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RED HERRING PROSPECTUS

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

Dated : January 18, 2007

100% Book Building Issue

EURO CERAMICS LIMITED

Our Company was incorporated as a private limited company under the name "Euro Ceramics Private Limited" vide Certificate of Incorporation No. U 26914 MH 2002 PTC 135548 dated April 16, 2002 with Registrar of Companies, Maharashtra at Mumbai. Subsequently our Company was converted in to public limited company and our Company name was changed from Euro Ceramics Private Limited to "Euro Ceramics Limited" with effect from November 16, 2004.

Registered Office and Corporate Office: Boston House, Ground Floor, Suren Road, Chakala, Andheri (East), Mumbai – 400 093, Maharashtra.

For details of changes in our Registered Office, please refer to the section titled "Our History and Certain Corporate Matters" beginning on page 118 of this Red Herring Prospectus.

Tel: + 91-22-4019 4019, **Fax:** + 91-22-4019 4020

Contact Person/Compliance Officer: Mr. Sushil Chudiwala, Chief Executive Officer, E-Mail: euroipo@eurovitrified.com; **Website:** www.eurovitrified.com

ISSUE OF 56,21,500 EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. [●] PER EQUITY SHARE FOR CASH AGGREGATING RS. [●] LACS (HEREINAFTER REFERRED TO AS THE "ISSUE"), INCLUDING EMPLOYEE RESERVATION OF 1,21,500 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AT A PRICE OF RS. [●] PER EQUITY SHARE FOR CASH AGGREGATING RS. [●] (HEREINAFTER REFERRED TO AS THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION SHALL BE 55,00,000 EQUITY SHARES OF RS. 10/- EACH (HEREINAFTER REFERRED TO AS THE "NET ISSUE TO THE PUBLIC"). THE ISSUE WILL CONSTITUTE 32.87% OF THE POST ISSUE PAID-UP CAPITAL OF OUR COMPANY. THE NET ISSUE TO THE PUBLIC WILL CONSTITUTE 32.16% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF EURO CERAMICS LIMITED ("COMPANY").

PRICE BAND: Rs. 150 To Rs. 180 PER EQUITY SHARE

THE ISSUE PRICE IS 15 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 18 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

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

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue to the Public will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net 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. Further, 1,21,500 Equity Shares shall be available for allocation on a proportionate basis to Employees, subject to valid Bids being received at or above the Issue Price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of shares is Rs. 10/- and the Issue Price of Rs. [●]/- per share is 15 times of the Face Value at the lower end of the Price Band and 18 times of the Face Value at the higher end of the Price Band. The Issue Price (as determined and justified by the Book Running Lead Managers in consultation with the Company as stated under the section titled "Basis for Issue Price" beginning on page 69 of this Red Herring Prospectus on the basis of assessment of market demand for the Equity Shares issued by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

ISSUER'S ABSOLUTE RESPONSIBILITY

Euro Ceramics Limited 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 issued through this Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited, Mumbai ("NSE"). We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated November 17, 2006 and December 14, 2006, respectively. For purposes of this Issue, BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER



UTI SECURITIES LIMITED
(A Subsidiary of Securities Trading Corporation of India Limited)
AMBI Registration No.: AMBI/083
1st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road,
Bandra (East), Mumbai – 400 051.
Tel: + 91-22-6751 5805 / 825, **Fax:** + 91-22-6702 3194
E-Mail: euroipo@utisel.com, **Website:** www.utisel.com
Contact Person: Mr. Rajesh Ranjan / Mr. Saurabh Vijay

REGISTRAR TO THE ISSUE



Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (W),
Mumbai – 400 078.
Tel: +91-22-2596 0320 (10 lines)
Fax: +91-22-5555 5499
Email: euroipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Salim Shaikh

ISSUE PROGRAMME

BID / ISSUE OPENS ON : FEBRUARY 07, 2007

BID / ISSUE CLOSURES ON : FEBRUARY 13, 2007

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SECTION I – DEFINITIONS AND ABBREVIATIONS

Term	Description
“Euro Ceramics Limited”, “ECL”, “our Company”, “the Company”, “Issuer”, “we”, “us” and “our”	Unless the context otherwise requires, refers to Euro Ceramics Limited, a public limited company incorporated under the Companies Act, 1956.
“Euro Merchandise (India) Limited”, “EMIL” “Subsidiary”, “our Subsidiary” and “our wholly owned subsidiary”	Unless the context otherwise requires, refers to our Subsidiary, Euro Merchandise (India) Limited.
Promoters	Unless the context otherwise requires, refers to Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresk K. Shah.
Promoters Group	As defined in explanation II of Clause 6.8.3.2 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof.

CONVENTIONAL / GENERAL TERMS

Term	Description
Articles/ Articles of Association	The Articles of Association of Euro Ceramics Limited.
Auditors	The statutory auditors of our Company, being M/s. Deepak Maru & Co., Chartered Accountants
Board of Directors / Board	The Board of Directors of Euro Ceramics Limited unless otherwise specified.
Companies Act	The Companies Act, 1956, as amended from time to time.
Corporate Office/ Corporate Office of Our Company	Boston House, Ground floor, Suren Road, Chakala, Andheri (East), Mumbai – 400 093, Maharashtra.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996.
Depository Participant	A depository participant as defined under the Depositories Act, 1996 as amended from time to time.
Director(s)	Director(s) of our Company unless otherwise specified.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year unless otherwise specified in the context thereof.
Insurance Act	Insurance Act, 1938, as amended from time to time.
Memorandum/ Memorandum of Association	The Memorandum of Association of Euro Ceramics Limited.
Non Resident	A person who is not an NRI, and FII and is not a person resident in India.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended.
Registered Office of the Company/ Registered Office of our Company/ Registered Office	Boston House, Ground Floor, Suren Road, Chakala, Andheri (East), Mumbai – 400 093, Maharashtra

EURO CERAMICS LIMITED

Term	Description
SEBI Guidelines/ SEBI DIP Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid on the online system of BSE/NSE.

ISSUE RELATED TERMS

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

Term	Description
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Cut-off	The Issue Price finalised by our Company in consultation with the BRLMs and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Designated Date	The date on which funds are transferred from the Escrow Account to the Issue Account after the Prospectus is filed with the Registrar of Companies, Maharashtra, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It will become a Red Herring Prospectus after filing with the Registrar of Companies, Maharashtra, at Mumbai at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies, Maharashtra, at Mumbai after the Pricing Date.
ECS	Electronic Clearing Service
Employee/ Employees (in the Employee Reservation Portion)	Means Permanent Employees / Executive Director(s) of our Company and our subsidiary company, i.e. Euro Merchandise (India) Limited, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form.
Employee Reservation Portion	The portion of the Issue being a maximum of 121,500 Equity Shares available for allocation to Employees.
EPCG Scheme	Export Promotion Capital Goods Scheme
Equity Shares	Equity Shares of our Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among our Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLMs in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker(s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being HDFC Bank Limited, ICICI Bank Limited, Standard Chartered Bank, UTI Bank Limited
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.

EURO CERAMICS LIMITED

Term	Description
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Indian GAAP	Generally accepted accounting principles in India.
Indian National	As used in the context of the Employee Reservation Portion, a citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	The issue of 56,21,500 Equity Shares of Rs. 10/- each fully paid up at the Issue Price aggregating Rs. [●]
Issue Account	In accordance with Section 73 of Companies Act, an account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Mutual Funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Funds Portion	The portion of the Issue, being 5% of the QIB portion or 137,500 Equity Shares (assuming QIB portion is 50% of the Net Issue to the Public) available for allocation on a proportionate basis to Mutual Funds only
NEFT	National Electronic Funds Transfer
Net Issue/ Net Issue to the Public	The Issue of Equity Shares less Employee Reservation Portion aggregating to 55,00,000 Equity Shares.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000.
Non Institutional Portion/ Non Institutional Bidders Portion	The portion of this Issue being at least 15% of the Net Issue consisting of 8,25,000 Equity Shares aggregating Rs. [●] Lacs, available for allocation to Non Institutional Bidders.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin amount at the time of bidding, as applicable.
Pay-in-Period	This term means: (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date

Term	Description
	The price band of a minimum price ("Floor Price") of Rs. 150 and the maximum price ("Cap Price") of Rs. 180 and includes revisions thereof.
Pricing Date	The date on which our Company in consultation with the BRLMs finalises the Issue Price.
Prospectus	The Prospectus, filed with the Registrar of Companies, Maharashtra containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	Consists of 27,50,000 Equity Shares aggregating Rs. [●] being not more than 50% of the Net Issue, which is available for allocation to QIBs out of which 5% shall be allocated to Mutual Funds only.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, Mutual Funds registered with the Board under the SEBI (Mutual Funds) Regulations, 1996.), multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with IRDA, provident funds with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs.
Registrar/ Registrar to this Issue	Intime Spectrum Registry Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs. 1,00,000 in any of the bidding options in this Issue.
Retail Portion	Consists of 19,25,000 Equity Shares aggregating Rs. [●] Lacs, being at least 35% of the Net Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
RTGS	Real Time Gross Settlement
Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member	Enam Securities Private Limited
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members to the Bidders as proof of registration of the Bid.

EURO CERAMICS LIMITED

Term	Description
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date.
U.S. GAAP	Generally accepted accounting principles in the United States.

COMPANY / INDUSTRY RELATED TERMS

Term	Description
ICCTAS	The Indian Council of Ceramic Tiles and Sanitary ware (ICCTAS) is a voluntary non-profit Association dedicated to the growth of Ceramic Tiles and Sanitary ware manufacturers of the organized sector of India.
HSD	High Speed Diesel
LDO	Light Diesel Oil
LPG	Liquified petroleum gas (also called LPG) is a mixture of hydrocarbon gases used as a fuel in heating appliances
Lignite	Lignite, often referred to as brown coal, is the lowest rank of coal and used as fuel for steam-electric power generation or for any other general utility purposes.
Propane Gas	Propane is a three-carbon alkane, normally a gas, but compressible to a liquid that is transportable in containers. It is derived from other petroleum products during oil or natural gas processing. It is commonly used as a heat source for engines, barbecues, and homes
Project	The Project includes setting up of Manufacturing Facilities for Sanitary Ware Products at Bhachau, Kutch, raising funds required for General Corporate Purposes and meeting the Issue Expenses

ABBREVIATIONS

Abbreviation	Full Form
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BSE	The Bombay Stock Exchange Limited.
BPO	Business Process Outsourcing
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
DGFT	Directorate General of Foreign Trade.
Distt.	District
DP	Depository Participant.
EGM	Extraordinary General Meeting of the shareholders.

Abbreviation	Full Form
EPS	Earnings per Equity Share.
Euro	The euro is the currency of twelve European Union countries: Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.
EPC	Export Packing Credit
EPCG	Export Promotion & Credit Guarantee Scheme
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.
FIPB	Foreign Investment Promotion Board.
FIs	Financial Institutions.
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GIR Number	General Index Registry Number.
Gol/ Government	Government of India.
HUF	Hindu Undivided Family.
INR	Indian Rupee
IIG	Inter Institutional Group
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time.
Kg	Kilograms
Mn. Sq. mt.	Million Square Meters
MVA	Mega Volt Amperes
MTPA/ M.T p.a.	Metric Tonnes Per Annum
MW	Mega Watts
NAV	Net Asset Value.
NBFC	Non-Banking Finance Companies.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited
P/E Ratio	Price/Earnings Ratio.

