there was a delay in filing the appeal, the Company filed an application for condoning the delay in filing the appeal. The Appellant Asst. Commissioner by its order dated 16.10.2006 allowed the prayer for condoning the appeal and has also granted a prayer by the Company for stay of the collection of tax. The stay so granted was subject to the Company submitting a security bond in Form No. XIX duly executed by the Managing Director and furnishing particulars of the property owned by the Company or by the Managing Director to the value equivalent to the arrears amount. The Company had Complied with the order of the Appellant Asst. Commissioner of Tax. The appeal is still pending and shall come for hearing in normal course.
3	AY 2004-2005	Commercial Tax Officer (IAC) Puducherry.	The Commercial tax Officer (IAC), Puducherry (hereinafter referred to as (CTO) by his order dated 8.3.2007 made a demand for payment of turnover tax of Rs.21,55,178/- for the assessment year 2004-2005. The Company challenged the order of CTO by filing a Writ Petition before Hon'ble High Court Madras

Sl No.	Case No. and Year	Opposite Party	Brief Description of the case and Status
			being Writ Petition No. 12923 of 2007 on the ground that the Company is entitled to the benefit of the notification No. 15/74 dated 25.6.1974 issued by Commercial Taxes Dept. exempting turnover tax relating to sale of goods manufactured by all new industries which went into production on or after 1.4.1974. The exemption was for a period of nine years from the date of commercial production. The Hon'ble High Court by its order dated 11.4.2007 set aside the order of demand with liberty to the Assessing Officer to redo the exercise if the Assessing officer is of the view that the turnover tax at the rate of 0.5% is leviable on the Company and he can levy the same after giving a reason to that effect. The Company has not received any further communication from the assessing officer.
4	AY 2005-2006	Commercial Tax Officer (IAC) Puducherry.	The Commercial tax Officer (IAC), Puducherry (hereinafter referred to as (CTO) made a demand for payment of turnover tax of Rs.25,03,905/- for the assessment year 2005-2006. The Company challenged the order of CTO by filing a Writ Petition before Hon'ble High Court Madras being Writ Petition No. 12924 of 2007 on the ground that the Company is entitled to the benefit of the notification No. 15/74 dated 25.6.1974 issued by Commercial Taxes Dept exempting turnover tax relating to sale of goods manufactured by all new industries which went into production on or after 1.4.1974. The exemption was for a period of nine years from the date of commercial production. The Hon'ble High Court by its order dated 11.4.2007 set aside the order of demand with liberty to the

Sl No.	Case No. and Year	Opposite Party	Brief Description of the case and Status
			Assessing Officer to redo the exercise if the Assessing officer is of the view that the turnover tax at the rate of 0.5% is leviable on the Company and he can levy the same after giving a reason to that effect. The Company has not received any further communication from the assessing officer.
5	AY 2006-2007	Commercial Tax Officer (IAC) Puducherry.	The Commercial tax Officer (IAC), Puducherry (hereinafter referred to as (CTO) by his order dated 20.1.2009 made a demand for payment of turnover tax of Rs 31,16,651/- for the assessment year 2006-2007. The Company challenged the order of CTO by filing a Writ Petition before Hon'ble High Court Madras being Writ Petition No. 5245 of 2009 on the ground that the Company is entitled to the benefit of the notification No. 15/74 dated 25.6.1974 issued by Commercial Taxes Dept exempting turnover tax relating to sale of goods manufactured by all new industries which went into production on or after 1.4.1974. The exemption was for a period of nine years from the date of commercial production. The Hon'ble High Court by its order dated 23.11.2009 stayed the operation of the order dated 20.1.2009. The Company has not received any further communication from the assessing officer.
6	AY 2007-2008	Commercial Tax Officer (IAC) Puducherry.	The Commercial tax Officer (IAC), Puducherry (hereinafter referred to as (CTO) by his order dated 20.1.2009 made a demand for payment of turnover tax of Rs 6,94,217/- for the assessment year 2007-2008. The Company challenged the order of CTO by filing a Writ Petition

Sl No.	Case No. and Year	Opposite Party	Brief Description of the case and Status
			before Hon'ble High Court Madras being Writ Petition No. 5246 of 2009 on the ground that the Company is entitled to the benefit of the notification No. 15/74 dated 25.6.1974 issued by Commercial Taxes Dept exempting turnover tax relating to sale of goods manufactured by all new industries which went into production on or after 1.4.1974. The exemption was for a period of nine years from the date of commercial production. The Hon'ble High Court by its order dated 23.11.2009 stayed the operation of the order dated 20.1.2009. The Company has not received any further communication from the assessing officer.

2. For Sales Taxes:

Sl No.	Case No. and Year	Opposite Party	Brief Description of the case and Status
1	Writ Petition No. (C)No.12116/2006 - P at Hon'ble High Court of Kerala at Ernakulam	1. State of Kerala, represented by the Secretary to Government, Revenue Department, Government of Kerala, 2. The Assistant Commissioner (KGST), Sales Tax Office, Special Circle - II, Kozhikode 3. Kerala State Beverages (Manufacturing and Marketing) Corporation	Assistant Commissioner, (KGST), Special Circle -II, Kozhikode, issued demand notices, raising demand on the Company for payment of turnover tax and interest thereon as follows: For 2001-2002- Rs.22,02,568/- For 2002-2003- Rs. 13,08,006/- For 2003-2004- Rs. 8,58,336/- In addition, the department also raised demand on the company for payment of Rs.21,99,704/- for the year 2001 - 2002. The interest for 2002- 2003 is Rs. 13,54,389/- while the interest for 2003 -2004 is Rs.3,86,139/-. Against the demands, the Company filed a writ petition before the Hon'ble High Court of Kerala at

Sl No.	Case No. and Year	Opposite Party	Brief Description of the case and Status
		Ltd., Sasthamangalam Thiruvananthapuram	Ernakulam, challenging the demands made. The Hon'ble High Court of Kerala at Ernakulam, by its order dated 16.5.2006 admitted the petition and passed an interim order of stay till 23.5.2006. The Company has not received any further communication from the assessing officer. The matter is pending.

IV. Show Cause Notice Issued by Registrar of Companies, Tami Nadu against our Company

During the year 2007-08, the Company has received a Notice from the Registrar of Companies, Tamil Nadu for non-compliance of provisions of Section 297 of the Companies Act, 1956 for the financial year 2004-05, 2005-06 and 2006-2007, as Company has entered in to agreement with its Managing Director for hiring cars on lease rental basis owned by its Directors and Relatives. The Registrar of Companies observed that the Company had not complied with the provisions of Section 297 of the Companies Act, 1956 for this agreement and issued Show Cause Notice for levy of Penalty.

The Company has filed its application under section 621A of Companies Act, 1956 for compounding of aforesaid non compliances. The Company Law Board, Chennai Bench, passed an order compounding the offence, by levying a compounding fee of Rs.3,500/- for each of the financial year on the Company and a compounding fee of Rs.1500/- for each of the financial years on each of the two Directors who had applied for compounding. The compounding of an aggregate sum of Rs.19,500/- had been remitted.

V. Litigations involving our Promoter

(i) Proceedings of Civil nature

(a). By the promoter

NIL

(b). Against the promoter

NIL

(ii) Proceedings of a Criminal nature-

(a). By the promoter

NIL

- (b). Against the promoter

NIL

VI. Litigations involving Directors of our Company

(i) Proceedings of Civil nature

- (a). By the Directors of our Company

NIL

- (b). Against the Directors of our Company

NIL

(ii) Proceedings of a Criminal nature-

- (a). By the Directors of our Company

NIL

- (b). Against the Directors of our Company

NIL

VII. Litigations involving our Group Companies

(i) Proceedings of Civil nature

- (a). By the our Group Companies

NIL

- (b). Against the our Group Companies

NIL

(ii) Proceedings of a Criminal nature-

- (a). By the our Group Companies

NIL

- (b). Against the our Group Companies

NIL

MATERIAL DEVELOPMENT

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last audited financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability or value of assets or our ability to pay material liabilities within the next twelve (12) months. In accordance with SEBI requirements, our Company and the BRLM 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.

GOVERNMENT AND OTHER APPROVALS

Based on the indicative list of approvals provided below, Our Company can undertake this Issue and its current business activities. Our Company will not require any other major approval from any Government or regulatory authority to undertake the Issue or continue these activities. Unless otherwise mentioned below, these approvals are valid as of the date of this Red Herring Prospectus.

I. Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

1. The Board of Directors has pursuant to a resolution adopted at its meeting held on 5th November, 2009, authorized the Issue, subject to the approval of the shareholders of the Company under Section 81(1A) of the Companies Act and such other authorities as may be necessary.
2. The shareholders of the Company have pursuant to a resolution under Section 81(1A) of the Companies Act approved at its Extra Ordinary General Meeting held on 27th November, 2009 authorized the Issue.
3. Our Company has obtained in-principle listing approvals dated 31st May, 2010 and 1st July, 2010 from BSE and NSE respectively.
4. ISIN No.: INE722J01012

II. Approvals obtained by our Company for our business operations

No.	Nature of License / Approval	Registration/ License No.	Issuing Authority	Validity
1.	Certificate of Incorporation.	18-25981	Registrar of Companies, Tamil Nadu	One Time Registration
2.	Certificate of Commencement of Business.	N.A	Registrar of Companies, Tamil Nadu	One Time Registration
3.	Permanent Account Number (PAN).	AABCR4195D	Income Tax Department	One Time Registration
4.	Form No. III Registration Certificate or Renewal Thereof in Respect of a Shop or Establishment	Regn. No.6040 Dated 11.12.2002	Asst. Inspector of Labour Office of the Labour Officer (Enforcement) Puducherry. Govt. of Puducherry	31.03.2011

No.	Nature of License / Approval	Registration/ License No.	Issuing Authority	Validity
5.	Form No.F.L.1 Licence for Possession and sale of Indian-made Liquors / Foreign Liquors and Beer not to be consumed in the premises.	Lic No. 37/FL.1/2007-08 Dated 3.10.2007	Deputy Commissioner (Excise) Govt of Puducherry.	31.03.2011
6.	Form - B Certificate of Registration Mfg. of Indian Made Foreign Liquors.	No. 12044/PRC Dated 15.03.1999	Dy CTO. Office of the Commissioner (Registrations) Puducherry.	Valid till cancelled. (One time approval only for CST Registration)
7.	Form D -1 Certificate of Registration	D1/703167/98-99 Dated 16.3.99	Dy.. Commercial Tax Officer (Registrations) Puducherry.	(Local Sales Tax Registration has been modified as TIN.) Valid till cancelled.
8.	Form D 1 Branch Certificate Certificate of Registration.	D1/703167/2001-2002 Dated 3.6.2002	Dy.. Commercial Tax Officer (Registrations) Puducherry	(Local Sales Tax Registration has been modified as TIN.) Valid till cancelled.
9.	Form D 1 Branch Certificate Certificate of Registration.	D1/703167/98-99 Dated 16.3.1999	Dy.Commercial Tax Officer (Registrations) Puducherry	(Local Sales Tax Registration has been modified as TIN.) Valid till cancelled.
10.	Employees Provident Fund Organisation Certificate of Registration	TN/PC/982	The Provident Fund Commissioner, Chennai.	Valid till cancelled
11.	Employees State Insurance Corporation Certificate of Registration	55-21733-09	The Deputy Director, Bhuvancare Street, Puducherry.	Valid till cancelled
12.	Service Tax	No. AABCA4195DST001	The Central Excise &	Valid till cancelled

No.	Nature of License / Approval	Registration/ License No.	Issuing Authority	Validity
			Service Tax Department	
13.	Tax Deducted / Tax Collected Sources	No. CHERO3042E	The Income Tax Department	Valid till cancelled
14.	Consent under Water(Prevention & Control of Pollution) Act, 1974.	Consent No.3166/PPCC/CON/ WTR/MCP/JSA/2010/127 Dated 9.02.2010	The Member Secretary, Puducherry Pollution Control Committee, Puducherry	28.02.2011
15.	Certificate of registration for existing user of ground water	No.P-06-17-01-03881/D11 Dated 15.04.2009	The Member Secretary, Ground Water Authority, Puducherry	31.03.2011
16.	Distillery Manufactory Licence. Brandy, Whisky, Rum and Gin.	Lic.No.8/Manufactory /1999 - 2000 Puducherry dt 14.5.1999	Excise Commissioner Govt. of Puducherry	31.03.2011
17.	Licence for bottling Of Liquors	Lic.No.8 / Bottling / 1999 - 2000 Puducherry dt 14.5.1999	Excise Commissioner Govt. of Puducherry	31.03.2011
18.	Licence Authorising Storage in Bond of Indian or Foreign Liquors Spirit / Beer.	Lic. No,8 /BWH/1999-2000 dated 14.5.2000	Excise Commissioner Govt. of Puducherry	31.03.2011
19.	Permanent Registration certificate as a Small Scale Unit (Is it still a small scale unit?)	Small Scale Unit No. 590306242 dated 01.06.1999.	Director of Industries Govt of Puducherry	(One time approval only)
20.	Licence (manufacture of Indian made Foreign Liquor)	Lic.No.34-8/MCP/1999-2000 /Lic dated 9.11.99	Office of the Commissioner Mannadipet Commune Panchayat, Thirubuvanai, Puducherry.	31.03.2011
21.	Factory Licence (Registration and licence to work as a Factory)	Lic No. PMC 102	Chief Inspector of Factories. Govt of Puducherry	31.12.2010
22.	Certificate of	IEC No. 0499012828	Office of Jt.	Valid till