EURO CERAMICS LIMITED

Abbreviation	Full Form
PAN	Permanent Account Number.
R&D	Research and Development
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, Maharashtra, at Mumbai located at Everest, 100 Marine Drive, Mumbai – 400 002, Maharashtra
RONW	Return on Net Worth.
Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
SACMI	Societa Anonima Cooperativa Meccanici Imola
SBI	State Bank Of India
SCRA	The Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEZ	Special Economic Zone
Sq. Mtrs./ sq. mtrs.	Square Meters
Stock Exchanges	BSE and NSE
UAE	United Arab Emirates
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
Uoi	Union of India.
USA	United States of America
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.
w.e.f	with effect from

Notwithstanding the foregoing, in the section titled “Main Provisions of the Articles of Association of our Company”, “Statement of Tax Benefits”, “Financial Information” and “Disclaimer Clause of BSE & NSE” beginning on page 270, 73, 141 and 235 respectively of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company, Statement of Tax Benefits”, “Financial Statements” and “Disclaimer Clause of BSE & NSE” respectively.

SECTION II – RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Red Herring Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Euro Ceramics Limited”, unless the context otherwise indicates or implies, refers to Euro Ceramics Limited. In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lakh or Lac” means “one Hundred thousand”, the word “Crore” means “hundred lacs”, the word “million (million)” means “ten lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off. Throughout this Red Herring Prospectus, all figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Red Herring Prospectus are to the legal currency of India.

Unless indicated otherwise, the financial data in this Red Herring Prospectus is derived from our restated standalone financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. Unless indicated otherwise, the operational data in this Red Herring Prospectus is presented on a standalone basis and refers to the operations of our Company. Our fiscal year commences on April 01 and ends on March 31 so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

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

For additional definitions used in this Red Herring Prospectus, please refer to the section titled “Definitions and Abbreviations” beginning on page 1 of this Red Herring Prospectus. In the section titled “Description of Equity Shares and Terms of the Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

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

FORWARD LOOKING STATEMENTS

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

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

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

For a further discussion of factors that could cause our actual results to differ, please refer to the sections titled “Risk Factors” “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of the Operations as Reflected in the Financial Information” beginning on pages 90, 208 and 141 of this Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

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

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

Internal Risk Factors

Recently, our Company, our Promoters and some of our Promoters Group entities were subjected to search/survey operations under the provisions of the Income Tax Act, 1961

On August 2, 2006 the Income Tax Department carried out search/survey operations under the provisions of the Income Tax Act, 1961 against inter alia our Company, our Promoters, their relatives, some of our Directors, some of our Promoters Group entities and our subsidiary Euro Merchandise (India) Ltd. During these operations, certain books of accounts and records were seized, prohibitory orders and summons were issued under the provisions of the Income Tax Act, 1961. Disclosure of undisclosed income of Rs. 1350 Lacs has been made by/on behalf of certain of our Promoters, Directors and Promoters Group entities, on which the tax payment was undertaken to be made by November 15, 2006. The tax due on account of the aforesaid disclosure has not been paid as on date of this Red Herring Prospectus.

Based on the findings of these search/survey operations, the Income Tax Department may undertake proceedings which may result in demands for payment of additional income taxes or levy penalties, if any or take any other action as prescribed under the Income Tax Act, 1961, against us or our Promoters, Directors, our relevant Promoters Group entities or our Subsidiary. The final consequence including final tax liability arising from the aforesaid disclosures and further liability, if any, including liability for interest and penalty, on any person including our Company, our Subsidiary, our Promoter(s), our Director(s) and Promoters Group entities cannot be estimated at this stage. For further details, please refer to the section titled "Outstanding Litigations & Material Developments" beginning on page 219 of this Red Herring Prospectus.

We are involved in certain legal and other proceedings which may result in liabilities as a result.

We are involved in certain legal proceedings and claims. These legal proceedings are pending at different levels of adjudication before various authorities. We cannot assure that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business and results of operations.

- a) A classification of the legal proceedings (including show cause and summons notices) instituted by and against our Company, and the monetary amount* involved in these legal proceedings is given in the following table:

Sr.No.	Nature of Case	Number of Cases	Amount Involved (Rs.')
1.	Criminal Cases: Our Company has filed a criminal complaint under section 138 of the Negotiable Instruments Act 1881	1	1,70,000
2.	Income Tax Cases: Our Company has filed an appeal before the Commissioner of Income Tax Appeals. Our Company has been served with a show cause notice under section 274 read with section 271 of the Income Tax Act.	2	4,17,620 (Only 1 case is quantifiable)

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Sr.No.	Nature of Case	Number of Cases	Amount Involved (Rs.)
3.	Case under the Maharashtra Regional & Town Planning Act 1966: Our Company, through its Promoter Director Mr. Kumar P Shah has filed an appeal before the Urban Development Minister, Maharashtra against the notice dated October 30, 2002 in respect of alleged unauthorized commercial use of our property at No.208, 2 nd Floor, Sangram Arcade Building, Vile Parle West, Mumbai.	1	Not quantifiable
4.	Case under the Standards of Weights and Measures Act 1976: Our Company has been served with a show cause notice for an alleged violation of section 33 of the Standards of Weights and Measures Act 1976	1	Not quantifiable

* The amount involved is the amount expressly claimed, being the liability and financial impact, which may be incurred if we are unsuccessful in legal proceedings. However, it does not include those penalties, interests and costs, if any, which may be imposed which may have been pleaded but not quantified in the course of legal proceedings, or which the Court/Tribunal otherwise has the discretion to impose. The imposition and amount of such penalties /interest/costs are at the discretion of the Court/Tribunal where the case is pending. Such liability, if any, would crystallize only on the order of the authorities where the case is pending.

For further details please refer the section titled "Outstanding Litigations & Material Development" beginning on page 219 of this Red Herring Prospectus

- b) Our Director, Mr. Raichand K.Shah is involved in certain litigation
For the Assessment Year 2001 -2002 our Director, Mr. Raichand K. Shah, has preferred an appeal before the Commissioner of Income Tax (Appeals), Mumbai against an order dated February 8, 2006 which imposes a penalty of Rs.40,000/- for allegedly claiming an excess amount of expenditure on account of advertisement expenses. For further details please refer the section titled "Outstanding Litigations & Material Development" beginning on page 219 of this Red Herring Prospectus
- c) Some of our group companies/ventures of Promoters and our Subsidiary are involved in certain litigations
The following is the summary of the outstanding litigations that our group companies/ventures of Promoters and our Subsidiary are involved in on the date of filing of this Red Herring Prospectus with SEBI:

Sr.No.	Nature of Case	Number of Cases	Amount Involved (Rs.)
1.	Criminal Cases: Kevin Impex Private Limited has filed 4 criminal complaints and M/s Kanch Ghar has filed 4 criminal complaints all under section 138 of the Negotiable Instruments Act 1881	8	10,63,399
2.	Income Tax Cases: Subhnen Ply Private Limited has preferred an appeal before the Income Tax Appellate Tribunal, Mumbai.	1	Not quantifiable
3.	Sales Tax / Value Added Tax Cases : Subhnen Veneers Private Limited has filed 1 appeal under the Kerala General Sales Tax Act and 1 appeal under the Central Sales Tax Act. Tangent Furniture Private Limited has been served with a notice	4	6,00,232(Only 2 proceedings are quantifiable)

Sr.No.	Nature of Case	Number of Cases	Amount Involved (Rs.')
	under section 49 of the Bombay Sales Tax Act 1959. M/s. Kanch Ghar has received summons to give evidence and produce the books of accounts under the Maharashtra Value Added Tax Act 2002 for the period April 1, 2005 till January 17, 2007		
4.	Service Tax Cases: A show cause notice has been issued to Subhnen Veneers Private Limited for payment of service tax. Subhnen Décor Private Limited has filed an appeal before the Commissioner of Central Excise (Appeals) against an order dated October 19, 2006 under which Subhnen Décor Private Limited has been held liable to pay service tax and penalty thereon along-with interest. Euro Multivision Limited has been served with summons to tender evidence regarding payment of service tax on foreign remittance towards royalty on DVDR sales.	3	20,04,129 (Only 2 proceedings are quantifiable)
5.	Custom Cases: Euro Merchandise (India) Limited has been served with summons in connection with an enquiry being conducted by the Directorate of Revenue intelligence in connection with the import of tiles by Euro Merchandise (India) Limited. Euro Merchandise (India) Limited has been served with a show cause notice for the import of tiles which attracts anti dumping duty.	2	1,45,70,928

The amount involved is the amount expressly claimed, being the liability and financial impact, which may be incurred if we are unsuccessful in legal proceedings. However, it does not include those penalties, interests and costs, if any, which may be imposed which may have been pleaded but not quantified in the course of legal proceedings, or which the Court/Tribunal otherwise has the discretion to impose. The imposition and amount of such penalties /interest/costs are at the discretion of the Court/Tribunal where the case is pending. Such liability, if any, would crystallize only on the order of the authorities where the case is pending. For further details please refer the section titled "Outstanding Litigations & Material Development" beginning on page 219 of this Red Herring Prospectus

One of our Promoters Group company has not paid dividend to its preference shareholders.

Euro Multivision Limited (EML), one of our Promoters Group companies, has not paid dividend on 1,85,000 5% cumulative redeemable preference shares of Rs. 100/- each amounting to Rs. 4,62,500/- for the year ended March 31, 2006, since it made a loss of Rs.128.69 lacs in the said year. No provision has been made in the EML's accounts. In future this could have an adverse impact on the financial position of EML. For further details, please refer to the section titled "Other group companies/ventures of Promoters" beginning on page 181 of this Red Herring Prospectus.

Our Company proposes to venture into manufacturing of Sanitary Ware Products, which is totally a new segment for us. We have no experience in manufacturing of Sanitary Ware Products.

We are going to be a new entrant in the manufacturing of Sanitary Ware Products, and have no prior experience in this Business segment. This may hinder our ability to operate the proposed plant in a commercially successful manner. Further, we will be required to employ a large work force for the Project. These factors may adversely affect our results of operations and financials.

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Moreover, we may face stiff competition from established and/ or new players in acquiring a requisite market share, and we cannot assure that we shall be able to successfully execute the Project or be able to execute it within pre-set timelines and budgeted costs or be able to garner requisite market share or any market share at all or that our Project shall be profitable or that we shall break-even. In the event that we are not able to successfully execute the Project or garner requisite market share, it may adversely affect our business, results of operations and financial condition.

We have not obtained any third party appraisals for our Project.

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. Our estimates for the Project may be lower than the value that would have been determined by third party appraisals, which may require us to reschedule our Project expenditure and have a bearing on our expected revenues and earnings

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

Being in the manufacturing business, we require several statutory and regulatory permits, licenses and approvals to operate our business. Many of these approvals are granted for fixed periods of time and need renewal from time to time. We are required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue any such permits or approvals in time or at all. Further, these permits, licenses and approvals are subject to several conditions, and we cannot assure that we shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant permits/licenses/approvals. Failure by us to renew, maintain or obtain the required permits, licenses or approvals, or cancellation, suspension or revocation of any of our permits, licenses or approvals may result in the interruption of our operations and may have a material adverse effect on our business.

We have applied for the following approvals and licenses for our Project, which we have not yet received. If we fail to obtain any or all of these approvals or licenses thereof, in time implementation of our project may get delayed which may result in cost and time overrun.

Sr.No.	Approval / Consent	Authority	Application date	Remarks
1.	Application for the consent to operate under section 21 of the Air (Prevention and Control of Pollution) Act 1981 for the 4 Gasifier unit and the Captive Power Plant	Regional Officer, Gujarat State Pollution Control Board, Gujarat	September 28, 2006	Application under Process
2.	Application under section 21 of the Air (Prevention and Control of Pollution) Act 1981 to operate the D.G. Sets	Regional Officer, Gujarat State Pollution Control Board, Gujarat	September 23, 2006	Application under Process

Further following are the approvals for which applications has been made for renewal:

Sr. No.	Applied for Renewal	Liense No.	Authority	Application date	Remarks
1.	Solvent Permission / License for storage and consumption of Light Diesel Oil at our factory at Bhachau	SP-Solvent/ Lic. No. 79/2005	District Magistrate, Kutch, Bhuj	December 15, 2006	Application under process
2.	License to import and store 126 KL petroleum at our factory in Bhachau	P/HQ/GJ/15/ 4565 (P26176)	Chief Controller of Explosives	December 6, 2006	Application under process

Sr. No.	Applied for Renewal	Liense No.	Authority	Application date	Remarks
3.	Registration & License to work factory location at House Survey No. 510, 511, 517/1 Bhachau Dudhai Road, Kutch.	Registration No. 26(921)/271-A/2 (M)(i) License No. 091279	Chief Inspector of Factory, Gujarat	December 4, 2006	Application under process

If our Company fails to obtain within the prescribed time, if any, the aforesaid approvals, our ability to carry on business may be materially affected, our Company and our officials may be subject to fine and prosecution under relevant legislations, and consequently our Company's turnover and profitability may be adversely affected.