No.	Nature of License / Approval	Registration/ License No.	Issuing Authority	Validity
	Importer - Exporter Code (IEC)	Date of Issue: 12.10.1999	Director General of Foreign Trade. Govt. of India Ministry of Commerce	cancelled
23.	Fire Service Dept. Govt of Puducherry	C.No.Fire /446-ADFO/NOC/96 dated 12.11.1996	Fire Service Dept. Govt. of Puducherry	Valid till cancelled
24.	Certificate of Registration ISO 9001:2000 (Manufacture and supply of Indian made Foreign Liquors)	Certificate No. 18825 Date of Issue : 13.4.2007 , Renewed on 13.04.2010	U K A S Quality Management (Regn No. 043)	12.04.2013

III. Approvals obtained by our Company for calibration of vessels

No.	Nature of License / Approval	Date of last verification, & Verification Cert. No.	Validity
1.	Blending Tank No.13 Capacity- 10431 Ltr	005359- 31.03.2009	31.03.2014
2.	Blending Tank No.14 Capacity- 10444 Ltr	005359- 31.03.2009	31.03.2014
3.	Blending Tank No.15 Capacity- 20914 Ltr	005359- 31.03.2009	31.03.2014
4.	Blending Tank No.16 Capacity- 10493 Ltr	005359- 31.03.2009	31.03.2014
5.	Blending Tank No.17 Capacity- 20914 Ltr	005359- 31.03.2009	31.03.2014
6.	Storage Tanks Capacity 55640 Ltr 55720 Ltr 55570 Ltr 55200 Ltr 20640 Ltr	18036 - 20.07.2007	20.07.2012
7.	Vertical Storage Tanks (ENA) - 16 nos. 23112 Ltr 23286 Ltr 23116 Ltr 23334 Ltr 11620 Ltr 11310 Ltr 5139 Ltr	31.12.2009	30.12.2014

No.	Nature of License / Approval	Date of last verification, & Verification Cert. No.	Validity
	5139 Ltr 30525 Ltr 30764 Ltr 30164 Ltr 30160 Ltr 707 Ltr 1485 Ltr 1173 Ltr 1012 Ltr		
8.	Spirit Storage Tank No.5 -Capacity 12340 L Tank No.6 -Capacity 12320 L	22.10.2010	21.10.2015

IV. Approvals to be obtained for the Objects of the Issue-

Approval required for replacing of Semi Automatic Lines in to Automatic Lines

We have applied to the Chief Inspector of Factories, Factory Inspectorate, Puducherry, for approval of the erection of fully automatic lines vide application letter dated January 4, 2010 for our proposed object of replacing of Semi Automatic Lines in to Automatic Lines.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Shareholders of Ravi Kumar Distilleries Limited had approved the present Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, 1956 passed at the Extra Ordinary General Meeting of our Company held on 27th November, 2009.

The Board of Directors has authorized a committee of its Directors referred to as the IPO Committee to take decisions on behalf of the Board in relation to the Issue. The IPO Committee has approved and authorized the Draft Red Herring Prospectus pursuant to its resolution dated 22nd March, 2010, the Red Herring Prospectus pursuant to its resolution dated 22nd November, 2010 and the Prospectus pursuant to its resolution dated [•].

Our Board has approved the Draft Red Herring Prospectus at its meeting held on 22nd March, 2010, the Red Herring Prospectus at its meeting held on 22nd November, 2010 and the Prospectus at its meeting held on [•].

Prohibition by SEBI

The Company, its Promoter, its Directors or any of the Company's Associates or Group Companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Directors or Promoters in control of, of the promoting Company, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

The promoter, the Company, Group Companies, Directors of Ravi Kumar Distilleries Limited are not detained as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this Offer Document.

The promoter, the Company, Group Companies, Directors of Ravi Kumar Distilleries Limited are not debarred from SEBI or any other authority from accessing the capital Market.

None of the Directors of Ravi Kumar Distilleries Limited is associated with securities market.

No penalty has been imposed by SEBI against the Company, its Directors, its promoter and companies promoted their Directors.

Eligibility for the Issue

The Company is eligible for the Issue as per regulation 26(1) of SEBI (Issue of Capital and Disclosure Requirements), Regulations 2009 as confirmed by the Auditors of the Company, Ramanand & Associates, Chartered Accountants, dated 1st November, 2010 as explained under:

- Ravi Kumar Distilleries Limited has a net tangible assets of at least Rs. 3 Crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- Ravi Kumar Distilleries Limited has a pre-Issue net worth of at least Rs. 1 crore in each of the three preceding full years (of 12 months each);
- Ravi Kumar Distilleries Limited has a track record of distributable profits as per Section 205 of Companies Act , 1956, for at least three out of the immediately preceding five years;

- The proposed Issue size of Ravi Kumar Distilleries Limited would not exceed five times the pre-Issue net worth as per the audited balance sheet of preceding financial year, which is in this case is fiscal year 2009-10.;
- Ravi Kumar Distilleries Limited has not changed its name during the last one year.

The distributable profits as per Section 205 of the Companies Act and net worth for the last five years as per the restated financial statements are as under:

(Rs. in Lacs)						
Particulars	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Net Profit	186.05	170.59	165.06	102.00	52.35	79.92
Net Worth	1503.18	1317.13	1146.54	731.48	629.48	541.21
Net Tangible Assets (a)	4375.36	3856.55	3824.35	3005.79	2513.50	2450.12
Monetary Assets (b)	170.79	113.91	126.29	227.24	64.09	68.98
Monetary Assets as a % of Net Tangible Assets	3.90%	2.95%	3.30%	7.56%	2.55%	2.82%

Note:

(1) Distributable profits of the Company as per Section 205 of the Companies Act have been calculated from Restated Financial Statements.

(2) Net worth includes Equity Share Capital and Reserves, (Net of Miscellaneous Expenditure not written off, if any) .

(3) Net tangible assets is defined as sum of Fixed Assets (including capital work in progress and excluding revaluation reserve), trade investments, current assets (excluding deferred tax assets) less current liabilities & Provisions (excluding deferred tax liabilities).

(4) Monetary assets include Cash in hand and deposits with Bank.

The Company satisfies all the eligibility criteria, laid down in regulation 26(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. However, the Company is doing a “voluntary book-building issue” wherein the Company proposes to allot up to 50% of the Issue to QIBs and under-subscription, if any, in the QIB portion will be added back to the Issue to public.

RKDL undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

SEBI DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, COMFORT SECURITIES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER COMFORT SECURITIES PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 22nd MARCH, 2010 WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE.

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE- NOT APPLICABLE AS THE OFFER SIZE IS MORE THAN 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH

AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT."

The Promoter / Directors of Ravi Kumar Distilleries Limited, Mr. R.V. Ravikumar, Mrs. R. Amirthavalli, Mrs.S. Vijayalakshmi, Mr. Badrinath S. Gandhi, Mr. Popatlal Kathariya, Mr.K.S.M.Rao , Mr.R.Ramanujam and Mr. Ashok Shetty confirms that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Red Herring Prospectus has been suppressed withheld and / or incorporated in the manner that would amount to misstatement/misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/ or amounts to a mis-statement/ misrepresentation, the promoters/directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the Companies Act.

Caution- Disclaimer from the Issuer and the Book Running Lead Manager

The Company, the Directors, and the BRLM accept no responsibility for statements made otherwise than in this RHP or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including our website : www.ravikumardistilleries.com would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM and us dated 27th October, 2009 and the Underwriting Agreement to be entered into among the Underwriters and us.

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

Neither we 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), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds}. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform him or herself about and to observe,

any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Chennai, Tamil Nadu only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations.

Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of CARE

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omission or for the result obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospectus of the Issuer, also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by the users from any use of the IPO grading.

Disclaimer Clause of Bombay Stock Exchange Limited (the Designated Stock Exchange)

"Bombay Stock Exchange Limited ("the Exchange") has given vide its letter no. DCS/IPO/NP/IPO-IP/338/2010-11 dated May 31,2010 permission to the 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 the 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 the Company, its promoters, its management or any scheme or project of the 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 the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Disclaimer Clause of National Stock Exchange of India Limited

“As required, a copy of this offer document has been submitted to National Stock Exchange of India Limited (herein after referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/141324-A dated July 01, 2010 permission to the Issuer to use the Exchange’s name in this offer document as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized the draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document, nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any securities of the 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 of Prospectus with the Board and the Registrar of Companies

1. A copy of the Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051.
2. A copy of Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with the ROC, Tamil Nadu, Chennai.

Listing

Applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this RHP. If such money is not repaid within eight (8) days after the Company becomes liable to repay it from the date of refusal or within seven (7) days from the date of Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from 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.

The Company shall ensure 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 12 (twelve) working days of Bid/Issue Closing Date

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

"Any person who:

Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or

Otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five (5) years."

Consents

The written consents of Directors, Company Secretary & Compliance Officer, Book Running Lead Manager to the Issue, Legal Advisor to the Issue, Registrar to the Issue, Auditors and IPO Grading agency to act in their respective capacities have been obtained and will be filed along with a copy of the RHP with the ROC 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 the Prospectus for registration with the ROC.

Ramanand & Associates, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which appears in this RHP and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of signing this RHP.

Expert Opinion

Except as stated in "Statement of Tax Benefits", the Company has not obtained any expert opinion.

Public Issue Expenses

The Management estimates an expense of Rs. [●] Lacs towards issue expense. 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:

No.	Particulars	Amount (Rs. In Lacs)
1.	Fees of Lead Manager, Registrar, Legal Advisor, Auditors, Tax Auditors, etc.	[●]
2.	Printing & Stationery, Distribution, Postage, etc	[●]
3.	Underwriting Commission, Brokerage & Selling Commission	[●]
4.	Advertisement & Marketing Expenses	[●]
5.	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	[●]
6.	IPO Grading Expenses	[●]
7.	Contingencies	[●]
Total		[●]

Details of Fees Payable

Particulars	Amount (Rs. in Lacs)	% of Total Issue Expenses	% of Total Issue Size
Lead Manager/s to the Issue	[•]	[•]	[•]
Registrar to the Issue	[•]	[•]	[•]
Bankers to the issue	[•]	[•]	[•]
Others	[•]	[•]	[•]
Total	[•]	[•]	[•]

Fees Payable to Book Running Lead Manager/s to the Issue

The total fees payable to the Lead Manager will be as per the Engagement Letter from our Company to the BRLM and Memorandum of Understanding signed with the Lead Manager, copy of which is available for inspection at the Registered Office of our Company.

Fees Payable to the Registrar to the Issue

The fees payable by the Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company dated 22nd July, 2008.

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 by the Company 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.

Underwriting commission, brokerage and selling commission

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst the Company, the BRLM and the Syndicate Member. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page 42 of this RHP.

Commission payable to SCSBs

The brokerage and selling commission payable to SCSBs for the ASBA Bid cum Application Form Forms procured by them would be at par as payable to brokers for the Bid forms procured by them. However in case, where ASBA Bid cum Application Form are being procured by Syndicate Members / sub syndicate, then selling commission would be payable to Syndicate Members / sub syndicate and for processing of such ASBA Bid cum Application Form, SCSBs would be given a fee of Rs. 50/- per ASBA Bid cum Application Form processed by them.

Previous Public or Rights Issue

There have been no public or rights issue by our Company during the last five years.

Commission and Brokerage paid on previous issues of our Equity Shares

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

Capital issue during the last three years

Ravi Kumar Distilleries Limited and its Group Companies have not made any capital issue during the last three years.

Listed Ventures of Promoters

There are no listed ventures of our Company as on date of filing of this Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the section titled “Capital Structure” on page 43 of this Red Herring Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

Promise vis-à-vis Performance

Neither our Company nor our Promoter Group Companies have made any previous rights or public issues.

Outstanding debentures or bonds and redeemable preference shares and other instruments

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the Company as on the date of this RHP.

Stock Market Data for our Equity Shares

This being an Initial Public Offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange.

Investor grievances and redressal system

The Company has appointed the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue, namely, Karvy Computershare Private Limited, will handle investor's grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-ordinating with the Registrar to the Issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of Complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non receipt of share certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

Redressals of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related

matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialisation/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Mr. G. Raghavan Company Secretary as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue problems. He can be contacted at the following address:

Mr. G. Raghavan
1-C, Nandita Apartments,
No. 47, Thirumalai Pillai Road,
T. Nagar, Chennai- 600 017.
Tel: +91-44-2834 4434
Fax: +91-44-2834 1301
E-mail: cs@ravikumardistilleries.com

Changes in auditors

M/s Ramanand & Associates, Chartered Accountants has been appointed as statutory auditor of our Company at the Annual General Meeting of the Company held on 28th September, 2010. Prior to 28th September, 2010, the statutory auditors of our Company were Manian & Narayanan, Chartered Accountants.

Capitalization of reserves or profits during last five (5) years

Our Company has not capitalized any reserve during last five (5) years except for issue of Bonus Shares as described in Capital Structure on Page 43 of this Red Herring Prospectus

Revaluation of assets during the last five (5) years

Our Company has not revalued its assets during the last five (5) years.

SECTION VII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

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

AUTHORITY FOR THE ISSUE

Our Board of Directors have, pursuant to resolution passed at its meeting held on 05/11/2009 authorised the Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act. The Shareholders of our Company had approved the present Issue vide a special resolution passed at the Extra Ordinary General Meeting held on 27/11/2009.

RANKING OF EQUITY SHARES

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

MODE OF PAYMENT OF DIVIDEND

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

FACE VALUE AND ISSUE PRICE

The face value of the Equity Shares is Rs. 10/- each and the Floor Price is Rs. 56 and the Cap Price is Rs. 64 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

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 annual reports and notices to members;
- 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, 1956 and the Memorandum and Articles of Association of the Company.

MARKET LOT

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Regulations, the trading in the Equity Shares of the 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. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 100 Equity Shares.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, 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 the Company or at the registrar and transfer agent of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

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

Further, our 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 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	DECEMBER 8, 2010
BID/ISSUE CLOSES ON	DECEMBER 10, 2010

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period (excluding the ASBA Bidders) and uploaded till (i) 4.00 p.m. in case of Bids by QIBs

and Non-Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders. It is clarified that the Bids not uploaded in the book would be rejected. Bids by the ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Chennai, Tamil Nadu, India.

MINIMUM SUBSCRIPTION

If we do not receive the minimum subscription of 90% of the Issue to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

Since the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

RESTRICTION ON TRANSFER OF SHARES

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” on page 255 of this Red Herring Prospectus.

ISSUE STRUCTURE

Public Issue of 1,15,00,000 Equity Shares of face value Rs.10/- each for cash by the Company issued at a price of Rs.[●] per Equity Share, aggregating Rs. [●]Lacs (hereinafter referred to as the "Issue"). The Issue would constitute 47.92% of the fully diluted post Issue paid-up capital of the Company. The Issue is being made through the 100% Book Building Process:

This Issue is being made through a 100% book building process and the details of the Issue Structure are as follows.

Particulars	QIBs	Non-Institutional Bidders	Retail individual Bidders
Number of Equity Shares*	Up to 57,50,000 Equity Shares will be allotted to QIBs	Not less than 17,25,000 Equity Shares shall be available for allocation	Not less than 40,25,000 Equity Shares shall be available for allocation
Percentage of Issue Size Available for allocation	Up to 50% of the Issue (of which 5% shall be reserved for Mutual Funds) Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs	Not less than 15% of the Issue or Issue less allocation to QIBs and Retail Portion*	Not less than 35% of the Issue or Issue less allocation to QIBs and Non-Institutional Portion.*
Basis of Allocation if respective category is oversubscribed	Proportionate (a) 2,87,500 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds #; and (b) 54,62,500 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.2,00,000 and in multiples of 100 Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs 2,00,000 and in multiples of 100 Equity Shares thereafter	100 Equity Shares and in multiples of 100 Equity Share thereafter.
Maximum Bid	Not exceeding the	Not exceeding the	Such number of

Particulars	QIBs	Non-Institutional Bidders	Retail individual Bidders
	size of the Issue subject to regulations as applicable to the Bidder	size of the Issue subject to regulations as applicable to the Bidder	Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs.2,00,000.
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, scheduled commercial banks, mutual funds, foreign institutional investors and sub accounts registered with SEBI, other than a sub account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institutions, foreign venture capital funds registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds(subject to applicable law) with minimum corpus of Rs. 2500 Lacs, pension funds with minimum corpus of Rs. 2500 Lacs in accordance with applicable law and	Resident Indian individuals, HUFs (in the name of Karta), eligible NRI's, companies, corporate bodies, scientific institutions, societies and trusts, sub account of FII's registered with SEBI, which are Foreign Corporate or Foreign Individuals	Resident Indian Individuals (including HUFs in the name of Karta) and eligible NRI's

Particulars	QIBs	Non-Institutional Bidders	Retail individual Bidders
	National Investment Fund, Insurance fund set up and managed by army, navy or airforce of union of India and Insurance fund set up and managed by Department of Posts, India		
Terms of Payment	Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate***	Amount applicable to Non Institutional Bidder at the time of submission of Bid-cum-Application Form***	Amount applicable to Retail Individual Bidder at the time of submission of Bid - cum - Application Form to the Member of Syndicate. ***
Margin Amount	Full Bid Amount on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

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

** 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 or ASBA Form.

***In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid Cum Application Form.

If the aggregate demand by Mutual Funds is less than 2,87,500 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

The Company, in consultation with the BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The Stock Exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an Initial Public Offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Bidding/Issue Programme

BID/ISSUE OPENS ON	DECEMBER 8, 2010
BID/ISSUE CLOSES ON	DECEMBER 10, 2010

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period (excluding the ASBA Bidders) and uploaded till (i) 4.00 p.m. in case of Bids by QIBs and Non-Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders. It is clarified that the Bids not uploaded in the book would be rejected. Bids by the ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 20% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price disclosed in this Red Herring Prospectus and Cap price be revised accordingly.

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 the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the Book Runners at the terminals of the Syndicate.

ISSUE PROCEDURE

BOOK BUILDING PROCEDURE

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. ASBA investors intending to subscribe to the issue shall submit a complete ASBA form to the designated branch of the SCSB. We, in consultation with the BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate 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 rejection of the Bid. In the cases of Non-Institutional Bidders and Retail Individual Bidders, the Company will have a right to reject the Bids only on technical grounds.

BID CUM APPLICATION FORM

Bidders (excluding ASBA Bidders) shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form shall be serially numbered and date and time stamped at the Bidding centres and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate. The Bid cum Application Form shall contain information about the Bidder and the price and the number of Equity Shares that the Bidder wishes to Bid. The bidders 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 Applications. 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 the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed color of the Bid cum Application Form for various categories is as follows:

Category	Color of Bid-cum-Application Form
Resident Indians, Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs and FIIs applying on a repatriation basis	Blue
Resident Indians, Eligible NRIs applying on a non-repatriation basis, who wish to apply through ASBA	ASBA-White
Eligible NRIs and FIIs applying on a repatriation basis, who wish to apply through ASBA	ASBA-Blue

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorizing blocking funds that are available in the bank account specified in

the ASBA Bid cum Application Form used by ASBA Bidders. Bidders 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 Applications. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form for ASBA Bidders to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the ASBA 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 ASBA Bidder.

WHO CAN BID

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors 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;
- 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;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and regulations, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual under the QIB Portion;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals, only under the Non Institutional Bidders Category.
- 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;
- Scientific and/or Industrial Research Organizations authorised to invest in equity shares;

- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- 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 and Bilateral Development Financial Institutions;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India
- Insurance fund set up and managed by Department of Posts, India
- All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

As per the existing regulations, OCBs cannot participate in this Issue.

Note: The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

The information below is given for the benefit of the Bidders. Our Company and the Book Runners do not accept responsibility for the completeness and accuracy of the information stated. Our Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for does not exceed the limits prescribed under laws or regulations.

Participation by associates of the BRLM and the Syndicate Members

The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 2,87,500 Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

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.
- The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which Application is being made.

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.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and with members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non- Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians.

ASBA Bid cum Application Forms is available with the Company at its Registered Address and SCSBs.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

- The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.
- Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 ("SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate

foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such Offshore Derivative Instrument does not constitute any obligation or claim or claim on or an interest in the Company.

Bids 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 registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investor can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by ASBA Investor

For ASBA process, please refer section "ASBA Process" on page 244 of the Red Herring Prospectus.

MAXIMUM AND MINIMUM BID SIZE

- For Retail Individual Bidders:** The Bid must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 200,000. In case the Bid Amount is over Rs. 200,000 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.
- For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.200,000 and in multiples of 100 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the Bid Amount upon submission of the 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. 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs.

200,000 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 allotment 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 Bidder:

- a) The Red Herring Prospectus will be filed by the Company with the RoC at least three days before the Bid Opening Date.
- b) Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. The SCSBs shall ensure that the abridged prospectus is made available on their websites.
- c) Our Company, and the BRLMs shall declare the Bid Opening Date and Bid Closing Date at the time of filing of the Red Herring Prospectus with the RoC and the same shall also be published in three newspapers (one in English and one in Hindi) and one in regional newspaper.
- d) The Members of the Syndicate shall accept Bids from the Bidder during the Bidding Period in accordance with the terms of the Syndicate Agreement.
- e) 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.
- f) Eligible investors who are interested in subscribing to the Equity Shares should approach any of the BRLM or the Syndicate Members or their authorised agent(s) to register their Bids.
- g) 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 Opening Date and Bid Closing Date at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and one regional newspaper with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XIII of the SEBI Regulations.
- b) During the Bid/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate or their authorised agents to register their Bids. The Syndicate shall accept Bids from all Bidders and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus.
- c) The Bidding Period shall be for a minimum of three Working Days and not exceeding 10 Working Days (including the days for which the Bid/Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two widely circulated national newspapers (one each in English and Hindi) and one regional newspaper with wide circulation.

d) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see “Bids at Different Price Levels” below, 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/Allotment 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 Applications and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the “Bids and Revision of Bids” on page 225.

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) 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 Account(s)” on page 222.

BIDS AT DIFFERENT PRICE LEVELS AND REVISION OF BIDS

a) The Price Band has been fixed at Rs. 56 to Rs. 64 per Equity Share of Rs. 10 each, Rs. 56 being the Floor Price and Rs. 64 being the Cap Price. The Price Band and the minimum bid lot is decided by the Company in consultation with the BRLMs. The Bidders can Bid at any price within the Price Band, in multiples of Re. one.

b) Our Company in consultation with the BRLMs reserves the right to revise the Price Band, during the Bidding Period, in accordance with the SEBI Regulations provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side i.e. Floor Price can move up and down to the extent of 20% of the Floor Price as disclosed in the Red Herring Prospectus.

c) In case of revision in the Price Band, the Bidding Period will be extended for at least three working days subject to total Bidding Period of a maximum of 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges and SCSB, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and one regional newspaper with wide circulation, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

d) Our Company in consultation with the BRLMs can finalize 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. 200,000 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 any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account(s). In the event the Bid Amount is higher than the subscription 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), such Bidders shall receive the refund of the excess amounts from the Escrow Account(s).

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 revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 200,000 for Retail Individual Bidders bidding at the Cut-off Price, if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate Members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000 for Retail Individual Bidders bidding at the Cut-off Price the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that the 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(s).

i) In the event of any revision in the Price Band, whether upwards or downwards, the minimum Application size shall remain 100 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) When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

PAYMENT INSTRUCTIONS

Escrow Mechanism

Our Company, the BRLM and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) 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 would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks 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 funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public

Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections from the Bidders.

TERMS OF PAYMENT AND PAYMENT INTO ESCROW ACCOUNT

Each Bidder shall pay the full Bid Amount at the time of submission of the Bid cum Application Form by way of a cheque or demand draft in favour of the Escrow Account as per the below terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders shall provide the full Bid Amount, and with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled "Terms of Payment and Payment into the Escrow Account" on page 222 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.
2. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident QIB Bidders: **"Escrow Account-RKDL-QIB R"**
 - (b) In case of Non Resident QIB Bidders: **"Escrow Account-RKDL-QIB NR"**
 - (c) In case of Resident Retail and Non-Institutional Bidders: **"Escrow Account-RKDL"**
 - (d) In case of Non Resident Retail and Non-Institutional Bidders: **"Escrow Account-RKDL-NR"**
3. In case of Bids by Eligible NRI's applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non- Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the 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 or FCNR Account.
4. In case of Bids by NRI's applying on non-repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts,

maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

5. In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
6. Where a Bidder has been allocated/ Allotted 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/Allotted will be refunded to the Bidder from the Refund Account.
7. On the Designated Date and no later than 10 Working Days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.
8. Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/money orders/postal orders will not be accepted.
9. For ASBA Process, please refer section "ASBA Process" on page 244 of this Red Herring Prospectus.

PAYMENT BY STOCK INVEST

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated 5th November, 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.

ELECTRONIC REGISTRATION OF BIDS

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. 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.
2. The NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition

that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.

3. The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding/ Issue Period.
4. 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 Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
 - Investor Category - Individual, Corporate, FII, NRI, Mutual Fund, etc.
 - Numbers of Equity Shares Bid for.
 - Bid Amount.
 - Cheque Details.
 - Bid cum Application Form number.
 - DP ID and client identification number of the beneficiary account of the Bidder.
 - PAN.
5. 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/allotted either by the members of the Syndicate or our Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. In case of QIB bidders, BRLM also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 231 of this Red Herring Prospectus.
8. The permission given by the Stock Exchanges 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 the Stock Exchanges; 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.
9. It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of 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 the NSE.

10. Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM based on the physical records of the Bid cum Application Forms shall be final and binding on all concerned.

BIDS AND REVISIONS OF BIDS

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white color for Resident Indians, blue color for NRIs and FIIs applying on repatriation basis).
2. 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.
3. For Retail Individual Bidders, the Bid must be for a minimum of 100 Equity Shares and in multiples of 100 thereafter subject to a maximum Bid Amount of Rs.200,000.
4. 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.200,000 and in multiples of 100 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.
5. Bids by NRIs for a Bid Price of up to Rs. 200,000 would be considered under the Retail Portion for the purpose of allocation and Bids for a Bid Price of more than Rs. 200,000 would be considered under Non-Institutional Portion for the purpose of allocation.
6. Bids by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 100 Equity Shares thereafter that the Bid Price exceeds Rs. 200,000.
7. Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI 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 and partnerships, foreign nationals (excluding NRIs) or their nominees.
8. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
9. 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.