We are yet to apply for the following licenses/approvals for our Sanitary Ware Project. Delay or non-receipt of regulatory approvals may delay the Project of Manufacturing Sanitary Ware Products.

Sr.No.	Approval / Consent	Authority	Status
1.	Factory License	Chief Inspector of Factory, Gujarat	Will be applied in due course
2.	Central Excise Registration	Central Excise Department	Will be applied in due course
3.	Local Sales Tax Registration	Sales Tax Department	Will be applied in due course
4.	Central Sales Tax Registration	Sales Tax Department	Will be applied in due course
5.	Service Tax Registration	Central Excise Department	Will be applied in due course
6.	Consent to establish and operate under Water (Prevention and Control of Pollution) Act 1974, Air (Prevention and Control of Pollution) Act 1981 and Environment (Protection) Act 1986	Regional Officer, Gujarat State Pollution Control Board, Gujarat	Will be applied in due course
7.	Consent under section 21 of the Air (Prevention and Control of Pollution) Act 1981 to operate the D.G. Set	Gujarat Pollution Control Board	Will be applied in due course
8.	Certificate of Installation and registration of D.G. Sets	Collector of Electricity Duty, Gandhinagar	Will be applied in due course
9.	Contract Labour Registration	Labour Commissioner	Will be applied in due course
10.	Certificate for installation of sub-station for power distribution	Chief Electrical Inspector	Will be applied in due course
11.	License to store LPG	Chief Controller of Explosives	Will be applied in due course

If our Company fails to obtain within the prescribed time, any of the aforesaid approvals, our ability to execute our Project for manufacturing Sanitary Ware Products may be materially impacted. Our Company and its officials may be subject to fines and penalties under relevant legislations, and consequently our Company's turnover and profitability may be adversely affected. Any delay/non-receipt of licenses and/ or approvals that may be required for the proposed additional facilities could result in a cost and time over run, and accordingly adversely affect our operations and profitability.

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For further details, please refer to section titled "Government/Statutory and Business Approvals" beginning on page 226 of this Red Herring Prospectus.

We have made applications for registration of trademarks, which are yet to be registered.

We have made several applications for registration of trademarks, which are pending at various stages of registration. In certain applications, oppositions have been filed pursuant to advertisement of our applications, which we are currently contesting. Our products are known by our trademarks, which are advertised by us, and if any of our applications for registration are not accepted or if any of the oppositions filed against our trademark applications are successful, we may lose the statutory protection available to us under the Trade Marks Act, 1999 for such trademarks.

For further details, please refer to section titled "Our Business" beginning on page 90 of this Red Herring Prospectus.

Our Company has applied for the registration of the trademark involving the name "EURO", which is also being used by certain companies and partnership firms belonging to the promoter group. In case of denial of registration of the trademark involving the name "EURO", we may not be able to sell our products under the name "EURO" and also not be able to prevent unauthorized use of the EURO trademark. This will affect our sales and hence the profitability of our business.

The name "EURO" forms part of our corporate name. Our Company has applied for the registration of the trademark "EURO". In case of denial of registration of the trademark involving the name "EURO", we may not be able to sell our products under the name "EURO" and also not be able to prevent unauthorized use of the EURO trademark. Further, pursuant to agreements entered into with certain companies and partnership firms forming part of our Promoters Group, these companies and partnership firms have been permitted to use the name "EURO". The agreements do not stipulate any payment to be made to our Company and further grants them perpetual and irrevocable right and license to use the word "EURO" as part of their corporate name, trade name and trading style and to use Euro Logo in connection with the activities specified by the main object clauses of their Memorandum of Association. Any challenge to our ownership of the name "EURO" would also affect their rights in relation thereto adversely. For further details, please refer to the section titled "Our Business" beginning on page 90 of this Red Herring Prospectus.

We have not yet placed orders for certain plant & machinery required to set up our proposed Project.

We have not yet placed orders for Indigenous plant & machinery aggregating Rs. 1,207.79 Lacs for the Project, which is about 29.77% of the total plant & machinery required for the Project.

Further, we are subject to risks on account of inflation in the price of plant & machinery and other equipments that we require for the Project. Negotiations in respect of technical specifications with some vendors have been commenced and orders will be placed after the negotiations are completed. In respect of the plant & machinery / equipment / other Project related services that we propose to import/procure from overseas, we may be subject to the risks arising out of currency rate fluctuations. These factors may increase the overall cost of our Project, and we may have to raise additional funds by way of additional debt or equity placement to complete our Project, which may have an adverse effect on our business and results of operations.

Under-utilisation, if any, of capacity of our present manufacturing facilities and/or proposed Project in future may adversely affect our business, results of operations and financial condition.

Our Company currently has two manufacturing facilities, one for manufacturing Vitrified Ceramic Tiles and one for manufacturing Aluminium extrusions. We are also setting-up the new Project for Sanitary Ware. We have already incurred and are further incurring significant capital expenditure pursuant to the same. For our Vitrified Ceramic Tiles and manufacturing Aluminium extrusions we have been able to utilize more than 90% of the existing installed capacities. Since the use of production capacity is subject to several variables like availability of raw material, power, water, proper working of machinery, orders on hand, etc., it cannot be assured that in future we shall be

able to achieve the same or higher level of capacity utilization for our current and proposed manufacturing facilities. Any under-utilisation of the production capacities in future may adversely affect our business, results of operations and financial condition.

We have entered in to a contract with SACMI Hong Kong Ltd. for supply of major Plant & Machinery for our project. This contract is enforceable in jurisdictions outside India, which may expose us to higher legal and other costs in case of any disputes with SACMI and affect enforceability of Judgements obtained against counterparties.

We have entered into contract with SACMI Hong Kong Ltd. for supply of major Plant & Machinery for our project, wherein the contract is enforceable in Geneva. The legal and other costs that we may incur in initiating and/or defending any actions arising out of such contract could be significantly higher outside India as compared to in India and such higher costs may adversely affect our financial position and profitability. Further, we may not always be able to enforce/execute judgments obtained in foreign courts/tribunals against the counter parties.

Our Company is availing certain excise and sales tax exemptions, which may not be available to us in the future. This may result in increased tax liabilities and reduced profit margins.

Our Company is availing certain excise duties, and sales tax exemption under Kutch Incentive Scheme, 2001 for Economic Development of Kutch District, Gujarat. The excise duty exemption will be available till 4th October 2008. Further, our Company is entitled to sales tax exemptions on purchase the raw materials, packing materials, other processing materials and also on sales of finished goods, intermediates, by-products, waste & scrap produced by it at the rate of 100% for a period of ten years from 5th October 2003 up to the eligible fixed capital investment.

In case these exemptions are withdrawn or phased out or the benefits of the same are denied to us for any reason whatsoever, our future tax liabilities may substantially increase and would result into reduction in profit margins or increase in losses as the case may be.

Our existing as well as proposed manufacturing facilities are located at Bhachau, Kutch District, Gujarat, which is a Seismic Zone - Earthquake prone area.

The economic activities in the Kutch District came to standstill on account of devastating earth quake on January 26, 2001. Till date none of our manufacturing facilities have been affected by any such occurrence. However, in the future, if earthquake hits the Kutch District, where all our Company's' manufacturing facilities are located, it may have an adverse effect on our operations, financials and our business. Further, being located in one area any local, social unrest, other natural disaster or breakdown of services and utilities in that area could have material adverse effect on the business, financial position and results of operations of our Company.

Our contingent liabilities could adversely affect our financial condition.

We have the following contingent liabilities in our standalone Balance Sheet, as at September 30, 2006, which are not provided for:

Sr. No.	Particulars	Amount (Rs. in Lacs)
1.	Bills Discounted with Banks	77.23
2.	Bank Guarantees/Letters of Credit	5,184.67

Entry in New Ventures, if and when entered into, may not be successful and could adversely affect our current operations as well.

Other than setting up of manufacturing facilities for Calcarious Tiles, as on date we have not entered into any MoU or agreement for acquisitions, strategic partnership or other ventures. However, our Company may engage in future acquisitions, strategic partnership or other ventures as and when opportunity arises. Entry in New

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Ventures if and when entered into, is likely to consume a lot of our management's attention during the implementation period. To the extent management is unable to focus on the current operations of our Company, the operations of our Company is likely to be affected. Further we cannot assure that entry in new ventures will be successful and any failure of such venture may adversely affect our business performance and results of operation.

Our Earnings per Equity Share and Return on Net Worth have been increasing over the years, which may not sustain in future.

Our Earnings per Equity Share and Return on Net Worth have been increasing over the years, details of which are given in the following table:

Financial Year Ending On	Earnings per Equity Share (Standalone Basis)	Return on Net Worth (%)(Standalone Basis)
March 31, 2004	0.70	7.11
March 31, 2005	11.76	27.67
March 31, 2006	17.81	33.70

The above growth may not sustain in future, as the growth may place significant demands on our management and other resources. It will require us to continue to develop and enhance our operational, financial and other internal controls. Inability to manage growth would adversely affect our business prospects and results of operations.

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

Our manufacturing facilities at Bhachau, Kutch District, Gujarat are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output, raw material shortage or unsuitability, obsolescence, labour disputes, strikes, lock-outs, non-availability of services of our external contractors, our ability to respond to technological advances and emerging industry standards and practices in the industries we operate and propose to operate on a cost-effective and timely basis, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities, and any other factors which may or may not be within our control. The occurrence of any of these risks could significantly affect our operating results. We carry out planned shutdowns of our captive power plant for maintenance. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition, results of operations and the trading price of our Equity Shares may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

The project being implemented by us is large in context of our Company's current scale of operations. We face several risks on account of implementation of new Project.

Our Company has embarked upon a Rs. 7,693.37 Lacs Project, which is fairly large in size. The net worth of our Company as on March 31, 2006 is Rs. 6,064.56 Lacs (as per our standalone financial statements). Our Company is diversifying into a new line of product i.e. Sanitary Ware through this project. The successful implementation and commencement of the Project depends upon the ability of our management to handle such a large project. A project of this size is likely to consume a lot of our management's attention during the implementation period. Further, we are also implementing another independent project for manufacture of Calcarious Tiles. While implementing two projects simultaneously, to the extent management is unable to focus on the current operations of our Company, the operations of our Company are likely to be adversely affected.

Our new Project is dependent on performance of external agencies.

Our new Project is dependent on performance of external agencies, which are responsible for construction of

buildings, installation and commissioning of plant & machinery and supply & testing of equipments. We cannot assure that the performance of external agencies will meet the required specifications or performance parameters. If the performance of these agencies is inadequate in terms of the requirements, this may result in incremental cost and time overruns, which in turn may adversely affect our expansion plans.

We are dependent on third-party transporters for the supply of raw materials and delivery of products. Further, high transportation cost and escalation thereof may affect our profitability.

We normally use third-party transporters for the supply of most of our raw materials to our factories and for delivery of our finished products to our customers. Transport strikes by members of various Indian Truckers' Unions have taken place in the past, and could take place in the future, thereby causing an adverse effect on our receipt of supplies and our ability to deliver our finished products.

In addition, the transportation cost in our business is very high. Globally crude oil prices are rising which is directly resulting our transportation costs, thereby adversely affecting our margins. If the same trend continues globally in the future, it will result in a further rise in domestic fuel prices, which may have an adverse impact on our profitability.

We may face a risk on account of not meeting our export obligations.

We have imported capital goods under Export Promotion Capital Goods scheme (EPCG scheme). As per the said scheme, we are required to fulfill certain export obligations within a particular block of years, failing which, we have to make payment of the custom duty payable on the imported capital goods to the tune of unfulfilled portion of the export obligation to the Government of India, within 3 months from the expiry of the block of years, alongwith interest @ 15% per annum of an amount equal to that proportion of the duty leviable on the goods, which bears the same proportion as the unfulfilled portion of the export obligation bears to the total export obligation. As on December 31, 2006, the total outstanding export obligations under EPCG scheme are USD 6,40,60,707.53.

Our indebtedness and the conditions and restrictions imposed by our financing agreements could restrict our ability to conduct our business and operations.

As on September 30, 2006, we have availed an aggregate of Rs. 19,101.49 Lacs as secured loans from various banks. Most of our loans are secured by way of mortgage of fixed assets and hypothecation of current assets both present and future. In case we are not able to pay our dues in time, the same may adversely impact our result of operations. In addition to the above, our financing arrangements also include conditions and covenants that require us to obtain consents of our lenders prior to carrying out certain activities and entering into certain transactions. Failure to obtain such consents can have significant consequences on our capacity to expand and it can adversely impact our results of operations.

Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender's approvals and other factors.

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender's approvals and other factors. There can be no assurance that we shall have distributable funds or that we will declare dividends.

We have entered into certain related party transactions.

We have entered into certain related party transactions with our Promoters, Directors, Promoters Group entities and key managerial personnel. For further details, please refer to the section titled "Financial Information - Related Party Disclosures" beginning on page 157 of this Red Herring Prospectus.

Our Company has purchased 21.77 acres of agricultural land for manufacturing Sanitary Ware Products at Bhachau, Kutch District, Gujarat, Our company has made applications for the conversion of this agricultural

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land into industrial land, which is pending before the Deputy Collector,, Anjar, Kutch District, Gujarat. Further, there are similar conversion applications in respect of some of our existing properties at Bhachau, Kutch District, Gujarat which are still pending.

We have purchased 21.77 acres of agricultural land at Taluka Bhachau, District Kutch for setting up of the proposed Sanitary Ware Project. We have applied for conversion of the entire agricultural land into industrial land before the Deputy Collector, Anjar, Kutch, Gujarat and received preliminary order for 5.49 acres of agricultural land, which can be used for Industrial purposes. If our application/s for conversion of remaining land is rejected, we may be forced to relocate our project which could result in cost and time overruns and which inturn could adversely affect our future plans, business operations and profitability.

Further our Company has certain existing properties in respect of which we are either awaiting final conversion orders or are otherwise still in the process of making final conversion applications. Brief details of the same are mentioned herein below:

Sr.No.	Survey No.	Date of final application for conversion from agricultural to non agricultural.
1.	Survey No. 459, District Bhachau, Village Shikra, Kutch, Gujarat	October 9, 2006
2.	Survey No. 461/1 & 461/2, District Bhachau, Village Shikra, Kutch, Gujarat	July 15, 2005
3.	Survey No. 462, District Bhachau, Village Shikra, Kutch, Gujarat	July 1, 2005
4.	Survey No. 473/2, District Bhachau, Village Shikra, Kutch, Gujarat	Preliminary order received. Application for final order to be made in due course July 19, 2005
5.	Survey No. 507, District Bhachau, Village Shikra, Kutch, Gujarat	Preliminary order received.
6.	Survey No. 514, District Bhachau, Village Shikra, Kutch, Gujarat Application for final order to be made in due course	Preliminary order received.
7.	Survey No. 516, District Bhachau, Village Shikra, Kutch, Gujarat Application for final order to be made in due course	Preliminary order received.
8.	Survey No. 463/2, District Bhachau, Village Shikra, Kutch, Gujarat	Process for obtaining non-agricultural order not yet initiated.

For further details about these properties, please refer to section titled "Property" beginning on page 108 of this Red Herring Prospectus.

Our loan agreements contain several restrictive covenants.

In respect of various agreements entered into by our Company with the lenders and sanction letters issued by our lenders to us, we are bound by certain restrictive covenants regarding capital structure and other restrictive covenants. As per the loan agreements and sanction letters, we require written consent from the lenders, for amongst others, formulation of any scheme of amalgamation or reconstruction; effecting any change in our capital structure; undertaking any new project; implementation of any scheme of expansion other than incurring routine capital expenditure; or enter into any allied line of business or manufacture; or acquisition of fixed assets except those indicated in the funds flow statements submitted to the lender from time to time and approved by the lender; investing by way of share capital in or lend or advance funds to or place deposits with any other concern; other corporate bodies; entering into borrowing arrangements either secured or unsecured with any other bank; financial institution; accept deposits apart from the arrangements approved by our lender; undertaking guarantee obligation on behalf of any other concerns or company; declaration of dividend for any year; make any drastic change in

the management set-up; no EPC will be granted to our Company for exports to restricted cover countries without prior approval of ECGC; prior consent for changes in memorandum of association or articles of association; no mortgage; charge; lien or encumbrance of any kind other than the existing charges; our Company cannot deal or sell the mortgaged property and hypothecated goods and property; cannot remove the Plant & Machinery attached to the mortgaged premises; shall not remove or dismantle any of the assets to be comprised in the said compound or release of any of the book debts; shall not allow any receiver to be appointed of the properties hypothecated and mortgage; shareholding of the Directors and any change in it, enlarge the trading or manufacturing activities; not entering into any lease or hire purchase agreement without satisfying themselves about the financial capacity of the lessees/hirers; moneys brought in by the principal shareholders/directors/depositors/ other associate firms/ group companies will not be allowed to be withdrawn during the currency of the said facilities.

Pursuant to the aforesaid covenants we have obtained the prior written approvals from the lenders.

We have unsecured loans, which are repayable on demand.

As per our standalone financial statements, as on September 30, 2006, we have unsecured loan of Rs. 2,183.47 Lacs, out of which Rs. 1,310.64 Lacs was from group / associate companies / directors / promoters and Rs. 872.83 Lacs were from others, which is repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations. For further details of these unsecured loans, please refer to Auditors' Report beginning on page 141 of this Red Herring Prospectus.

Upon completion of the Issue, our Promoters Group may continue to retain significant control in our Company, which will allow them to influence the outcome of matters submitted to shareholders for approval.

Upon completion of this Issue, our Promoters Group will continue to own 55.01% of our Equity Shares on a fully diluted basis. As a result, our Promoters Group will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of directors and approval of significant corporate transactions. Our Promoters Group will also be in a position to influence any shareholder action or approval requiring a majority vote, except where it is required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

Any future issuance of Equity Shares by us or sale of our Equity Shares by our Promoters Group may impact the market price of our Equity Shares.

Any further issuance of substantial amounts of our Equity Shares by us or sale of our Equity Shares by our Promoters Group may affect the market price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. In addition any perception by investors that such issuances or sales might occur could also affect the market price of our Equity Shares.

Under our Promoters Group they are 14 Group Companies, 12 Partnership firms, 3 Sole Proprietorship and 1 Charitable Trust. Out of which 5 Companies, 2 Partnerships firms have made losses in the past 3 years.

Some of Companies/Partnership firms/Sole proprietorships have incurred losses in the last 3 years as follows:

(Rs. in Lacs)

Name of the Company/Partnership firms	Profit / (Loss) as of March 31,		
	2006	2005	2004
Companies			
Euro Multivision Limited.	(128.69)	-	-
Euro Developers Private Limited	(14.13)	(5.15)	-
Euro Flooring Private Limited	(6.43)	-	-
Euro Pratik Ispat Private Limited	(4.30)	-	-
Vaman International Private Limited	7.38	21.58	(0.18)
Partnership Firms			
M/s. Euro Minerals Corporation	(15.74)	-	-
M/s. Metro Stationery Mart	0.00	0.62	(0.05)

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Under our Promoters Group there are 14 Group Companies, 12 Partnership firms, 3 Sole Proprietorship and 1 Charitable Trust. Out of which 5 Companies, 2 Partnerships firms have made losses in the past 3 years.

We have not entered in to any written distribution Agreement with our distributors for Company's products all over India.

Our Company has numerous distributors across the country. We have not entered in to any written distribution agreement with our distributors for distribution of our products. The distributors do not have any obligation to exclusively sell products of our Company and might take distributorship of products manufactured by our competitors, which may have an adverse impact on our sales and financials.

We have discontinued our Jewellery business in the financial year 2005-06.

Our Company have discontinued Jewellery business in the financial year 2005-06. The jewellery division was started in February 2005, our Company achieved a turnover of Rs. 11,606.00 Lacs and contributed earning before tax (EBT) of Rs. 130.70 Lacs, showing an EBT margin of 1.13%. During November 2005, we discontinued our operations of Jewellery Division to focus on the core business of Vitrified Tiles which has higher margins as compared to the Jewellery business. Hence, the profits will not accrue to our Company from this business.

Sale of imported Vitrified Ceramic Tiles and Sanitary Ware Products by our competitors at lower prices may affect our profitability.

We may face stiff competition from imported Vitrified Ceramic Tiles and Sanitary Ware Products. The imported Vitrified Ceramic Tiles and Sanitary Ware Products, which are sold at cheaper prices by other competitors, may create pressure on us to reduce our prices. This may have an adverse impact on our profitability.

Our manufacturing activities are dependent upon availability of skilled and unskilled labour. Further, we rely on contract labour for the performance of many of our operations.

Our manufacturing activities are relatively labour intensive and dependent on availability of skilled and unskilled labour in large numbers. Large labour intensive operations call for good monitoring and maintenance of cordial relations. Non-availability of labour and/or any disputes between the labour and the management may affect our business operations.

Further, we rely on contractors who engage on-site labourers for performance of many of our unskilled operations. The scarcity or unavailability of Contract labourers may affect our operations and consequently our financials.

One of our products i.e. Vitrified Ceramic Tiles currently forms a major part of our revenue and any decrease in the demand for Vitrified Ceramic Tiles could adversely affect our sales revenue and our business profitability.

Currently, major part of our sales revenue (84.46% for FY 2006 and 87.96% for half year ended September 30, 2006 as per our standalone financial statements) is derived from Vitrified Ceramic Tiles. In case of any decrease in demand of Vitrified Ceramic Tiles, our sales revenue and our business profitability may be adversely affected. Further, if we are unable to maintain the standard of our Vitrified Ceramic Tiles with the latest models, it may adversely affect our sales revenue and impact our business.

We depend on few suppliers for substantial portion of our raw material purchases.

Our top ten suppliers of raw materials contributed approximately 59.23% of our purchases and 52.12% of our purchases during FY 2005-06 and half year ended September 30, 2006 respectively (as per our standalone financial statements). We don't have any agreement with suppliers for sourcing, which may affect our regular supplies in case of any conflict or delay in the supply. Hence, it could adversely affect our manufacturing operation and consequently our results of operations. Any problems faced by our suppliers resulting in delays or non-adherence to quality requirements could adversely impact our ability to meet our customer's requirements in time and our operations would be affected to the extent we are unable to line up supplies from alternate suppliers.

Substantial portions of our Sales have been dependent upon a few customers.

Our top ten customers contributed approximately 33.69% of our sales and 37.90% of our sales during FY 2005-06 and half year ended September 30, 2006 respectively (as per our standalone financial statements). Any decline in our quality standards and growing competition and any change in the demand for our product by these customers may adversely impair our ability to retain these customers. The loss of our major customers or a decrease in the volume of Vitrified Ceramic Tiles sourced from us may adversely affect our revenues and profitability. We cannot assure you that we shall generate the same quantum of business, or any business at all, from these customers, and loss of business from one or more of them may adversely affect our operations and profitability.