GENERAL INSTRUCTIONS

DO's:

1. Check if you are eligible to apply;
2. Read all the instructions carefully and complete the Resident Bid cum Application Form (white in color) or Non-Resident Bid cum Application Form (blue in color);

3. Ensure that the details about Depository Participant and beneficiary account are correct as allotment of Equity Shares will be in the dematerialized form only;
4. Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.
5. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
6. Ensure that you have been given a TRS for all your Bid options;
7. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
8. Ensure that the Bid is within the Price Band;
9. Each of the bidders, should mention his/her Permanent Account Number (PAN) allotted under the IT Act;
10. Ensure that Demographic details (as defined herein below) are updated true and correct in all respects.

DON'Ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
4. Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;
5. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
6. Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
7. Do not Bid for such number of Equity Shares that 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;
8. Do not submit the Bid without the full Bid Amount;
9. Do not Bid for amount exceeding Rs. 200,000 in case of a Bid by Retail Individual Bidders.
10. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

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 of the Registered Office of the Company. For ASBA process, please refer section “ASBA Process” on page 244 of the Red Herring Prospectus.

BIDDER’S PAN, DEPOSITORY ACCOUNT AND BANK ACCOUNT DETAILS

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as “Demographic Details”). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/allocation advice and printing of bank particulars on the refund orders 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 any other purpose by the Registrar.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund orders/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ 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 (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidder’s sole risk and neither the Company, the Escrow Collection Banks, Registrar, the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the sole/First Bidder, the DP ID and the beneficiary’s identity, then such Bids are liable to be rejected.

Bids by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis.

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Bids by Eligible NRIs for a Bid Amount of up to Rs. 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation

BIDS UNDER POWER OF ATTORNEY

1. 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.
2. In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
3. 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.

4. 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 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 BRLM may deem fit.

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.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

An ASBA investor shall submit an ASBA physically or electronically through the internet banking facility, to the SCSB with whom the bank account to be blocked, is maintained. For further details pertaining to ASBA process, please refer section "ASBA Process" in this Red Herring Prospectus.

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 refund payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

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 Bids will be checked for common PAN and will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid data and create an address master.
4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The Bids with same name and same address will be treated as multiple Bids.
5. The Bids will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual funds registered with SEBI and such Bids in respect of more than one scheme of the mutual funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

The Company, in consultation with the BRLM, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

PERMANENT ACCOUNT NUMBER OR PAN

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the I.T. Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is 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. With effect from August 16, 2010, the demat accounts of Bidders for which PAN details have not been verified shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders.**

REJECTION OF BIDS

In case of QIB Bidders, our Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company have a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NES/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to Bids by ASBA Bidders, the Designated Branches of the SCSBs shall have the right to reject Bids by ASBA Bidders if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

GROUND 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. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
6. PAN not stated or copy of GIR number furnished instead of PAN. See the section titled "Issue Procedure - PAN Number" on page 230 of this Red Herring Prospectus;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than lower end of the Price Band / Floor Price;
9. Bids at a price more than the higher end of the Price Band / Cap Price;
10. Bids at Cut-off Price by Non-Institutional and QIB Bidders whose Bid Amount exceeds Rs.200,000;
11. Bids for number of Equity Shares, which are not in multiples of 100 Equity Shares;
12. Category not ticked;
13. Multiple Bids as defined in this Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/ money order/postal order/cash;
16. Signature of sole and/or joint Bidders missing;
17. Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Members;
18. Bid cum Application Form does not have the Bidder's depository account details;
19. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
20. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. Bids by QIBs not submitted through BRLM;
23. Bids in respect where the Bid cum Application form do not reach the Registrar prior to the finalisation of the basis of allotment;
24. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
25. Bids not uploaded in the books;
26. Bids by OCBs;
27. Bids by U.S. persons, other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act or other than in reliance on Regulations under the Securities Act;
28. Bids by persons outside India if not in compliance with applicable foreign and Indian laws or by any persons who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.

29. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
30. Bids that do not comply with the securities laws of their respective jurisdictions;

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES OR THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES, THE APPLICATION IS LIABLE TO BE REJECTED.

PRICE DISCOVERY AND ALLOCATION

- i. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
- ii. Our Company in consultation with the BRLM, shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor category.
- iii. The allocation to QIBs will be upto 50% of the Issue and the availability for allocation to Non-Institutional and Retail Individual Bidders will not less than 15% and 35% of the Issue respectively, and, would be on proportionate basis, in the manner specified in the SEBI Regulations and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- iv. Under-subscription, if any, in any category would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund is less than 2,87,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.
- v. Allocation to Non-Residents, including Eligible NRI's, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- vi. Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- vii. The allotment details shall be put on the website of the Registrar to the Issue.

SIGNING OF UNDERWRITING AGREEMENT AND FILING WITH THE DESIGNATED STOCK EXCHANGE

- (a) We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the Designated Stock Exchange, which then would be termed

'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES

We will file a copy of the Prospectus with the Registrar of Companies, in terms of Section 56, Section 60 and Section 60B of the Companies Act.

ANNOUNCEMENT OF PRE-ISSUE ADVERTISEMENT

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Regulations in two widely circulated newspapers (one each in English & Hindi) and one in widely circulated Tamil 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 the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

ISSUANCE OF CONFIRMATION OF ALLOTMENT NOTE ("CAN")

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue.

(b) The Registrar will then dispatch a CAN to the Bidders who have been Allotted Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Bidder's depository account is completed within two Working Days from the date of Allotment
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.
- (c) Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.
EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL**

As per the provisions of Section 60B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

(a) an agreement dated 20th August, 2008 between NSDL, the Company and Registrar to the Issue;

(b) an agreement dated 6th September, 2008 between CDSL, the Company and Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. 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.
6. 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.
7. 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.
8. The trading of the Equity Shares would be in dematerialized form only for all investors in the Demat segment of the respective Stock Exchanges.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

With respect to Bidders other than ASBA Bidders, our Company 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 two Working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 Working 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.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 12 Working Days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

Allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days of the Bid/Issue Closing Date; and

With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 12 Working Days from the Bid/Issue Closing Date.

Our Company shall pay interest at 15% p.a. for any delay beyond the 15 days from the Bid/Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 12 Working Days prescribed above. If such money is not repaid within eight days from the day the Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

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 transferred shares in the respective beneficiary accounts, refunds, etc.

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 (5) years.”

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
2. 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.
3. If the aggregate demand in this portion is less than or equal to 40,25,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid bids.
4. If the aggregate demand in this category is greater than 40,25,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of 100 Equity Shares. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
2. 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.
3. If the aggregate demand in this category is less than or equal to 17,25,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
4. In case the aggregate demand in this category is greater than 17,25,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 100 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- 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 up to 5% of the QIB Portion.
 - ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - 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 oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or 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.

The aggregate Allotment to QIB Bidders shall be up to 57,50,000 Equity Shares.

Under-subscription, if any, in any category would be met with spillover from other categories at our sole discretion, in consultation with the BRLM.

METHOD OF PROPORTIONATE BASIS OF ALLOTMENT IN THE ISSUE

In the event the Issue is over-subscribed, we shall finalise the basis of allotment 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 BRLM and the Registrars 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 category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) In all Bids where the proportionate Allotment is less than 100 Equity Shares per Bidder, the Allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of 100 Equity Shares.
- (e) If the proportionate Allotment to a Bidder is a number that is more than 100 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.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in

that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

Issue details

Particulars	Issue Details
Issue	20 Crores Equity Shares
Allocation to QIB (not more than 50% of the Issue)	10 Crores Equity Shares
Out of which:	
a) Reservation for Mutual Funds (5%)	0.5 Crores Equity Shares
b) Balance for all QIBs including Mutual Funds	9.5 Crores Equity Shares
Number of QIB applicants	10
Number of equity shares applied for	50 Crores Equity Shares

Details of QIB Bids

No.	Type of QIBs	No. of shares bid for (in Crores)
1.	A1	5
2.	A2	2
3.	A3	13
4.	A4	5
5.	A5	5
6.	MF1	4
7.	MF2	4
8.	MF3	8
9.	MF4	2
10.	MF5	2
TOTAL		50

*A1 - A5: (QIBs other than Mutual Funds), MF1 - MF5: (QIBs, which are Mutual Funds)

Details of Allotment to QIB Applicants

Type of QIB	Shares bid for	Allocation of 5% equity shares (see Note 2 below)	Allocation of 95% equity shares (see Note 4 below)	Aggregate allocation to Mutual Funds
(I)	(II)	(III) (No. of equity shares in Crores)	(IV)	(V)
A1	5	0	0.960	0
A2	2	0	0.384	0
A3	13	0	2.495	0
A4	5	0	0.960	0
A5	5	0	0.960	0
MF1	4	0.1	0.748	0.848
MF2	4	0.1	0.748	0.848
MF3	8	0.2	1.497	1.697

Type of QIB	Shares bid for	Allocation of 5% equity shares (see Note 2 below)	Allocation of 95% equity shares (see Note 4 below)	Aggregate allocation to Mutual Funds
MF4	2	0.05	0.374	0.424
MF5	2	0.05	0.374	0.424
	50	0.5	9.5	4.241

Notes:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section "Issue Structure" beginning on page 210 of this Red Herring Prospectus.
2. Out of 10 Crores Equity Shares allocated to QIBs, 0.5 Crores (i.e., 5%) will be allotted on a proportionate basis among five Mutual Fund applicants who applied for 20 Crores Equity Shares in the QIB Portion.
3. The balance 9.5 Crores Equity Shares (i.e., 10 - 0.5 available for Mutual Funds only) will be allotted on a proportionate basis among 10 QIB Bidders who applied for 50 Crores Equity Shares (including 5 Mutual Fund applicants who applied for 20 Crores Equity Shares).
4. The figures in the forth column entitled "Allocation of 95% equity shares" in the above illustration are arrived at as explained below:

For QIBs other than Mutual Funds (A1 to A5) = Number of equity shares Bid for (i.e., in column II of the table above) $\times$ 9.5/49.5

For Mutual Funds (MF1 to MF5) = (No. of shares bid for (i.e., in column II of the table above) less equity shares Allotted (i.e., column III of the table above) $\times$ 9.5/49.5

The numerator and denominator for arriving at the allocation of 10 Crores equity shares to the 10 QIBs are reduced by 0.5 Crores shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

PAYMENT OF REFUND

Bidders must note that on the basis of the names 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, and the BRLM 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.

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. **NECS** - Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR

code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned centres, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

2. Direct Credit - Applicants having bank accounts with the Refund Bank (s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS - Applicants having a bank account at any of the abovementioned centres and whose refund amount exceeds Rs. 10 Lacs, 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 NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the 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. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

LETTERS OF ALLOTMENT OR REFUND ORDERS

Our Company shall give credit to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. 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 12 Working Days of the Bid/Issue Closing Date. Bidders 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 12 Working Days of the Bid/ Issue Closing Date.

INTEREST IN CASE OF DELAY IN DESPATCH OF ALLOTMENT LETTERS OR REFUND ORDERS/ INSTRUCTION TO THE SCSBS BY THE REGISTRAR.

Our Company agrees that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidders' depository accounts will be completed within 12 Working Days of the Bid/ Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 15 days from the Bid/ Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1. That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 12 (twelve) working days of Bid/Issue Closing Date;
3. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Company;
4. 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;
5. That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time;
6. No further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc; and
7. That at any given time there shall be only one denomination for the shares of the Company;
8. That the Company shall comply with such disclosures and accounting norms specified by the SEBI from time to time;
9. That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment;

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certifies that:

1. all monies received out of the Issue of specified securities to public 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, 1956;
2. Our Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges;
3. details of all monies utilized out of Issue referred to in sub-item (I) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilized under an appropriate separate head in balance sheet of the Company indicating the purpose for which such monies have been utilized; and
4. details of all unutilized monies out of the Issue of specifies securities , referred to in sub-item (I) shall be disclosed under the appropriate separate head in balance sheet of the Company indicating the form in which such unutilized monies have been invested.

WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the BRLM, reserve the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares.

In such an event, our Company would issue a public notice in the newspapers, in which the pre Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

If the Company withdraws the Issue and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Red Herring Prospectus with the SEBI.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and FEMA and circulars and notifications issued there under. While the policy of the Government 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 of the Government, 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 and reporting requirements for making such investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents.

SUBSCRIPTION BY NRIs/FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non- Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allotment.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each subaccount shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company incase such sub account is a foreign corporate or an individual.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

ASBA PROCESS

ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of the RHP. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on www.sebi.gov.in. For details on designated branches of SCSB collecting the ASBA Form, please refer the above-mentioned SEBI website.

ASBA Process

All Bidders may submit his Bid through an ASBA Bid cum Application Form, either in physical or electronic mode through internet banking facility, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder ("ASBA Account") is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the BRLM through the Registrar to the Issue shall notify the SCSBs to unblock the blocked amount of the ASBA Bidders latest by the next day of receipt of such instruction.

ASBA Bid Cum Application Form

ASBA Bidders shall use the ASBA Bid cum Application Form bearing the stamp of the Syndicate Members and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids.

On submission of the ASBA Bid cum Application Form, the ASBA Bidders are deemed to have authorized

- (i) the SCSB to do all acts as are necessary to make the Application in the Issue, including uploading his/her Bid, blocking or unblocking of funds in the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form, transfer of funds to the Public Issue Account on receipt of instruction from the Registrar to the Issue after finalisation of the Basis of Allotment; and

- (ii) the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the ASBA Bid cum Application Form, upon finalisation of the Basis of Allotment.

Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

Who can Bid?

In accordance with the SEBI Circular no. (SEBI/CFD/DIL/2/2010 dated April 06, 2010), all Bidder (including QIBs) can submit their application through ASBA process to bid for the Equity Shares of our Company.

Maximum and Minimum Bid Size for ASBA Bidders

1. **For Retail Individual Bidders:** The Bid must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 200,000. In case the Bid Amount is over Rs. 200,000 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.
2. **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.200,000 and in multiples of 100 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the Bid Amount upon submission of the 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. 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 200,000 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 allotment 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 ASBA Bidders:

- The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA form to the SCSB's and the SCSB's will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSB's are provided with soft copies of the abridged prospectus and the ASBA form and that the same are made available on the websites of the SCSB's
- ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA form can obtain the same from the Designated Branches of the SCSB's, or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA form in electronic form on the websites of the SCSB's.
- The Bids should be submitted on the prescribed ASBA form if applied in physical mode. SCSB's may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.
- ASBA forms should bear the stamp of the Syndicate Member and/or Designated Branch of the SCSB.
- ASBA Bidders shall correctly mention the bank account number in the ASBA form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the application.
- If the ASBA Account holder is different from the ASBA Bidder, the ASBA form should be signed by the account holder as provided in the ASBA form.
- ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA form.

Method and Process of Bidding

- ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSB's. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSB's or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSB's shall have the right to vet the Bids, subject to the terms of the SEBI Regulations and this Red Herring Prospectus.
- The Designated Branches of the SCSB's shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.
- Each ASBA Bid cum Application Form will give the ASBA Bidder options to bid for the Equity Shares at the price within the Price Band and specify the demand (i.e. the

number of Equity Shares Bid for) for three such options. After determination of the Issue Price, the number of Equity Shares bid for by the ASBA Bidder at or above the Issue Price or at the Cut-off Price (in case of Retail Individual Bidders) will be considered for allocation along with the Non-ASBA Bidders who have bid for Equity Shares at or above the Issue Price or at Cut-off Price.

- Upon receipt of the ASBA form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA form, prior to uploading such Bids with the Stock Exchanges.
- If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generates a Transaction Registration Slip (TRS). The TRS shall be furnished to the ASBA Bidder on request.
- An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA form or a non- ASBA form after bidding on one ASBA form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be.
- Submission of a second ASBA form or a Non-ASBA form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue.

Mode of Payment

Upon submission of an ASBA form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB. Bid Amounts paid in cash, by money order or by postal order or by stock invest, or ASBA form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue. The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSB's

- In case of ASBA forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges.

SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless it has received the ASBA in a physical or electronic form; and it has blocked the application money in the ASBA account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

- The Stock Exchanges offer a screen-based facility for registering Bids for the Issue, which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.
- The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.
- At the time of registering such Bids, the Designated Branches of the SCSBs shall enter the following information pertaining to the ASBA Bidders into the online system:
 - Name of the ASBA Bidder(s);
 - Application Number;
 - PAN (of First ASBA Bidder, in case of more than one ASBA Bidder);
 - Investor Category and Sub-Category;
 - DP ID and client identification number;
 - Beneficiary account number of Equity Shares Bid for;
 - Quantity;
 - Bid Amount; and
 - Bank account number.
 - In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number, which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).
- A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidders responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.
- Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- It is to be distinctly understood that the permission given by the Stock Exchanges 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, the BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

- The SCSB may reject the ASBA Bid, if the ASBA Account maintained with the SCSB as mentioned in the ASBA form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
- Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, based on the physical records of the ASBA forms shall be final and binding on all concerned.

Price Discovery and Allocation

The Price discovery and allocation for ASBA Bidders would be at par with Non ASBA Bidders. For more details please refer to paragraph titled “Price Discovery and Allocation” on page 232 of this Red Herring Prospectus.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation and a regional language newspaper with wide circulation at the place where the registered office of the issuer is situated. 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 CAN

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSB's, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and

(b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSB's shall transfer the requisite amount against each successful ASBA Bidder to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

- Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Bidder's depository account is completed within two Working Days from the date of Allotment
- In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.

- (c) Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Depositories Act.

GENERAL INSTRUCTIONS

Do's:

- Submit the Bid to a Designated Branch of the SCSB.
- Ensure that you use the ASBA form specified for the purposes of ASBA process.
- Read all the instructions carefully and complete the ASBA form.
- Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.
- Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or BRLM.
- Ensure that the ASBA form is signed by the account holder in case the applicant is not the account holder.
- Ensure that you have mentioned the correct bank account No. in the ASBA form.
- Ensure that you have sufficient funds as may be required for the number of Equity Shares Bided in the issue, are available in ASBA account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch of the SCSB.
- Ensure that you have correctly checked the authorisation box in the ASBA form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA form in your ASBA Account maintained with a branch of the concerned SCSB.
- Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA form.
- Ensure that you have mentioned your Permanent Account Number (PAN) allotted under the I.T. Act.
- Ensure that the name(s) and PAN given in the ASBA form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA form.
- Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- Do not Bid for lower than the minimum Bid size.
- Do not Bid on another ASBA or Non-ASBA form after you have submitted
- Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSB's, shall not be accepted under the ASBA process.
- Do not send your physical ASBA form by post; instead submit the same to Designated Branch of the SCSB only.
- Do not submit more than five ASBA Bid cum Application Forms per bank account for the Issue.
- Do not submit the GIR number instead of the PAN Number.
- Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

- Made only in the prescribed ASBA form, if submitted in physical mode, or electronic mode.

- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA form.
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Bidders depository account and bank details

For more details please refer to paragraph titled "Bidder's PAN, Depository Account and Bank Account Details" on page 227 of this Red Herring Prospectus under the section titled "Terms of the Issue".

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA form. Failing this, our Company, in consultation with and BRLM, reserves the right to reject such ASBA Bids. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA form, subject to such terms and conditions that we, in consultation with the BRLM may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account. In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of the Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Revision of ASBA Bids

ASBA Bids may be revised only through the ASBA Revision Form

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are described under paragraph “Multiple Bids” on page 229 of the Red Herring Prospectus.

Permanent Account Number

For details, see “Permanent Account Number or PAN” on page 230 of the Red Herring Prospectus.

Right to Reject ASBA Bids

For more details please refer to paragraph titled "Rejection Of Bids" on page 230 of this Red Herring Prospectus under the section titled "Terms of the Issue".

GROUND FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

In addition to the grounds listed under “Grounds for Technical Rejection” on page 231 of the Red Herring Prospectus, applications under the ASBA process are liable to be rejected on, inter alia, the following technical grounds:

1. Application on plain paper;
2. Amount mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of Equity Shares Bid for;
3. Submission of more than five ASBA Bid cum Application Form per bank account in the Issue;
4. Age of first Bidder not given;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors (Except through their natural / legal guardian), insane persons and persons of unsound mind;
6. ASBA Bid cum Application Form not being signed by the bank account holder, if the bank account holder is different from the Bidder;
7. PAN not stated, or GIR number furnished instead of PAN. See “Permanent Account Number or PAN” on page 230 of the Red Herring Prospectus;
8. Bids for number of Equity Shares, which are not in multiples of 100 Equity Shares;
9. Authorisation for blocking funds in the ASBA Bidder’s bank account not ticked or provided;
10. Multiple Bids as defined in this Red Herring Prospectus;
11. In case of Bid under power of attorney, relevant documents are not submitted;
12. ASBA Bids accompanied by money order/postal order/cash/stockinvest;
13. Signature of sole and/or joint Bidders missing in case of ASBA Bid cum Application Forms submitted in physical mode;

14. ASBA Bid cum Application Form does not have the stamp of the SCSB and/or Syndicate Member;
15. ASBA Bid cum Application Form does not have the Bidder's depository account details;
16. ASBA Bid cum Application Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Bid cum Application Form and the Red Herring Prospectus;
17. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the ASBA Account; and
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number;
19. Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted and bank account number in which the amount equivalent to the Bid amount was blocked. The Registrar to the Issue shall obtain the required information from the SCSB's for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSB's including any defaults in complying with its obligations under applicable SEBI Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Impersonation

For details, see "Impersonation" on page 235 of the Red Herring Prospectus.

DISPOSAL OF APPLICATIONS AND APPLICATION MONIES AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

For more details please refer to paragraph titled "Disposal of Applications and Application Moneys and Interest In Case Of Delay" on page 234 of this Red Herring Prospectus under the section titled "Terms of the Issue".

MODE OF MAKING REFUNDS FOR ASBA BIDDERS

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

Basis of Allotment

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders.

The Basis of Allotment to such valid ASBA and non-ASBA Bidders will be that applicable to investors of the category in which the Bids have been made. For details, see "*Basis of Allotment*" on page 236 of the Red Herring Prospectus.

Method of Proportionate basis of allocation in the Issue

ASBA Bidders who are Resident Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 200,000 in any of the Bidding options in the Issue, will be categorized as Retail Individual Bidders. ASBA Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 200,000 will be categorised as Non Institutional Bidders. ASBA Bidders who falls under the QIB Category will be categorised as QIB Bidders No preference shall be given vis-à-vis ASBA and non-ASBA Bidders.

Undertaking by our Company

In addition to our undertakings described under "*Undertakings by our Company*" on page 241 of the Red Herring Prospectus, with respect to the ASBA Bidders, we undertake that adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider ASBA Bidders similar to other Bidders while finalizing the Basis of Allotment.

Utilisation of Issue Proceeds

Our Board has provided certain certifications with respect to the utilization of Issue Proceeds. For details, refer paragraph titled "*Utilization of Issue Proceeds*" on page 241 of the Red Herring Prospectus.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or Debentures and / or on their consolidation / splitting are detailed below. Please note that each provisions herein below is numbered as per the corresponding article number in the Articles of Association and capitalized / defined terms herein have the same meaning given to them in the Articles of Association.

Table 'A'

Table A not to apply

The regulations contained in Table A, Schedule, to the Companies Act, 1956, shall not apply to the company except so far as the same are reproduced or contained in or expressly made applicable by these Articles or the Act. 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 Company's power to modify, alter or add to its regulations, be such as are contained in these articles.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

CAPITAL:

The Authorised Share Capital of the Company is as per clause V of the Memorandum of Association of the Company with all rights to the company to alter the same in any way it thinks fit.

FURTHER ISSUE OF SHARES

- 8 1. Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then:
- a. Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
 - b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
 - c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.

PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

- d. After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion fit.

2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof in any manner whatsoever.

- a. If a special resolution to that effect is passed by the Company in General Meeting, or
- b. Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposer by members, so entitled and voting and Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

3. Nothing in sub-clause © of (1) hereof shall be deemed:

- a. To extend the time within which the Offer should be accepted; or
- b. To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made had declined to take the shares comprised in the renunciation.

Nothing in the Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

- 1. To convert such debentures or loans into shares in the Company; or
- 2. To subscribe for shares in the Company whether such options is conferred in these Articles or otherwise.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term;

- a. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or in conformity with the rules, if any, made by that Government in this behalf;
- b. In the case of debentures or loans or other than debentures issued or loans obtained from Government or any Institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the

Company in general meeting before the issue of debentures or raising of the loans.

REDEEMABLE PREFERENCE SHARES

9. 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 and the resolution authorizing such issues shall prescribe the manners, terms and conditions of redemption.

PROVISIONS APPLICABLE IN CASE OF REDEEMABLE SHARES

10. On the issue of redeemable preference shares under the provisions of Article 9 hereof, the following provisions shall take effect.
- a. No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.
 - b. No such shares shall be redeemed unless they are fully paid.
 - c. The premium, if any, payable on redemption shall be provided for out of the profits of the Company or out of the Company's share Premium Account, before the shares are redeemed; and
 - 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 Capital Redemption Reserve Account, a sum equal to the nominal amount of the shares to be redeemed and the provisions of the Act relating to the reduction of the share capital of a Company shall, except as provided under Section of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

NEW CAPITAL SAME AS ORIGINAL CAPITAL

- 11 Except 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 part of the initial capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments; transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

CONSOLIDATION AND DIVISION OF CAPITAL

14. The Company may in general meeting alter the conditions of its Memorandum of Association as follows:
- a. Consolidate and divide all or any of its share capital into shares of large amount than its existing shares.
 - b. Sub-divide its shares or any of them into shares of smaller amount so however that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced shares shall be the same as it was in the case of the share from which the reduced share is derived.
 - 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.

MODIFICATION OF RIGHTS

16. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be varied, modified, commuted, affected or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of the issued shares of the class or is confirmed by a resolution passed by the votes of not less than three-fourths of the votes of the holders of the shares of that class at a separate general meeting of the holders of shares of that class and all the provisions contained in these Articles to its general meetings shall mutatis mutandis apply to every such meeting. This Article is not to derogate from any power, the Company would have if this Article were omitted.

Dematerialisation of Securities

“Beneficial Owner”

“Beneficial Owner” shall have the meaning assigned thereto by Section 2 (1)(a) of the Depositories Act, 1996.

“Depository”

“Depository” shall have the meaning assigned thereto by Section 2 (1)(e) of the Depositories Act, 1996.

“Depositories Act 1996”

“Depositories Act 1996” shall mean Depositories Act 1996, and include any Statutory modification or re-enactment thereof for the time being in force.

“Member”

“Member” means the duly registered holder from time to time of the Shares of the Company of any class and includes the subscriber(s) of the Memorandum of the Company and every person whose name is entered as the beneficial owner of any share in the records of Depository, but does not include the bearer of a share warrant of the Company, if any, issued in pursuance of Articles of Association of the Company.

“Securities & Exchange Board of India”

“Securities & Exchange Board of India” or SEBI means the Securities & Exchange Board of India established under Section 3 of the Securities & Exchange Board of India Act, 1992.

“Security”

“Security” means such security as may be specified by SEBI from time to time.

“Singular number”

Words importing the “Singular number” include, where the context admits or requires, the plural number and vice versa.

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles. The marginal notes used in these Articles shall not affect the construction thereof.

18A. a. "Power to Company to dematerialize and rematerialize"

"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 there under if any",

b. Dematerialization of Securities

Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialized form, the Company shall enter into an agreement with the depository to enable the investor to dematerialize the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

c. "Intimation to Depository"

"Notwithstanding anything contained in this Article, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such Securities"

d. "Option for Investors"

"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."

e.. "The Company the recognize under Depositories Act, Interest in the Securities other than that of Registered holder."

"The Company or the investor may exercise an option to issue, deal in, 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."

f. "Securities in Depositories and Beneficial Owners"

"All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners."

g. "Rights of depositories and Beneficial Owners."

- 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.
- b. Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a depository.”

h. Depository to furnish information

Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

24. ACCEPTANCE OF SHARES

Subject to the provisions of these Articles, any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a member, provided that no share shall be applied for or allotted to a minor, insolvent or person of unsound mind.

27. LIMITATION OF TIME FOR ISSUE OF CERTIFICATE

The Company shall, unless the conditions of issue otherwise provide, within three months after the allotment of any of its shares or debentures and within one month after the application for the transfer of any such shares or debentures, complete and have ready for delivery the certificates of all shares and debentures allotted or transferred.

28A. LIMITATION OF TIME FOR ISSUE OF CERTIFICATES

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to all such holder.

28B. ISSUE OF NEW CERTIFICATE IN PLACE OF DEFACED, LOST OR DESTROYED

If any certificate be worn out, defaced mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, an a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fees shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

UNDERWRITING AND BROKERAGE

34. COMMISSION MAY BE PAID

The Company may, subject to he provisions of Section 76 and other applicable provisions, if any, of the Act any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company. The commission may be satisfied by the payment of cash or he allotment of fully or partly paid shares or debentures, or partly in the one way and partly in the other.

35. BROKERAGE MAY BE PAID

The Company may pay a reasonable sum for brokerage on any issue of shares and debentures.

35A. COMMISSION TO BE INCLUDED IN THE ANNUAL RETURN

Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

CALLS

37. DIRECTORS MAY MAKE CALLS

The Board of Directors may from time to time by a resolution passed at meeting of the Board (and not by circular resolution) make such call as it may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of

premium) and not by the conditions of allotment thereof made payable at a fixed time and each member shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Board of Directors. A call may be made payable by installments.

38. CALLS ON SHARES OF THE SAME CLASS TO BE MADE ON UNIFORM BASIS

Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

39. NOTICE OF CALLS

One month notice at least of every call payable otherwise than on allotment shall be given by the Company specifying the time and place of payment and to whom such call shall be paid. Provided that the Board may, at its discretion, revoke the call or postpone it.

40. CALLS TO DATE FROM RESOLUTION

A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed at a meeting of the Board of Directors and may be made payable by the members on the Register of Members on a subsequent date to be fixed by the Board.

41. DIRECTORS MAY EXTEND TIME

The Board of Directors may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such times as to all or any of the members, who from residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension save as a matter of grace and favour.

42. CALL TO CARRY INTEREST AFTER DUE DATE

If any member fails to pay a call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board of Directors, but nothing in this Article shall render it compulsory upon the Board of Directors to demand or recover any interest from any such member.

44. PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST:

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at

such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until he same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debenture of the Company.

FORFEITURE, SURRENDER AND LIEN

45. IF CALL OR INSTALLMENT NOT PAID, NOTICE MAY BE GIVEN

If any member fails to pay any call or installment of a call in respect of any shares on or before the day appointed for the payment of the same, the Board may at any time hereafter during such time as the call or installment remains unpaid, serve a notice on such member or on the person (if any) entitled to the share by transmission 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.

46. FORM OF NOTICE

The notice shall name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) and a place or places on and at which such money, including the call or installment and such interest and expenses as aforesaid is to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the calls was made or installment was payable, will be liable to be forfeited.

47. IN DEFAULT TO PAYMENT SHARES TO BE FORFEITED

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before all the calls or installments and interest and expenses due in respect thereof are paid, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before forfeiture.

48. NOTICE OF FORFEITURE

When any share shall have been so forfeited, notice of the resolution 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 provided however that the failure to give the notice of the shares having been forfeited will not in any way invalidate the forfeiture.

49. FORFEITED SHARES TO BECOME PROPERTY OF THE COMPANY

Any shares so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot otherwise dispose of the same in such manner as it thinks fit.

50. POWER TO ANNUAL FORFEITURE

The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annual the forfeiture thereof as a matter of grace and favour but not as of right upon such terms and conditions as it may think fit.

51. ARREARS TO BE PAID NOTWITHSTANDING FORFEITURE

Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, 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 forfeiture until payment at such rate not exceeding fifteen per cent per annum as the Board may determine and the Board may enforce the payment of such moneys or any part thereof if it thinks fit, but shall not be under any obligation so to do.

52. EFFECT OF FORFEITURE

The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company, in respect of the share and all other rights, incidental to the share except only such of those rights as are by these Articles expressly saved.

54A. DECLARATION OF FORFEITURE

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 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 any may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.

c. The person to whom such Share is sold, re-allotted or disposed of 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 calls, amounts, installments, interests 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 purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.

54B. The declaration as mentioned in Article 65(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

59. COMPANY'S LIEN ON SHARE/DEBENTURES:

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale

thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.

66. EXECUTION OF TRANSFER

Subject to the Provisions of the Act and these Articles, the transfer of shares in or debentures of the Company shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company along with the certificate if in existence or along with the letter of allotment of the shares or debentures. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in respect thereof. Shares of different classes shall not be included in the same instrument of transfer.

67. FORM OF TRANSFER

The instrument of transfer shall be in writing and all the provisions of section 108 of the Act and any statutory modification thereof, for the time being, shall be duly complied with in respect of all transfers of shares and of the registration thereof.

67A (i) Every holder of the share(s) in, and / or debenture(s) of the Company, may at any time nominate, in the manner prescribed under the Act, a person to whom his share(s) in, and/or debenture(s) of the Company, shall vest in the event of his death.

(ii) Where the share(s) in, and/or debenture(s) of the Company, are held by more than one person jointly, all the joint-holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the share(s) and/or debenture(s) of the Company, as the case may be, shall vest in the event of death of all the joint holders.

(iii) Notwithstanding anything contained in any other law for the time being in force or in these Articles or in any disposition, whether testamentary or otherwise, in respect of such share(s) in, and/or debenture(s) of the Company, where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in, and/or debenture(s) of the Company, the nominee shall, on the death of the shareholder and/or debenture-holders concerned or on the death of all the joint-holders, as the case may be, become entitled to all the rights in relation to such share(s) in and/or debenture(s) to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.

(iv) Where the nominee is a minor, the holder of the share(s) in, and/or debenture(s) of the Company, can make a nomination in the manner prescribed under the Act, to appoint any person to become entitled to the share(s) in,

and/or debenture(s) of the Company, in the event of his death, during the minority.

(v) Notwithstanding anything contained in these Articles, any person who becomes a nominee by virtue of the provisions of Article 67A, upon the production of such evidence as may be required by the Board and subject as herein after provided, may elect either;

- a. to be registered himself as holder of the share(s) and/or debenture(s), as the case may be; or
- b. to make such transfer of the share(s) and/or debenture(s), as the case may be, as the deceased shareholder and/or debenture-holder, as the case may be, could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the share(s) and/or debenture(s) himself, he shall deliver or send to the Company, a notice in writing duly signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder and/or debenture-holder, as the case may be.

(vi) All the limitations, restrictions and provisions of the Act, relating to the right to transfer and the registration of transfer of share(s) and/or debenture(s) shall be applicable to any such notice or transfer as aforesaid as if the death of the shareholder/debenture holder had not occurred and the notice or transfer were a transfer signed by that shareholder and/or debenture-holder as the case may be.

(vii) A person, being a nominee, becoming entitled to the share(s) and/or debenture(s) by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share(s) and/or debenture(s), except that he shall not, before being registered a member in respect of his share(s) or debenture(s), be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that, the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share(s) and/or debenture(s) and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share(s) and/or debenture(s), until the requirements of the notice have been complied with.

68. NO TRANSFER TO A PERSON OF UNSOUND MIND

No transfer shall be made to a minor or a person of unsound mind.

69. TRANSFER OF SHARES

1. An application for the registration of a transfer of shares may be made either by the transferor or by the transferee.
2. Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

3. For the purpose of clause (2) hereof notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instruments of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
4. **DIRECTORS MAY REFUSE TO REGISTER TRANSFER**
Subject to the Provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.
5. If the Company refuses to register the transfer of any share or transmission of right therein, the Company shall within one month from the date on which instrument of transfer or the intimation of transmission, as the case may be, was delivered to the Company, sends notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.
6. Nothing in these Articles shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares of the Company has been transmitted by operation of law.
7. **NO FEE ON TRANSFER OR TRANSMISSION**
No fee shall be charged for registration of transfer, transmission, Probate, Succession, Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

74. TITLE TO SHARES OF DECEASED HOLDER

Subject to Article 74 the heir, executor or administrator of a deceased shareholder shall be the only person recognized by the Company as having any title to his shares and the Company shall not be bound to recognize such heir, executor or administrator unless such heir, executor or administrator shall have first obtained letters of administration or succession certificate.

154B. The payment or repayment of moneys borrowed

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 debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called 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.

Amounts paid in advance of calls not to be treated as paid up capital

173. No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of Article 176 as paid up on the share.

Declaration of Dividends

175. The Company in General Meeting may, subject to the provisions of Section 205 of the Act, declared a dividend to be paid to the members according to their right and interests in the profits and may fix the time for payment.

Dividend out of profits only and not to carry interest

177. (1) No dividend shall be payable except out of the profits of the Company arrived at as stated in Section 205 of the Act.

What is to be deemed net profits

(2) The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

178. The Board of Directors may from time to time pay the members such interim dividends as in its judgement the position of the Company justifies.

186. Unpaid or Unclaimed Dividend

Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration to any shareholder entitled to the payment of dividend, the Company shall, within 7 days of the date from expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Ravikumar Distilleries Limited" and transfer to the said account, the total amount of dividend which remains unpaid or unclaimed.

Any money transferred to the unpaid dividend account of the Company which remain unpaid or unclaimed for a period of Seven years from the date of such transfer, shall be transferred by the Company to the Fund established under Section 205C of the Act. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.

Capitalisation of reserves

187. (a) Any General Meeting may, upon the recommendation of the Board resolve that any moneys, investments or other assets forming part of the undistributed profits of the Company standing to the credit of any of the profit and loss account or any capital redemption reserve fund or in hands of the Company and available for dividend or representing premium received on the issue of shares and standing to the credit of the share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund shall not be paid in cash but shall be applied subject to the provisions contained in clause (b) hereof on behalf of such shareholders in full or towards:

- (1) Paying either at par or at such premium as the resolution may provide any unissued shares or debentures or debenture-stock of the Company which shall be allotted, distributed and credited as fully paid up to and amongst such members in the proportions aforesaid; or

- (2) Paying up any amounts for the time being remaining unpaid on any shares or debentures or debenture-stock held by such members respectively; or
 - (3) Paying up partly in the way specified in sub-clause (1) and partly in that specified in sub-clause (2) and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.
- (b) (1) Any moneys, investments or other assets representing premium received on the issue of shares and standing to the credit of share premium account; and
- (2) If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares may, by resolution of the Company be applied only in paying up in full or any shares then remaining unissued to be issued to such members of the Company as the General Meeting may resolve upto an amount equal to the nominal amount of the shares so issued.
- (c) Any General Meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed amongst the members on the footing that they receive the same as capital.
- (d) For the purpose of giving effect to any such resolution, the Board may settle any difficulty which may arise in regard to the distribution of payment as aforesaid as it thinks expedient and in particular it may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such cash, share, debentures, debenture-stock, bonds or other obligation in trustees upon such trust for the persons entitled thereto as may seem expedient to the Board and generally may make such arrangement for acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as it may think fit.
- (e) If and whenever any share becomes held by any member in fraction, the Board may subject to the provisions of the Act and these Articles and to the directions of the Company in General Meeting, if any, sell the shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion the net proceeds of the sale thereof, for the purpose of giving effect to any such sale, the Board may authorize any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or of invalidity in the proceedings with reference to the sale.
- (f) Where required; a proper contract shall be delivered to the Registrar for registration in accordance with section 75 of the Companies Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund and such appointment shall be effective.