We operate in a highly competitive industry, which could limit our ability to grow.

Most of the end-users for some of our products are price conscious. Pricing is one of the factors that play an important role in selecting these products. The market for tiles is highly competitive with organised players and unorganized players. Important factors affecting competition in our industry include latest models of Vitrified Ceramic Tiles, reliability, product quality, technology used, price, high look. Some of our competitors may have longer industry experience and greater financial, technical and other resources, which may enable them to react faster to trends and changes in customer demand. Our competitors may be willing and able to develop and provide products faster or at a lower price than us. Growing competition may result in a decline in our market share and force us to reduce our margins and revenues.

Our success depends upon our ability to manage our growth of business.

Our Company has experienced growth in our business in past few years. However, such growth will create pressure on our management and other resources for future performances. Any inability on our part to address the challenges associated with expansion/new projects such as ours may adversely affect prospects of our Company. Further, any inability on our part to generate orders for the expanded capacities may adversely affect our growth prospects.

Changes in technology may impact our business by making our plants less competitive.

Advancement in technology may require us to make additional capital expenditure for upgrading our manufacturing facilities or may make our competitors plants more competitive. If we are not able to respond to such technological advancement well in time, we may lose our competitiveness.

Insurance cover available for certain risks or may be inadequate.

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

We have not taken any insurance for protecting us from future business losses and in the event of such losses occurring the operations of our Company may be affected significantly.

Our success depends largely on our senior management and our ability to attract and retain our key personnel.

Our success depends on the continued services and performance of the members of our management team and other key employees. If one or more members of our senior management team are unable or unwilling to continue in their present positions, they may be difficult to replace and our business may be adversely affected. Competition for senior management in the industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. As such, any loss of services of our senior management

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personnel or key employees may adversely affect our business, results of operations and financial condition.

Risk arising from foreign exchange fluctuations may adversely affect our financial condition.

The volatility in global financial markets may have an adverse impact on our imports of Plant & Machinery. We have to make payments in foreign exchange for our imports of Capital goods. In the future, we expect an increase in our dealings in foreign exchange thus increasing our exposure to foreign exchange markets. Our inability to hedge this foreign exchange exposure may result in an adverse impact on our financial condition.

Our Company's Registered and Corporate Office property is on a leave and license basis.

Our Company's registered and corporate office situated at Ground Floor, Boston House, Andheri (East), Mumbai is taken on a leave and license basis and the agreement is valid till August 31, 2011. In the event of any conflict arising between the owner of the property and our Company we may have to shift our registered office, and we may not be able to shift to a new office in time, which may affect our business operations.

Our inability to create new designs or patterns may adversely affect our profitability.

We are focusing more on the higher end of the market for few products in order to get better profit margin. This segment is less price sensitive but requires a greater variety of designs and patterns. The distinguishing factor in this segment is the appealing aesthetic look of the products, for which a lot of creativity is required. Our inability to successively create new designs or patterns may have an adverse impact on our profitability.

The success of our business is highly dependent upon our ability to implement our growth strategies.

Our ability to sustain our growth depends, in a large part, on our ability:

- To augment financial resources for additional capacities at competitive terms and conditions;
- To complete capacity expansion / new projects without time and cost overrun;
- To retain and motivate key management personnel;
- To design and implement strong internal control systems; and
- To control costs.

Our inability to efficiently handle the abovementioned challenges may affect our business prospects, results of operations and financial condition.

Our employees may unionise in future.

As on date, our employees are not represented by any labour union and currently we have not faced any union related problem. However, our employees may unionise in future. In that case, there may be restrictions on the flexibility of our labour policies and we may face the risks of strike, agitation and work stoppages, which in turn may affect our operations.

We rely on our IT systems and their failure could adversely impact our business.

We rely on our IT systems to provide us connectivity across our business functions through our software, hardware and network systems. Our business processes are IT enabled, and any failure in our IT systems or loss of connectivity or any loss of data arising from such failure can impact us adversely.

If we fail to comply with environmental laws and regulations or face environmental litigation, our profitability may be adversely affected.

We may incur substantial costs to comply with requirements of environmental laws and regulations. In addition, we may discover currently unknown environmental problems or conditions. We are subject to significant national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental laws and

regulations in India are becoming increasingly stringent and it is possible that they will become significantly stringent in the future. In addition, failure to comply with environmental laws may result in assessment of penalties and fines against us by regulatory authorities. The commencement of environmental actions against us or the imposition of any penalties or fines on us as a result thereof could have a material adverse effect on our business prospects and results of operations.

EXTERNAL RISK FACTORS

Risk related to macro economic factors.

The ceramic tile and sanitary ware industry is a cyclical industry. Generally, the demand for our products and services is dependent upon many factors, including the macro economic growth of the country. Due to the cyclical nature of the industry, we may get excess orders when there is a boom and any down turn in the domestic economy may cause an adverse impact on our business and profitability.

Risk relating to a downturn in real estate industry and reversal of trend in foreign direct investments in real estate.

In the last few couple of years we have been experiencing a growth in our business, mainly on account of an upward trend in the real estate market due to favourable government policies, increasing level of disposable income, falling interest rates etc. In the future if the real estate industry is affected adversely, it could adversely impact our business and profitability. Governmental policies have recently been relaxed so as to allow foreign direct investments in the real estate sector. Any reversal in such foreign direct investment policies could adversely impact our business and profitability.

Absence of regulatory entry barriers.

There are no regulatory entry barriers for setting up a ceramic tile or sanitary ware products plant. Due to no regulatory entry barriers, many players from the organised as well as the un-organised sector may enter this industry. The entry of these players may result in excess capacity, competition and resultant price pressure on the products.

Any changes in the regulatory framework pertaining to ceramic tile or sanitary ware industry could have an adverse impact on our business.

Withdrawal of exemption of anti-dumping duties on Vitrified Ceramic Tiles in India, increase in excise duties and other taxes such as sales tax, value added tax etc., and reduction of import duties may have adverse impact on our business. We do not know what the nature or extent of changes that can take place other than those mentioned hereinabove. Such changes may adversely affect the financial condition of our Company.

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

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

Any change or delay in economic reforms of the Indian economy.

Since 1991 successive Indian governments have pursued policies of economic liberalization including significantly relaxing restrictions in the private sector. Any change in India's economic liberalization could adversely affect business and economic conditions in India generally and our business in particular. Government policies regarding economic reforms are guided by several micro and macro-economic factors which are dependent, inter alia, on national growth parameters, government objectives, etc and may affect us either directly or indirectly by adversely

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affecting our suppliers, customers among others. Although we believe that there has not been any adverse development regarding economic reforms in the Indian economy that has had a significant adverse affect upon our operations, the same may not hold true going forward and we may be adversely affected by such changes/ delays, either directly or indirectly.

Political, economic and social developments in India could adversely affect our business.

All our manufacturing facilities and assets are located in India and also, all of our employees and directors are residing in India. We derive a major portion of our revenue from domestic sales. The changes in government policies pertaining to taxation (direct and indirect), political instability, and social unrest may have an adverse effect on the operations of our Company and its financial results.

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

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

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

Our plants are susceptible to natural disasters such as, tsunamis, explosions, earthquakes, storms, floods as well as acts of violence from terrorists and war. The occurrence of any of the above event could disturb the operations of our plants and we may have to shut down our plant for carrying out repairs that will result in loss of revenues and increased costs.

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

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including results of our operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, trends in general business and steel industry, the performance of the Indian and global economy and significant developments in India's fiscal regime. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially issued will correspond to the prices at which they will trade in the market subsequent to this Issue.

Notes to Risk Factors:

1. Issue of 56,21,500 Equity Shares of Rs. 10/- each at a price of Rs. [●] for cash aggregating Rs. [●] Lacs; including employee reservation of 1,21,500 Equity Shares of face value of Rs. 10/- each at a price of Rs. [●] for cash aggregating Rs. [●] lacs.
2. The pre issue net worth of our Company, as at March 31, 2006 and as at September 30, 2006 is as follows:

	March 31, 2006	September 30, 2006
Based on Standalone Financials	6,064.56	7,289.08
Based on Consolidated Financials	6,092.94	7,405.41

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

Sr. No.	Name of the Promoter	Average Cost of Acquisition (Rs.)
1.	Mr. Nenshi L. Shah	37.48
2.	Mr. Talakshi L. Nandu	37.60
3.	Mr. Kumar P. Shah	37.78
4.	Mr. Paresh K. Shah	37.56

4. Book value of the Equity Shares of our Company, as per our restated financial statements as at March 31, 2006 and as at September 30, 2006 is as follows:

	March 31, 2006	September 30, 2006
Based on Standalone Financials	52.83	63.50
Based on Consolidated Financials	53.08	64.52

5. There have been no transactions in our Company's Equity Shares by the Promoters/Promoters Group and the Directors of our Company or directors of the Promoters during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI:
6. For details on Related Party Transactions including interests of promoters/ directors/key management personnel and all loans and advances made to any person(s)/ companies in which directors are interested, for further details, please refer to the section titled "Related Party Transactions" beginning on page 157 of this Red Herring Prospectus.
7. Investors are free to contact the BRLMs for any complaints/ information/ clarification pertaining to this Issue. For contact details of the BRLMs, please refer to the cover page of this Red Herring Prospectus.
8. All information shall be made available by the BRLMs and our Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
9. Investors are advised to refer to the section titled "Basis of Issue Price" beginning on page 69 of this Red Herring Prospectus before making an investment in this Issue.
10. This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue to the Public will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds. Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Net Issue

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shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net 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. Further, 1,21,500 Equity Shares shall be available for allocation on a proportionate basis to Employees, subject to valid Bids being received at or above the Issue Price.

11. In the case of over-subscription in all categories, not more than 50% of the Net Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds only. Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above this 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 BRLMs.
12. Under-subscription, if any, in the Employee Reservation Portion would be added back to the Net Issue to Public. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
13. The name of our Company was changed from Euro Ceramics Private Limited to Euro Ceramics Limited with effect from November 16, 2004. The name was changed upon the conversion of our Company from a private to a public company.
14. Our Company and the BRLMs will update the Offer Document in accordance with the Companies Act and the SEBI (DIP) Guidelines and our Company and the BRLMs will keep the public informed of any material changes relating to our Company till the listing of our shares on the stock exchanges.

SECTION III – INTRODUCTION

SUMMARY

INDUSTRY OVERVIEW

The construction sector plays a pivotal role in the economy of a nation. It is an integral part of and defines a country's infrastructural and industrial landscape. It includes hospitals, schools, townships, offices, houses and other buildings; industrial construction; urban infrastructure (Including water supply, sewerage, drainage); highways, roads, ports, railways, airports; power systems; irrigation and agriculture systems; telecommunications etc. Covering so wide a spectrum, construction forms a basic input for socioeconomic development.

Ceramic Tiles Industry

The first clay tiles were produced seven to eight thousand years ago. Many sources independently verify that the actual known history of Tiles (and the known usage of wall and floor tile coverings) can be traced back as far as the fourth millennium BC (4000 BC) to Egypt. In those days, in Egypt, tiles were used to decorate various houses. Clay bricks were dried beneath the sun or baked, and the first glazes were blue in color and were made from copper, very exquisite!

During that period ceramics were also known to be found in Mesopotamia. These ceramics bore decorations, which were white and blue striped and later possessed more varied patterns and colors. Later on, in China too, the great center of ceramic art, a fine, white stoneware with the earliest Chinese glaze was produced during the Shang-Yin dynasty (1523-1028 BC).

The usage and the art of making and decorating ceramic tiles had spread and by 900 A.D., decorative tiles had become widely used in Persia, Syria, Turkey and across North Africa. As transport and communication developed, tile usage and its penetration in other territories increased. Wars and territory take-overs caused this art to spread even faster.