SECTION IX: OTHER INFORMATION

LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before this RHP), which are or may be deemed material to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of this RHP and have been delivered to the Stock Exchanges and may be inspected at the Registered Office of the Company situated at 1-C, Nandita Apartments, No. 47, Thirumalai Pillai Road, T. Nagar, Chennai, Tamil Nadu, India- 600 017 and corporate office situated at 17, Kamaraj Salai, Puducherry, India- 605 011 between 9:30 am to 5:30 pm on any working day from the date of this RHP until the date of closure of the subscription List.

MATERIAL CONTRACTS

1. Engagement Letter dated 27th October, 2009 appointing Comfort Securities Private Limited as Book Running Lead Managers to the Issue.
2. Memorandum of Understanding dated 27th October, 2009 between our Company and the BRLMs.
3. Memorandum of Understanding dated 5th November 2009 entered into with Karvy Computershare Private Limited appointing them as the Registrar to the Issue.
4. Copy of tripartite agreement dated 20th August, 2008 between NSDL, our Company and Karvy Computershare Private Limited.
5. Copy of tripartite agreement dated 6th September, 2008 between CDSL, our Company and Karvy Computershare Private Limited.
6. Agreement dated 24th day of March, 2008 with Ravikumar Properties Private Limited to acquire 33.54 acres of land situated at Nilayur Village, Madurai South Taluk, Madurai, Tamil Nadu.
7. Escrow Agreement dated 2nd November, 2010 between our Company, BRLMs, Escrow Collection Banks and the Registrar to the issue.
8. Syndicate Agreement dated 2nd November, 2010 between our Company, BRLMs, and the Syndicate Member.
9. Underwriting Agreement dated [•] between our Company, BRLMs, and the Syndicate Members.

DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of our Company as amended from time to time.
2. Copy of the resolution passed at the meeting of the Board of Directors held on 5th November, 2009 authorising the issue.
3. Copy of the resolution passed by the shareholders of our Company under section 81 (1A)

at the Extra Ordinary General Meeting held on 27th November, 2009.

4. Copy of shareholders resolution dated 28th September, 2010 reappointing Mr. R .V. Ravikumar as Managing Director and reappointing Mrs. Amirthavalli and Mrs. S Vijayalakshmi as Whole Time Directors of our Company for a period of three years w.e.f 1st October, 2010 and approving their remuneration and terms.
5. Consents of the Directors, Company Secretary/Compliance Officer, Auditors, Book Running Lead Manager(s) to the Issue, Legal Advisors to the Issue, Legal Advisors to the BRLM for the Issue, Escrow Collection Bankers, IPO grading agency and Registrars to the Issue, to include their names in the offer document to act in their respective capacities.
6. Copies of Annual Reports of our Company for the last five (5) financial years viz 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10.
7. Audit report issued by our statutory auditors i.e Ramanand & Associates, Chartered Accountants, dated 22nd October, 2010 included in the Red Herring Prospectus and copies of Balance Sheet referred to in the said report.
8. Letter dated 22nd October, 2010 from the statutory Auditors of our Company, Ramanand & Associates, Chartered Accountants, detailing the tax benefits.
9. Copy of certificate from the statutory Auditors of our Company, Ramanand & Associates, Chartered Accountants, dated 1st November, 2010 regarding the sources and deployment of funds as on 31st October, 2010.
10. Copy of certificate from the statutory Auditors of our Company, Ramanand & Associates, Chartered Accountants, dated 1st November, 2010 regarding the Eligibility of the Issue.
11. Board Resolution dated 22nd March, 2010 for approval of Draft Red Herring Prospectus, Board Resolution dated 22nd November, 2010 for approval of Red Herring Prospectus and Board Resolution dated [•]for approval of Prospectus.
12. Resolution passed by the IPO Committee dated 22nd March, 2010, 22nd November, 2010 and [•] for approval of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus respectively.
13. Valuation Report dated 30th August, 2010 by Government approved Valuer i.e Mr. V. Varadarajan having registration no. F- 7836 certifying the value of aforesaid 33.54 acres of land situated at Nilayur Village, Madurai South Taluk, Madurai, Tamil Nadu
14. Due Diligence Certificate dated 22nd March, 2010 to SEBI from Book Running Lead Manager viz Comfort Securities Private Limited.
15. Copy of in-principle listing approval dated May 31, 2010 from BSE.
16. Copy of in-principle listing approval dated July 01, 2010 from NSE.
17. SEBI Observation letter no CFD/DIL/ISSUES/SK/PM/19696/2010 dated 14th September, 2010.

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

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this 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 thereunder or regulations issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS

Mr. R.V.Ravikumar

Mrs. R. Amirthavalli

Mrs. S. Vijayalakshmi

Mr. Badrinath S. Gandhi

Mr. Ashok Shetty

Mr. Popatlal Kathariya

Mr. K. S.M. Rao

Mr. R. Ramanujam

SIGNED BY THE FINANCE CONTROLLER

Mr.S. Sankarnarayanan

SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. G. Raghavan

Date: 22nd November, 2010

Place: Chennai

Shri. R. V. Ravikumar
Managing Director
Ravikumar Distilleries Ltd.
1-C, Nandita Apartments,
No. 47, Thirumalai Pillai Road,
T. Nagar, Chennai,
Tamil Nadu - 600 017

June 03, 2010

Confidential

Dear Sir,

IPO Grading

Please refer to your request for grading of the Initial Public Offering (IPO) of **Ravikumar Distilleries Ltd.** for 1.15 crore equity shares of face value of Rs.10 each.

2. CARE has assigned a '**CARE IPO Grade 2**' [**Grade Two**] to the proposed IPO issue of Ravikumar Distilleries Ltd. (RKDL). **CARE IPO Grade 2** indicates **below average fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.
3. Please note that wherever '**CARE IPO Grade 2**' [**Grade Two**] appears, it should invariably be followed by the definition '**CARE IPO Grade 2** [**Grade Two**] indicates below average fundamentals'.
4. The explanatory notes regarding the grading symbols of CARE for IPO grading are given in **Annexure 1**. The rationale for this grading will be communicated to you separately.
5. Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within two months from the date of this letter.
6. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.

7. Please note that as per the existing regulations, CARE is required to disclose all IPO gradings. As such, in the absence of any request for review of grading within a week of this letter, CARE will disclose this IPO grading to the public.
8. Please note that the disclaimer as given hereunder should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus.
9. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Sujit Pradhan".

**[Sujit Pradhan]
Manager**

A handwritten signature in blue ink, appearing to read "Padmaja Parange".

**[Padmaja Parange]
Senior Manager**

Encl: As above

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Annexure 1

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

SA

Shri. R. V. Ravikumar
Managing Director
Ravikumar Distilleries Ltd.
1-C, Nandita Apartments,
No. 47, Thirumalai Pillai Road,
T. Nagar, Chennai,
Tamil Nadu - 600 017

June 15, 2010

Dear Sir,

IPO Grading

Please refer to our letter dated June 03, 2010 on the above subject.

2. The rationale for the rating is attached as an **Annexure - I**. Kindly note that the rationale would be published in the forthcoming issue of our quarterly journal, 'CAREVIEW'.

3. A write-up on the above rating is proposed to be issued to the press shortly. A draft of the press release is enclosed for your perusal as **Annexure - II**.

4. We request you to peruse the Rationale and Press Release and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by June 22, 2010 we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,


[Padmaja Parange]
Senior Manager

Encl: As above

**Annexure - I
Grading Rationale**

Ravikumar Distilleries Ltd.

IPO Grading

CARE IPO Grade 2

CARE has assigned a 'CARE IPO Grade 2' to the proposed Initial Public Offer (IPO) of Ravikumar Distilleries Ltd. (RKDL). CARE IPO Grade 2 indicates below average fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the relative assessment of the fundamentals of that issuer. RKDL proposes an IPO of 1.15 crore equity shares of face value of Rs.10/- each, at a price which will be determined through the book-building process.

The grading is constrained by the small size of operations, high overall gearing ratio and low entry barriers in the local market. Further, the grading is constrained by competition from established regional and Pan-India players, highly-regulated nature of the alcohol industry characterised by high taxation and inter-state restriction on movement of products and dependence on IPO proceeds for the proposed expansion.

However, the grading derives strength from the promoters' experience and long track record in the liquor business, established presence in Puducherry market, tie-up arrangements with reputed clients and improved profitability during the last two years.

Background

Ravikumar Distilleries Limited (RKDL) was incorporated in 1993 by Mr.R.V. Ravikumar and it commenced commercial production from 1999. Mr. Ravikumar is involved in the liquor distribution business since 1978 and forayed into liquor manufacturing by incorporating RKDL. RKDL is engaged in the manufacturing and marketing of Indian Made Foreign Liquor (IMFL) with presence in all segments viz rum, brandy, whisky, gin and vodka. The manufacturing facility of RKDL is located at Puducherry and has an installed capacity of 14,25,000 cases per annum and bonded ware house capacity of 26,000 cases.



June 15, 2010

1

RKDL undertakes manufacturing and marketing of its own brands as well as for the other brands under the tie-up arrangements. In addition, RKDL is also involved in trading of IMFL in local market. The company has 30-owned brands with 'Capricorn' being its flagship brand. RKDL has been drawing majority of its sales from local markets of Puducherry. It has entered into tie-up arrangements with established players such as Radico Khaitan and John Distilleries for manufacturing of their brands.

As on December 31, 2009, RKDL did not have any subsidiary. However, the promoter had other group companies in segments such as real estate, tourism, food and pharmaceuticals.

Management

As on December 31, 2009, RKDL's Board of Directors comprised eight members including four Independent non-executive directors. Mr. R.V. Ravikumar is serving as the Managing Director. The Board is assisted by a team of senior executives.

Corporate Governance

Separation of ownership and management

RKDL has complied with the requirements of corporate governance contained in the listing agreement. The company has a total of four Independent Directors on Board out of total of eight Directors. Amongst the four Independent Directors, three were appointed in November 2007 and one in October 2009.

Board Committees

Further, in order to comply with the corporate governance requirements, RKDL has constituted committees such as Audit Committee, Shareholders/Investors Grievance, Share Allotment and Share Transfer Committee, Remuneration Committee and IPO Committee in October 2009 and had Audit Committee meetings in October 2009, January 2010 and March 2010.



June 15, 2010

2

Pending legal cases & their status

I. Litigations filed by RKDL

Money recovery proceedings filed by the company – RKDL has filed a suit against Kapitan Distilleries Ltd. for non-payment of amount realised from sales made to Andhra Pradesh Beverages Corporation Ltd (APBCL) and deducting excessive service charges aggregating to Rs.0.37 crore for FY03. RKDL has also filed a petition before Court to direct APBCL to withhold Rs.0.38 crore payment of Kapitan. The suit is pending for hearing.

II. Litigations against RKDL

A) Civil Proceedings against the company – Mohan Breweries and Distilleries Ltd (MBDL) has alleged that RKDL has copied its registered design with words “MBDL” embossed on Whisky bottles and bottling Whisky under brand name “Goal Keeper”. Further, MBDL has alleged that RKDL has committed a piracy under Designs Act, 2000 by copying the design, causing serious hardship and losses to MBDL. MBDL has demanded from Court for rendition of a true and faithful account of the profits earned by RKDL through sale of whisky under brand name “Goal Keeper” using the offending bottle design. RKDL has filed a reply denying some of the allegations and the matter is sub judice.

B) Proceeding under labour laws - In February 2006, Mr. E. Raghavan, a casual labourer employed with RKDL was dismissed from services. Mr. Raghavan filed a dispute before the Labour Officer (conciliation), Government of Puducherry challenging his dismissal. RKDL had filed a reply to the charges levelled by Mr Raghavan. Later on, the matter was referred to Labour Court Puducherry for adjudication and is pending before the same.

C) Indirect tax proceedings –

Turnover Tax, Puducherry, A.Y 2002-03 & 2003-04: In January 2006, the Commercial Tax Officer (CTO) made a demand of Rs.0.14 crore and Rs.0.20 crore on RKDL for turnover tax for the Assessment Year 2002-03 and 2003-04 respectively. The company has filed an appeal before Appellate Assistant Commissioner for stay against the demand on the ground that the company is eligible for a tax holiday and is not required to pay the



June 15, 2010

3

turnover tax. The stay for collection of tax was granted on furnishing of a security bond. The appeal is still pending and shall come for hearing in normal course.

Turnover Tax, Puducherry, A.Y 2004-05: In March 2007, CTO made a demand of Rs.0.22 crore on RKDL for turnover tax for the Assessment Year 2004-05. The company has challenged the demand by a writ petition before the Honourable High Court Madras against the demand on the ground that the company is eligible for a tax holiday and is not required to pay the turnover tax. The Honourable High Court has set aside the demand with liberty to the Assessing Officer to levy turnover tax at the rate of 0.5%. RKDL has not received any further communication from the Assessing Officer.

Sales Tax, Kerala, AY 2001-02, AY 2002-03 and AY 2003-04: The Assistant Commissioner, Kozhikode has issued a demand notice for payment of Turnover tax and interest thereon on RKDL. The demand for Turnover tax was Rs.0.22 crore, Rs.0.13 crore and Rs.0.08 crore respectively for AY 2001-02, AY 2002-03 and AY 2003-04. The demand for interest for the same periods was Rs.0.21crore, Rs.0.13 crore and Rs.0.03 crore respectively. RKDL has filed a Writ Petition against the said demand to the Honourable High Court of Kerala and a stay order till May 23, 2006 has been passed by the court. RKDL has not received any further communication from the Assessing Officer.