The Romans introduced tile making in Western Europe as they occupied territories. The Low Countries of Northern Europe somehow acquired the technology from Persia, while the Moors brought African tiles with them when they invaded Iberia (Spain). It was aboard the ships of Spanish conquistadors that decorative clay tiles found their way to the New World, where they were used primarily to decorate the Churches of newly built missions.

By the end of the 12th century, use and manufacture of Ceramic Tiles had spread across Italy, Spain and into the rest of Europe. Till that time they were mainly used to decorate the floors of Cathedrals and Churches. The skill had eventually vanished from Europe in the 16th century following the reformation. But the decorative wall tile art had survived in Turkey and the Middle East and the Delft tiles art survived in Holland.

A form of tile making had also evolved among the natives of North and South America at some point. The first decorative tiles to appear in Colonial North America were imported from Northern Europe, mainly England, the Brits having hijacked the technology from the Dutch. The tiles were too expensive for utilitarian purposes in the Colonies and were found almost exclusively in the homes of the wealthy.

Through the centuries, tile decoration was improved upon, as were the methods of tile manufacture. For example, during the Islamic period, all methods of tile decoration were brought to perfection in Persia. Throughout the known world, in various countries and cities, Ceramic tile production and decoration reached great heights. The tile mosaics of Spain and Portugal, the floor tiles of Renaissance Italy, the faiences of Antwerp, the development of tile iconography in the Netherlands, and the Ceramic tiles of Germany are all prominent landmarks in the history of Ceramic tile.

In the early days, the tiles were hand-made, each tile was hand-formed and hand-painted, and thus each was a work of art in its own right. Ceramic tile was used almost everywhere on walls, floors, ceilings, fireplaces, in murals, and as an exterior cladding on buildings.

Today Ceramic tile throughout the world is not hand-made or hand-painted for the most part. Automated manufacturing techniques are used and the human hand does not enter into the picture until it is time to install the tile. In commercial buildings, where both beauty and durability are considerations, ceramic tiles will be found, particularly in lobby areas and restrooms.

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In fact most modern houses throughout use Ceramic tiles for their bathrooms and kitchens and in every vital area of the premise. Ceramic tiles are also the choice of industry, where walls and floors are must to resist chemicals. And the Space Shuttle never leaves Earth without its protective jacket of high-tech, heat resistant tiles.

(Note: The above history has been compiled after taking varied sources of information into consideration)

(Source: <http://www.icctas.com/ceramicindustry.htm> official website of Indian Council of Ceramic tiles and Sanitary ware or ICCTAS)

Sanitary Ware Industry

Toilet is part of history of human hygiene which is a critical chapter in the history of human civilization and which cannot be isolated to be accorded unimportant position in history. Toilet is a critical link between order and disorder and between good and bad environment.

As long as man did not have an established abode, he did not have a toilet. When he learnt to have a fixed house, he moved toilet to courtyard and then within his home. Once this was done, it became a challenge to deal with smell and the need was felt to have a toilet, which can intake human, wastes and dispose these out of the house instantly and, thus, help maintain cleanliness. Man tried various ways to do so. While the rich used luxurious toilet chairs or cross stools, the poor defecated on the roads, in the jungle or straight into the river.

It was only in the 16th century that a technology breakthrough came about and which helped the human beings to have clean toilets in houses. This breakthrough did not come about easily and human race had to live in unsanitary conditions for thousands of years. The perusal of literature brings home the fact that we have only fragmentary information on the subject of toilet as a private secluded place to help the body relieve its waste. Sitting type toilets in human history appeared quite early. In the remains of Harappa civilization in India, at a place called Lothar (62 Kilometers from the city of Ahmedabad in Western India) and in the year 2500 BC, the people had water borne toilets in each house and which were linked with drains covered with burnt clay bricks. To facilitate operations and maintenance, it had manhole covers, chambers etc. It was the finest form of sanitary engineering. But with the decline of Indus valley civilization, the science of sanitary engineering disappeared from India. From then on, the toilets in India remained primitive and open defecation became rampant.

It was around 1900 that the institution of bathroom came in vogue in Europe. In India, the institution of Ghusalkhana (bathroom) was established by the Mughal Kings in 1665. Oppressed by the heat and dust the Kings constructed luxurious bathing and massage facilities. But this was only for the rich. The ordinary citizens however lived in unsanitary conditions.

Unlike in the past, when latrines were tucked away in attics to keep it away from nose and eye of the family and the society, In contrast the twentieth century, has given a pride of place to toilet in home-rather these are more opulent, more spacious than anytime in the past. While the provision of toilet in the house solved household problem of cleanliness but the challenge remained as to how to dispose of human waste at city level. This was also solved when the sewerage system was introduced. Houseman in 1858 describes beautifully the sewerage system. He said "the underground galleries which are the organs of the big city will work in the same way as organs of the body, without being revealed.

(Source: <http://www.icctas.com/ceramicindustry.htm> official website of Indian Council of Ceramic tiles and Sanitary ware or ICCTAS)

Aluminum Extruded Sections Industry

The ancient Greeks and Romans used salts of this metal as dyeing mordants and as astringents for dressing wounds, and alum is still used as a styptic. Further Joseph Needham suggested finds in 1974 showed the ancient Chinese used aluminium. In 1761 Guyton de Morveau suggested calling the base alum 'alumine'. In 1808, Humphry Davy identified the existence of a metal base of alum, which he named.

The American Charles Martin Hall of Oberlin, OH applied for a patent (400655) in 1886 for an electrolytic process to extract aluminium using the same technique that was independently being developed by the Frenchman Paul Héroult in Europe. The invention of the Hall-Héroult process in 1886 made extracting aluminium from minerals cheaper, and is now the principal method in common use throughout the world. Upon approval of his patent in 1889, Hall, with the financial backing of Alfred E. Hunt of Pittsburgh, PA, started the Pittsburgh Reduction Company, renamed to Aluminum Company of America in 1907, later shortened to Alcoa.

The statue known as Eros in Piccadilly Circus London, was made in 1893 and is one of the first statues to be cast in aluminium. Aluminium was selected as the material to be used for the apex of the Washington Monument, at a time when one ounce cost twice the daily wages of a common worker in the project.

Germany became the world leader in aluminium production soon after Adolf Hitler seized power. By 1942, however, new hydroelectric power projects such as the Grand Coulee Dam gave the United States something Nazi Germany could not hope to compete with, namely the capability of producing enough aluminium to manufacture sixty thousand warplanes in four years. (Source: <http://en.wikipedia.org/wiki/Aluminium> website of WIKIPEDIA the free encyclopedia)

The Product is mainly used in construction, transport and consumer durables. Aluminium extrusions are mainly used in these areas due to lower maintenance costs, corrosion resistance and high scrap value.

BUSINESS OVERVIEW

Our Company is currently engaged in manufacturing of Vitrified Ceramic Tiles and Aluminum Extruded Sections. Our manufacturing facilities are located at Taluka Bhachau, District Kutch, Gujarat. Currently, we have two lines for manufacturing Vitrified Ceramic Tiles with total installed capacity of 79,971 MTPA, whereas for Aluminum Extruded Sections total installed capacity is of 1,800 MTPA. The first line for manufacturing Vitrified Ceramic Tiles with an installed capacity of 35,880 MTPA commenced operations in October 2003 along with manufacturing Aluminium Extruded Sections with installed capacity of 1,800 MTPA. The second line for manufacturing Vitrified Ceramic Tiles with an installed capacity of 44,091 MTPA commenced operations in December 2005.

Vitrified Ceramic Tiles

The Vitrified Ceramic Tiles manufactured by us are of International Standard ISO 13006/EN 176 Group B1a. Our manufacturing facilities for Vitrified Ceramic Tiles are fully automated with least human intervention, which ensures international quality standards with optimum utilization of installed capacity. The major parts of the said manufacturing facilities are procured from SACMI, Italy, which is one of the leading suppliers of Ceramic Manufacturing Technology. We believe that our Company is one of the leading exporters of Vitrified Ceramic Tiles. We export Vitrified Ceramic Tiles and have embarked our presence in countries like South Africa, United States of America, and the countries of Middle East like United Arab Emirates, Bahrain, etc.

Our Vitrified Ceramic Tiles are available in various series like Mono Colours, Marble, Matt (Oxidised), Rustics, Granite (Salt & Pepper), Full Body (Multicharge), Royal, Pearl, Bianco, Snow, ACD, Topaz, Super White, Mega White, Honed, Silky Matt and MDR. The Vitrified Ceramic Tiles manufactured by us are having different applications like Flooring, Wall Fixing, Steppers, Skirting, risers, bullnose etc.

The Vitrified Ceramic Tiles segment contributes a substantial portion to our total sales. It was 84.46% for FY 2006 and 87.96% for half year ended September 30, 2006 as per our standalone financial statements.

Aluminium Extruded Sections

We also manufacture Aluminum Extruded Sections, which are used in construction and industrial applications. The Aluminum Extruded Sections manufactured by us includes tubes, frames for doors and windows, panels and strips etc. For manufacturing Aluminium Extruded Sections, we are mainly using indigenous plant and machineries. The Aluminium Extruded Sections manufactured by us are sold in domestic market.

Since, one of the major manufacturing cost components is power and fuel, our Company has installed a lignite based 10 MW Captive Power Plant, which provides cost effective and uninterrupted power supply. The Captive Power Plant commenced generation of power from March, 2006. The abundant availability of lignite in Kutch District, Gujarat is advantageous for our raw materials requirement for our Captive Power Plant. Our current cost of power generation is about Rs. 2.50 per unit against per unit average actual cost of Rs. 4.19 paid to GEB during FY 2006. Our Company has also installed Gasifier for generating gas in order to reduce fuel costs and to achieve self Sufficiency for gas.

Sanitary Ware Products

Due to the growing demand in the housing & construction sector coupled with increased concentration of the government on the improvement of infrastructure and sanitation facilities in India, there has been a corresponding rise in the demand for the ceramics products. To tap the abundant business opportunities so created, we have also planned to diversify our business into Sanitary Ware segment. This diversification will enable us to add more products of our brand to the ceramics industry and bridge the gap of demand and supply of ceramics products in our country.

Calcarious Tiles

Our Company is setting-up manufacturing facilities for the production of Calcarious Tiles, at Bhachau, Kutch District in Gujarat, at our existing land, which will cater to the requirements of upper end segment of the tiles market, where competing products are natural marble and natural granite.

Our Subsidiary

Our wholly owned subsidiary, Euro Merchandise (India) Limited (EMIL) is engaged in the business of trading of wall and floor tiles, which include varieties like ceramic, glazed porcelain and rustic tiles. It is engaged in trading of tiles, which are as per the international standards.

Further, to build up a marketing base and to develop a brand presence for Sanitary Ware Products, EMIL has recently started trading of Sanitary Ware Products in the domestic market.

THE ISSUE

Equity Shares being Issued:	
Issue by our Company	56,21,500 Equity Shares aggregating Rs. [●] Lacs.
Of which: Employees Reservation Portion ⁽¹⁾	1,21,500 Equity Shares aggregating Rs. [●] Lacs
Net Issue to the Public	55,00,000 Equity Shares aggregating Rs. [●] Lacs
Of which	
A) Qualified Institutional Buyers Portion (of which 5% shall be allocated for Mutual Funds only) ⁽²⁾	27,50,000 Equity Shares aggregating Rs. [●] Lacs, constituting not more than 50% of the Net Issue. (Out of which 1,37,500 shares shall be allocated proportionately to mutual funds only. Mutual fund applicants shall also be eligible for proportionate allocation under the balance 26,12,500 Equity Shares available for Qualified Institutional Buyers)
B) Non-Institutional Portion ⁽²⁾	8,25,000 Equity Shares aggregating Rs. [●] Lacs, constituting not less than 15% of the Net Issue that will be available for allocation to Non-Institutional Bidders. (Allocation on a proportionate basis)
C) Retail Portion ⁽²⁾	19,25,000 Equity Shares aggregating Rs. [●] Lacs constituting not less than 35% of the Net Issue that will be available for allocation to Retail Individual Bidders. (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	1,14,78,500 Equity Shares of face value of Rs. 10/- each
Equity Shares outstanding after the Issue	1,71,00,000 Equity Shares of Rs. 10/- each
Use of Proceeds	Please refer to section titled "Objects of the Issue" beginning on page 58 of this Red Herring Prospectus for additional information.