III. Potential Litigation

RKDL is in receipt of notices from the Registrar of Companies (RoC), Tamil Nadu for non-compliance of provisions of Section 210, 295 and 297 of the Companies Act, 1956 for the financial years 2004-05, 2005-06 and 2006-2007. The RoC has issued a show cause notice for levy of penalty, as RKDL has entered into an agreement with its Managing Director for hiring cars on lease rental basis owned by its Directors and Relatives. The liability for such compounding has been ascertained to Rs.0.05 crore.

Operations

RKDL is engaged in business of manufacture of Indian Made Foreign Liquor (IMFL) for own brands and under tie-up arrangement for other IMFL manufacturers. RKDL's manufacturing unit is located in Union Territory of Puducherry and caters to the local market. It operates in all segments of IMFL, viz Whisky, Brandy, Rum, Gin and Vodka. RKDL owns 30 brands, with three registered brands viz 'Capricorn', 'Super White' Rum



June 15, 2010

and 'Freedom' Brandy with 'Capricorn' being the flagship brand. RKDL has presence only in the Puducherry market, which is an open market with no State Corporation involvement. RKDL has tie-up arrangements with known companies such as Radico Khaitan Ltd., John Distillers Ltd, Shashi Distilleries Ltd and Gemini Distilleries Pvt. Ltd. amongst others. In respect of tie-up arrangements, RKDL enters into production and marketing arrangement with its customers. The sales for such arrangements are routed through RKDL and it remits the surplus net of its bottling charges to the brand owners. In addition, RKDL is also involved in trading of IMFL in Puducherry.

IPO Details

Size of the Issue

RKDL is proposing to make an Initial Public Offer (IPO) of 1,15,00,000 equity shares of face value of Rs.10/- each for cash at a premium to be determined through a book-building process.

Terms of the issue

Out of the total issue of 1,15,00,000 equity shares, up to 57,50,000 equity shares will be allotted to Qualified Institutional Buyers (QIBs) (being 50% of the issue size). Not less than 17,25,000 equity shares shall be available for allocation to Non-Institutional bidders (being 15% of the issue size) and the retail portion would be at least 40,25,000 equity shares (being 35% of the issue size). 2,87,500 equity shares (being 5% of the QIB portion) shall be available for allocation on a proportionate basis to Mutual Funds, and the balance of the QIB portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds.

Purpose of the issue

- to expand its existing facilities to meet the demand in the existing market and to penetrate into neighbouring markets like Kerala, Karnataka and Andhra Pradesh. Further, RKDL also plans to undertake backward integration by setting up re-distillation plant at its existing facility at Puducherry.
- to part-finance the marketing and corporate branding expenses
- to part-finance incremental working capital requirements
- balance proceeds to meet the general corporate expenses and issue-related expenses

A handwritten signature in blue ink.

June 15, 2010

The utilisation of IPO proceeds would be as follows:

Particulars	Total Expenditure
Expansion of existing unit (increase in bottling capacity and installation of re-distillation plant):	
- Civil & Structure related work	0.40
- Purchase & Installation of Machines	10.82
Marketing and Corporate branding expense	3.00
Incremental working capital requirements	33.97
General corporate purposes and issue-related expenses*	-
Total	48.19

Financial Analysis

RKDL's net sales have been stable at around Rs.40 crore over the last three years. Net sales in FY09 increased y-o-y by 11.84% backed by higher volumes. PBILDT margin increased in FY09 mainly due to lower manufacturing expenses partially offset by higher selling expenses. Interest and finance charges in FY09 increased almost 33% over FY08 on account of higher working capital borrowings resorted by the company to support the increase in the level of operations. Despite the increase in interest expenses, the interest coverage ratio improved marginally during FY09. The company reported a growth of almost 30% in PAT during FY09 supported by higher PBILDT as well as non-operating income offset partly by higher interest expenses. PAT margin in FY09 increased by 118 basis points to 5.37%. The Return On Net Worth (RONW) has been stable at around 13.5% over the last three years, backed mainly by the improvements in profitability. The restated EPS (post-bonus issue) for FY09 was Rs.1.42, an increase of 29.09% over the restated EPS of FY08. RKDL's Tangible Net Worth has shown an improvement over the last two years on account of accretion to reserves. With the increase in tangible net worth, RKDL's long-term debt to equity ratio showed an improvement during the last three years. Being a working capital intensive company, dependence on working capital borrowing is high resulting in high overall gearing ratio. RKDL's current ratio has been on declining trend in the past three years due to high working capital borrowings. RKDL's total inventory levels have been increasing during the past three years mainly on account increase in the raw material inventory. Accordingly, the inventory-holding period



June 15, 2010

6

has shown an increasing trend since FY08. However, the average collection period improved from 94 days in FY08 to 79 days in FY09 with better receivables management. The Working Capital Cycle has declined marginally from 106 days in FY08 to 101 days in FY09 on account of the better-managed receivables, offset to an extent by higher inventory levels.

As per provisional results of FY10, RKDL's net sales increased by 3.19% with PBILDT and PAT margins of 18.38% and 5.71% respectively.

Industry Review

The IMFL segment is a 125-million cases industry that is worth USD 2 billion. It constitutes 31% of the total liquor market and is expected to grow at a Compounded Annual Growth Rate (CAGR) of 9.7% over the next three years. The per capita consumption of liquor in India is low at about 0.82 litres per annum as compared to global average of 4.63 litres per annum, indicating potential for growth in the industry. The growth of domestic alcohol industry is being driven by favorable demographics, rising disposable income and changing social habits leading to a shift from the country liquor (unbranded) segment towards the branded segment (IMFL). The uniqueness of the industry lies in its convoluted tax structure, especially the imposition of import and export duties on inter-state transfer of liquor, apart from various other taxes. This led to the setting up of a number of small production capacities across the country by liquor manufacturers, contract distillers and bottlers. They tie up with State-level bottlers and distillers for production of liquor, which is then branded, labelled and marketed through the prevalent distribution system in the State. The consumption in the IMFL segment is dominated by Whisky (about 59.5%), Brandy (18.2%), Rum (17.6%), Gin (3.5%) and Vodka (1.2%). However, the mix varies from State to State according to consumers' preferences. In northern States like Punjab, Haryana and Rajasthan, more whisky is consumed; whereas, in southern States like Andhra Pradesh and Tamil Nadu, brandy is the dominant drink. In Kerala however, 60-65% of the sales of IMFL is rum. Andhra Pradesh is the largest market of IMFL in India. As per Andhra Pradesh Beverages Corporation Ltd., during the 11 months for FY10, the IMFL sales in Andhra Pradesh were 381.27 lac cases which was higher than FY09 sales of 365 lac cases. As per Kerala State Beverages Corporation, during FY10, the IMFL sales in Kerala were 188.03 lac cases with Rum dominating the portfolio. The sales in Karnataka are dominated by

June 15, 2010

7



Whisky with 73% of total IMFL sales. As per Karnataka State Beverages Corporation, for FY09, the aggregate sales of IMFL and Beer in Karnataka were 468.41 lac cases. However, Puducherry is an open market with no State Corporation involvement. The distribution channel in Puducherry is direct with manufacturer, distributor and retailer channel as a result of which it has lower entry barriers as compared to the other States.

Prospects

The outlook for IMFL segment in India is favourable given the rising disposable incomes and a shifting trend from country liquor (unbranded) segment towards the IMFL (branded) segment. RKDL plans to increase its existing capacity and expand its presence in to the neighbouring markets of Andhra Pradesh, Karnataka and Kerala. However, the company's growth is dependent to a large extent on its successful expansion, which in turn depends on successful completion of the IPO. Further, regulatory hurdles and intense competition are also causes for concern.

Financial Performance

(Rs. crore)

For period ended/As on March 31,	2007 (12m, A)	2008 (12m, A)	2009 (12m, A)
Working results			
Net Sales	42	38	43
Total Operating Income	38	32	32
PBILDT	4	4	5
Depreciation	1	1	1
Interest	2	2	3
PBT	1	2	2
PAT (after Deferred Tax)	1	1	2
Net Cash Accruals	2	2	3
Financial position			
Equity Share Capital	5	10	10
Net Fixed Assets	6	9	9
Net Working Capital	24	24	24
Tangible Net Worth	8	12	14
Total Debt	22	26	25
Total Capital Employed	30	38	39
Ratios:			

June 15, 2010

Growth (%)			
Growth in Total Income	17.69	(15.97)	(0.04)
Growth in PBILDT	(10.99)	7.92	32.05
Growth in PAT	92.21	32.25	29.35
Profitability (%)			
PBILDT / Total Operating Income	9.58	12.30	16.25
PAT / Total Income	2.70	4.19	5.37
ROCE (Total Capital Employed)	10.89	11.10	13.71
RONW	13.42	13.56	13.82
EPS	1.03	1.10	1.42
Solvency (Times)			
Long Term Debt Equity ratio	0.87	0.78	0.47
Overall Gearing ratio	2.67	2.21	1.82
Interest Coverage	1.92	1.47	1.49
Term Debt / Gross Cash Accruals	12.27	14.51	9.78
Liquidity (times)			
Current Ratio	1.44	1.27	1.21
Quick Ratio	1.21	0.95	0.89
Working Capital Cycle			
Average Collection Period (days)	84	94	79
Average Inventory Holding (days)	51	70	86
Average Creditors Period (days)	36	58	65
Working Capital Cycle (days)	98	106	101

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.



June 15, 2010

9

Annexure - II

Press Release

CARE assigns 'CARE IPO Grade 2' to Ravikumar Distilleries Ltd.

CARE has assigned a 'CARE IPO Grade 2' to the proposed Initial Public Offer (IPO) of Ravikumar Distilleries Ltd. (RKDL). 'CARE IPO Grade 2' indicates below average fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the relative assessment of the fundamentals of that issuer. RKDL proposes an IPO of 1.15 crore equity shares of face value of Rs.10/- each, at a price which will be determined through the book-building process.

Grading Rationale

The grading is constrained by the small size of operations, high overall gearing ratio and low entry barriers in the local market. Further, the grading is constrained by competition from established regional and Pan-India players, highly regulated nature of the alcohol industry characterised by high taxation and inter-state restriction on movement of products and dependence on IPO proceeds for the proposed expansion.

However, the grading factors derives strength from the promoters' experience and long track record in the liquor business, established presence in Puducherry market, tie up arrangements with reputed clients and improved profitability during the last two years.

Company Profile

RKDL is engaged in the manufacturing and marketing of Indian Made Foreign Liquor (IMFL) with presence in all segments viz. rum, brandy, whisky, gin and vodka. The manufacturing facility of RKDL is located at Puducherry and has an installed capacity of 14,25,000 cases per annum and bonded ware house capacity of 26,000 cases. RKDL undertakes manufacturing and marketing of its own brands as well as for the other brands under the tie-up arrangements with established players such as Radico Khaitan and John Distilleries.

A handwritten signature in blue ink, appearing to be "CARE".

June 15, 2010

1

The proceeds from the proposed issue of shares are intended to be deployed for increasing the existing capacity and installation of re-distillation plant, financing the marketing and branding expenses, financing incremental working capital needs and to meet the general corporate and issue-related expenses.

On a total income of Rs.32.17 crore, RKDL earned a PBILDT and PAT of Rs.5.23 crore and Rs.1.77 crore respectively in FY09. RKDL's tangible net worth as on March 31, 2009 was Rs.13.70 crore.

As per provisional results of FY10, RKDL's net sales increased by 3.19% vis-à-vis FY09 with PBILDT and PAT margins of 18.38% and 5.71% respectively.

Analyst Contact

Name: Ms. Padmaja Parange

Tel # 6754 3433

Mobile # 99875 75584

Email: padmaja.parange@careratings.com

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

A handwritten signature in blue ink, appearing to be "AP", located below the disclaimer box.

June 15, 2010

2

Shri. R. V. Ravikumar
Managing Director
Ravikumar Distilleries Ltd.
1-C, Nandita Apartments,
No. 47, Thirumalai Pillai Road,
T. Nagar, Chennai,
Tamil Nadu - 600 017

November 04, 2010

Confidential

Dear Sir,

IPO Grading

Please refer to our IPO Grading letter dated June 03, 2010 and your subsequent letter dated October 21, 2010 requesting us to revalidate the grading assigned to your Initial Public Offering (IPO) of 1.15 crore equity shares of face value of Rs.10 each.

2. It has been decided to reaffirm the grading of '**CARE IPO Grade 2**' [**Grade Two**] to the proposed IPO issue of Ravikumar Distilleries Ltd. (RKDL). **CARE IPO Grade 2** indicates **below average fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.
3. Please note that wherever '**CARE IPO Grade 2**' [**Grade Two**] appears, it should invariably be followed by the definition '**CARE IPO Grade 2** [**Grade Two**] indicates below average fundamentals'.
4. The explanatory notes regarding the grading symbols of CARE for IPO grading are given in **Annexure 1**.
5. Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within two months from the date of this letter.

6. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.
7. Please note that as per the existing regulations, CARE is required to disclose all IPO gradings.
8. Please note that the disclaimer as given hereunder should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus.
9. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,

Yours faithfully,



[Sujit Pradhan]
Manager



[Padmaja Parange]
Senior Manager

Encl : As above

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Annexure 1

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

SA

THIS PAGE IS INTENTIONALLY LEFT BLANK

THIS PAGE IS INTENTIONALLY LEFT BLANK