⁽¹⁾ Under-subscription, if any, in the Employee Reservation Portion would be added back to the Net Issue to Public. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

⁽²⁾ 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 BRLMs.

EURO CERAMICS LIMITED

SUMMARY OF FINANCIAL INFORMATION

Statement of Assets and Liabilities (As Restated) - Standalone

(Rs. in Lacs)

Sr. No.	Particulars	As at 31.03.03	As at 31.03.04	As at 31.03.05	As at 31.03.06	As at 30.09.2006
A	Fixed Assets					
	Gross Block	72.77	4996.14	5456.29	17048.72	17570.82
	Less: Depreciation	2.05	120.01	409.62	859.55	1365.43
	Net Block	70.72	4876.13	5046.67	16189.17	16205.39
	Capital Work In Progress	3198.34	159.24	5506.85	1292.68	2806.99
	Total	3269.06	5035.37	10553.52	17481.85	19012.38
B	Investment	1.00	1.00	1.00	146.11	146.11
C	Current Assets, Loans & Advances					
	Inventories	-	1444.76	1983.33	3180.22	4115.46
	Sundry Debtors	-	746.93	1721.11	2800.62	3620.24
	Cash and Bank Balances	1005.31	827.25	671.77	285.26	1879.31
	Loans & Advances	154.70	298.22	575.67	2461.15	2313.13
	Total	1160.01	3317.16	4951.88	8727.25	11928.14
D	Liabilities & Provisions					
	Share Application Money	95.87	2373.96	-	604.64	-
	Secured Loans	1455.09	2675.23	7122.05	14964.42	19101.49
	Unsecured Loans	1704.49	1040.82	1282.01	2080.19	2183.47
	Deferred Tax Liability	-	222.75	392.04	614.41	778.36
	Current Liabilities & Provisions	435.23	1063.50	2068.09	2026.99	1734.23
	Total	3690.68	7376.26	10864.19	20290.65	23797.55
E	Net Worth (A+B+C-D)	739.39	977.27	4642.21	6064.56	7289.08
F	Represented by					
	Share Capital	741.07	760.24	908.61	1147.85	1147.85
	Reserves & Surplus	77.52	223.64	3733.60	4916.71	6141.23
	Less: Miscellaneous Exp. (To the extent not written off)	79.20	6.61	-	-	-
	Net Worth	739.39	977.27	4642.21	6064.56	7289.08

Statement of Profit and Loss (As Restated) - Standalone

(Rs. in Lacs)

Sr. No.	Particulars Period (in months)	2002-03 1.04.02 - 31.03.03	2003-04 1.04.03 - 31.03.04	2004-05 1.04.04 - 31.03.05	2005-06 1.04.05 - 31.03.06	2006-07 1.04.06 - 30.09.06
A	Income					
	Sales & Income from Operation	-	2942.91	22866.20	13197.29	7809.74
	Other Income	-	0.04	3.48	27.90	10.01
	Total	-	2942.95	22869.68	13225.19	7819.75
B	Expenditure					
	(Increase)/Decrease in Stock	-	(858.00)	175.30	(410.33)	(1252.19)
	Cost of Materials	-	1677.43	15316.77	4272.56	2857.07
	Salaries, Wages and Employee Benefits	-	104.25	408.48	437.52	281.04
	Manufacturing, Selling and Other Expenses	-	1415.66	4396.23	5349.42	3188.24
	Total	-	2339.34	20296.78	9649.17	5074.16
C	Net Profit before Interest Depreciation, Tax and Extraordinary Items	-	603.61	2572.90	3576.02	2745.59
	Financial Expenses	-	186.21	444.63	632.25	615.63
	Depreciation	-	117.96	289.61	451.95	507.30
	Profit before Tax	-	299.44	1838.66	2491.82	1622.66
	Provision for Taxation	-	-	-	-	-
	- Current Tax	-	7.25	385.00	214.44	229.19
	- Deferred Tax	-	222.75	169.29	222.36	163.95
	- Fringe Benefit Tax	-	-	-	11.00	5.00
D	Net Profit after Tax but before Extraordinary Items	-	69.44	1284.37	2044.02	1224.52
	Impact of Material Adjustments due to change in accounting policy in corresponding years	-	-	-	-	-
	Add/(Less): Depreciation	-	(206.63)	206.63	-	-
	Export Incentive on Advance License	-	-	(35.90)	35.90	-
	Deferred Tax Adjustments	-	156.48	(100.28)	(56.22)	-
	Profit as per Audited P&L A/c	-	19.29	1354.82	2023.70	1224.52

EURO CERAMICS LIMITED

Consolidated Financials of Euro Ceramics Limited and its Subsidiary

Statement of Consolidated Assets and Liabilities (As Restated)

(Rs. in Lacs)

Sr. No.	Particulars	As at 31.03.06	As at 30.09.06
A	Fixed Assets		
	Gross Block	17062.28	17604.91
	Less: Depreciation	860.29	1367.14
	Net Block	16201.99	16237.78
	Capital Work In Progress	1292.68	2806.99
	Total	17494.67	19044.77
B	Investment	4.61	4.61
C	Current Assets, Loans & Advances		
	Inventories	4480.80	6103.30
	Sundry Debtors	3268.56	4026.63
	Cash and Bank Balances	339.62	1965.46
	Loans & Advances	2447.94	2283.93
	Total	10536.92	14379.32
D	Liabilities & Provisions		
	Share Application Money	692.64	-
	Secured Loans	15401.11	19838.74
	Unsecured Loans	2698.77	2837.94
	Deferred Tax Liability	615.79	784.02
	Current Liabilities & Provisions	2534.95	2562.59
	Total	21943.26	26023.29
E	Net Worth (A+B+C-D)	6092.94	7405.41
F	Represented by		
	Equity Share Capital	1147.85	1147.85
	Reserves & Surplus	4945.09	6257.56
	Less: Miscellaneous Exp. (To the extent not written off)	-	-
	Net Worth	6092.94	7405.41

Consolidated Statement of Profit and Loss (As Restated)

		(Rs. in Lacs)	
Sr. No.	Particulars	2005-06 1.04.05 - 31.03.06	2006-07 1.04.06 - 30.09.06
A	Income		
	Sales & Income from Operation		
	- Of goods Manufactured	13032.70	7809.74
	- Of goods Traded	766.99	1359.47
	Other Income	15.90	4.01
	Total	13815.59	9173.22
B	Expenditure		
	(Increase)/Decrease in Stock	(586.78)	(1939.45)
	Cost of Materials	4812.22	4350.66
	Salaries, Wages and Employee Benefits	447.54	301.10
	Manufacturing, Selling and Other Expenses	5528.99	3505.74
	Total	10201.97	6218.05
C	Net Profit before Interest Depreciation, Tax and Extraordinary Items	3613.62	2955.17
	Finance Expenses (Net)	655.16	680.31
	Depreciation	452.25	508.26
	Profit before Tax	2506.21	1766.60
	Provision for Taxation		
	- Current Tax	219.78	280.22
	- Deferred Tax	223.17	168.23
	- Fringe Benefit Tax	11.85	5.68
D	Net Profit after Tax but before Extraordinary Items	2051.41	1312.47
	Impact of Material Adjustments due to change in accounting policy in corresponding years		
	Add/(Less): Depreciation	-	-
	Export Incentive on Advance License	35.90	-
	Deferred Tax Adjustments	(56.22)	-
	Profit as per Audited P & L A/c	2031.09	1312.47

EURO CERAMICS LIMITED

GENERAL INFORMATION

REGISTERED OFFICE OF OUR COMPANY

EURO CERAMICS LIMITED

Boston House, Ground Floor,
Suren Road, Chakala, Andheri – (East),
Mumbai – 400 093, Maharashtra.

Tel: + 91-22-4019 4019

Fax: + 91-22-4019 4020

Website: www.eurovitrified.com

Certificate of Incorporation Number: U 26914 MH 2002 PTC 135548

Corporate Identity Number: U26914MH2002PLC135548

Our Company is registered with the Registrar of Companies, Maharashtra, situated at Everest, 100 Marine Drive, Mumbai – 400 002, Maharashtra.

BOARD OF DIRECTORS

Our current Board of Directors consists of the following:

Sr. No.	Name	Designation	Status	Directors Identification Number
1	Mr. Shantilal L. Shah	Non-Executive Chairman	Non-Independent	00038649
2	Mr. Nenshi L. Shah	Managing Director	Non-Independent	00006223
3	Mr. Talakshi L. Nandu	Whole-Time Director	Non-Independent	00009870
4	Mr. Kumar P. Shah	Whole-Time Director	Non-Independent	00009787
5	Mr. Paresh K. Shah	Whole-Time Director	Non-Independent	00009751
6	Mr. Pravin D. Gala	Non-Executive Director	Non-Independent	00038701
7	Mr. Laljibhai K. Shah	Non-Executive Director	Non-Independent	00058614
8	Mr. Shivji K. Vikamsey	Independent Director	Independent	00029498
9	Mr. Amit G. Shah	Independent Director	Independent	00021721
10	Mr. Anil M. Mandevia	Independent Director	Independent	00023126
11	Mr. Raichand K. Shah	Independent Director	Independent	00056382

For further details of our Board of Directors, please refer to the section titled “Our Management” beginning on page 122 of this Red Herring Prospectus.

COMPLIANCE OFFICER

Mr. Sushil Chudiwala

Chief Executive Officer,

Euro Ceramics Limited,
Boston House, Ground Floor,
Suren Road, Chakala, Andheri (East),
Mumbai – 400 093, Maharashtra.

Tel: + 91-22-4019 4019 / 4019 4000

Fax: + 91-22-4019 4020

Email: euroipo@eurovitrified.com

COMPANY SECRETARY

Ms. Jayshree Soni

Euro Ceramics Limited
Boston House, Ground Floor,
Suren Road, Chakala, Andheri (East),
Mumbai – 400 093, Maharashtra.
Tel: + 91-22-4019 4019
Fax: + 91-22-4019 4020
Email: euroipo@eurovitrified.com

STATUTORY AUDITORS

M/s. Deepak Maru & Co.

Jawahar Nagar, 2/5, Gajanan Colony,
Goregaon (West), Mumbai – 400 062.
Tel.: +91-22-2879 1349
Fax: +91-22-2879 1349
Email: deepakm21@hotmail.com

BANKERS TO OUR COMPANY

State Bank of India

Corporate Account Group Branch,
Ahmedabad – 380 009.
Tel.: + 91-79-2642 6563
Fax: +91-79-2656 1128/78
E-mail: v.kumar@sbi.co.in
Website: www.statebankofindia.com

State Bank of Saurashtra

Industrial Finance Branch,
Gujarat Bhavan, Opp. M. J. Library,
Ellisbridge, Ahmedabad – 380 009.
Tel.: +91-79-2658 4155
Fax: +91-79-2658 3453
E-mail: ahm.ifbr@sbs.co.in
Website: www.sbs.co.in

HDFC Bank Limited

Manek Smruti, TPS II,
Nehru Road, Vile Parle (East),
Mumbai – 400 057.
Tel.: +91-22-2617 0315/25
Fax: +91-22-2617 0456
E-mail: santosh.fernandes@hdfcbank.com
Website: www.hdfcbank.com

The Cosmos Co-operative Bank Limited

Pratik Avenue, 1st Floor, Nehru Road,
Opp. Shiv Sagar, Vile Parle (E), Mumbai – 400 057.
Tel.: +91-22-2613 2085/86
Fax: +91-22-2613 1050
E-mail: vijay.vaidya@cosmosbank.in
Website: www.ho.cosmosbank.com

EURO CERAMICS LIMITED

ISSUE MANAGEMENT TEAM

BOOK RUNNING LEAD MANAGERS (BRLMs)

UTI Securities Limited

(A Subsidiary of Securities Trading Corporation of India Limited)

1st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road

Bandra (East), Mumbai – 400 051.

Tel: +91-22-6751 5805/825

Fax: +91-22-6702 3194

E-Mail: euroipo@utisel.com

Website: www.utisel.com

Contact Person: Mr. Rajesh Ranjan / Mr. Saurabh Vijay

Enam Financial Consultants Private Limited

801, Dalamal Tower,

Nariman Point, Mumbai – 400 021.

Tel: +91-22-5638 1800

Fax: +91-22-2284 6824

E-mail: euroipo@enam.com

Website: www.enam.com

Contact Person: Mr. M. Natarajan

REGISTRAR TO THIS ISSUE

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound,

L.B.S Marg Bhandup (W),

Mumbai 400 078, Maharashtra.

Tel: + 91-22-2596 0320 (9 lines)

Fax: + 91-22-2596 0329

Contact Person: Mr. Salim Shaikh

Website: www.intimespectrum.com

Email: euroipo@intimespectrum.com

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

LEGAL ADVISORS TO THE ISSUE

M/s. Crawford Bayley & Co.

State Bank Buildings, 4th floor,

N. G. N. Vaidya Marg, Fort, Mumbai - 400 023.

Tel.: +91-22-2266 3713

Fax: +91-22-2266 0355

E-mail: sanjay.asher@crawfordbayley.com

LEGAL ADVISOR TO OUR COMPANY

P. H. Bathiya

2, Tardeo Air Conditioned Market,

4th Floor, Tardeo Road,

Mumbai – 400 034.

Tel: +91-22-2352 3811

Fax: +91-22-2351 6587

Email: bathiya@vsnl.com

SYNDICATE MEMBER

Enam Securities Private Limited

Khatau Building, 2nd Floor, 44B, Bank Street,
Off. Shaheed Bhagat Singh Road,
Fort, Mumbai – 400 023,
Tel.: +91-22- 2267 7901
Fax: +91-22- 2266 5613
E-mail: euroipo@enam.com
Website: www.enam.com
Contact Person: Mr. Ajay Seth

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

HDFC Bank Limited

26A, Narayan Property,
Off Saki Vihar Road,
Chandivili, Andheri (East),
Mumbai – 400 072.
Tel: +91-22- 2856 9009
Fax: +91-22- 2856 9256
Email: viral.kothari@hdfcbank.com
Contact Person: Mr. Viral Kothari
Website: www.hdfcbank.com

ICICI Bank Limited

Capital Markets Division,
30, Mumbai Samachar Marg,
Mumbai – 400 001.
Tel: +91-22- 2262 7600
Fax: +91-22- 2261 1138
Email: sidhartha.routray@icicibank.com
Contact Person: Mr. Sidhartha Sankar Routray
Website: www.icicibank.com

Standard Chartered Bank

270, D.N. Road. Fort,
Mumbai – 400 001
Tel: +91-22- 2268 3831
Fax: +91-22- 2209 6067
Email: rajesh.malwade@in.standardchartered.com
Contact Person: Mr. Rajesh Malwade
Website: www.standardchartered.co.in

UTI Bank Limited

Universal Insurance Building
Sir P.M. Road, Fort,
Mumbai – 400 001
Tel: +91-22- 2287 4663
Fax: +91-22- 2283 5785
Email: roshan.mathias@utibank.co.in
Contact Person: Mr. Roshan Mathias / Mr. Satish K. Das
Website: www.utibank.com

EURO CERAMICS LIMITED

STATEMENT OF INTER SE ALLOCATION OF RESPONSIBILITIES AMONG THE BRLMs FOR THE ISSUE

The following table sets forth the inter se allocation of responsibilities for various activities between UTI Securities Limited ("UTISEL") and ENAM Financial Consultants Private Limited ("ENAM") as Book Running Lead Managers for the Issue:

Sr. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with relative components and formalities.	UTISEL	UTISEL
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing.	UTISEL	UTISEL
3.	Drafting and approval of all statutory advertisements.	UTISEL	UTISEL
4.	<ul style="list-style-type: none"> Preparation and finalization of the road-show presentation, Preparation of FAQs for the road-show team, and Approval of all non-statutory advertisement including corporate advertisements. 	UTISEL ENAM	ENAM
5.	Appointment of Printers and Advertisement Agency	UTISEL ENAM	ENAM
6.	Appointment of Escrow Collection Banks and Registrar	UTISEL	UTISEL
7.	Retail / HNI marketing strategy which will cover, among other things, <ul style="list-style-type: none"> Finalizing centers for holding conferences for brokers, etc. Formulating media, marketing and, Public Relations strategy; Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material; and Finalizing collection centers 	UTISEL ENAM	ENAM
8.	Institutional marketing of the Issue, which will cover, among other things, <ul style="list-style-type: none"> Finalizing the list and division of investors for one to one meetings; and Finalizing road show schedule and investor meeting schedules. 	UTISEL ENAM	ENAM
9.	Co-ordination with stock exchanges for book building software, bidding terminals and mock trading.	UTISEL	UTISEL
10.	Managing the book and finalization of Pricing in consultation with the Company.	UTISEL ENAM	ENAM



Sr. No.	Activities	Responsibility	Co-ordinator
11.	The Post bidding activities including management of Escrow Accounts, co-ordination of allocation and intimation of allocation with Registrar and Banks, Refund to Bidders, etc. The post Issue activities of the Issue will involve essential follow up steps, which include finalisation of listing and trading of instruments, despatch of certificates, demat and delivery of shares and refunds, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue and the bank handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	UTISEL	UTISEL
		UTISEL	UTISEL

CREDIT RATING

This being an issue of Equity Shares, credit rating is not required

TRUSTEES

This being an issue of Equity Shares, the appointment of trustees is not required.

MONITORING AGENCY

In terms of clause 8.17 of the SEBI (DIP) Guidelines there is no requirement for appointing a monitoring agency since the issue is less than Rs. 50,000 Lacs. However, we have appointed State Bank of India as the monitoring agency to monitor the use of issue proceeds. State Bank of India has consented to act as Monitoring Agency vide their letter dated January 12, 2007, to monitor use of funds to be received from the proposed Public Issue. The relevant details of State Bank of India are mentioned hereunder:

State Bank of India

Corporate Finance Branch,
58, Shrimali Society,
Navrangpura, Ahmedabad – 380 009.
Tel.: + 91-79-2656 1044
Fax: +91-79-2656 1128
E-mail: sundar.n@sbi.co.in
Website: www.statebankofindia.com

GRADING OF THIS ISSUE

We have not opted for the grading of this Issue from a credit rating agency.

WITHDRAWAL OF THE ISSUE

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

BOOK BUILDING PROCESS

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

1. Our Company
2. The Book Running Lead Managers; and

EURO CERAMICS LIMITED

3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. The BRLMs appoints the Syndicate Members.

The SEBI DIP Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein not more than 50% of the Net Issue will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds. Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net 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. Further, 121,500 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price.

We will comply with the SEBI DIP Guidelines for this Issue. In this regard, we have appointed the BRLMs to procure subscriptions to the Issue.

The process of book building, under SEBI DIP Guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue. **QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date.** Please refer to the section titled “Terms of the Issue” beginning on page 243 of this Red Herring Prospectus for more details.

Illustration of Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60 to Rs. 72 per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as set forth below shows the demand for the Equity Shares of our Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs. 66 in the above example. Our Company, in consultation with the BRLMs will finalize the Issue Price at or below such cut off price, i.e., at or below Rs. 66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

Steps to be taken for bidding:

1. Check eligibility for bidding (for further details, please refer to the section titled “Issue Procedure” beginning on page 245 of this Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attach copies of your PAN card or PAN allotment letter to the Bid-cum-Application Form (for further details, please refer to the section titled “Issue Procedure” beginning on page 245 of this Red Herring Prospectus);
4. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid-cum-Application Form.

5. The Bidder should ensure the correctness of his or her Demographic Details (as defined in the section titled "Issue Procedure" beginning on page 245 of this Red Herring Prospectus given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

Bid/Issue Programme

BID ISSUE PROGRAMME

BID / ISSUE OPENS ON	FEBRUARY 07, 2007
BID / ISSUE CLOSES ON	FEBRUARY 13, 2007

Bids and any revision in Bids shall be accepted **only between 10:00 hrs and 15:00 hrs** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10:00 hrs and 13:00 hrs** (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

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

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

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

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

Underwriting Agreement

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Lakhs)
[●]	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

The above-mentioned amount is an indicative underwriting and would be finalised after pricing and actual allocation. The above underwriting agreement is dated [●].

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

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

CAPITAL STRUCTURE

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

Number of Equity Shares	Nominal Value (Rs.)	Aggregate Value (Rs.)
A. Authorised Capital		
2,00,00,000 Equity Shares of Rs. 10/- each	20,00,00,000	20,00,00,000
B. Issued, Subscribed and Paid-Up Capital before this Issue		
1,14,78,500 Equity Shares of Rs. 10/- each	11,47,85,000	35,27,63,750
C. Present Issue to the Public		
56,21,500 Equity Shares of face value of Rs. 10/- each at a premium of Rs. [●] per share	5,62,15,000	[●]
Out of which		
Reserved for the Employees		
1,21,500 Equity Shares of Rs. 10/- each at a premium of Rs. [●] per share are reserved for allotment to permanent employees of our Company and its subsidiary		
D. Net Issue to the Public		
55,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●] per share	5,50,00,000	[●]
E. Paid up Equity Share Capital after this issue		
1,71,00,000 Equity Shares of Rs. 10/- each	17,10,00,000	[●]
F. Securities Premium Account		
Before this Issue		21,40,55,000
After this Issue		[●]

Notes to Capital Structure:

- Details of Increase in Authorised Share Capital

Date of Resolution	Authorized Capital increased/ reclassified from	Authorized capital increased/reclassified to
November 25, 2002	Rs. 5,00,00,000/- divided into 30,00,000 equity shares of Rs. 10/- each and 20,00,000 preference shares of Rs. 10/- each	The Authorised Share Capital was increased from Rs. 5,00,00,000 to Rs. 10,00,00,000 divided into 80,00,000 equity shares of Rs 10/- each and 20,00,000 preference shares of Rs. 10/- each
March 11, 2003	Rs. 10,00,00,000 divided into 80,00,000 equity shares of Rs 10/- each and 20,00,000 preference shares of Rs. 10/-each	The Authorised Share Capital was reclassified into 30,00,000 equity shares of Rs.10/- each and 70,00,000 preference shares of Rs.10/- each

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Date of Resolution	Authorized Capital increased/ reclassified from	Authorized capital increased/reclassified to
November 30, 2005	Rs. 10,00,00,000 divided into 30,00,000 Equity Shares of Rs.10/- each and 70,00,000 Preference Shares of Rs.10/- each	The Authorised Share Capital was increased from Rs. 10,00,00,000 to Rs. 15,50,00,000 and was reclassified into 92,50,000 Equity Shares of Rs. 10/- each and 62,50,000 Preference Shares of Rs. 10/- each
January 31, 2006	Rs. 15,50,00,000 divided into 92,50,000 Equity Shares of Rs.10/- each and 62,50,000 Preference Shares of Rs.10/- each	The Authorised Share Capital was reclassified in to 1,55,00,000 equity shares of Rs. 10/- and increased from Rs. 15,50,00,000 to Rs. 20,00,00,000 divided in to 2,00,00,000 Equity Shares of Rs.10/- each.

1. a) Share Capital History of our Company in respect of Equity Shares: Our existing Equity Share Capital has been subscribed and allotted as under:

Date of Allotment/ Fully paid-up	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of allotment	Cumulative Securities Premium (Rs.)	Cumulative Paid-up Capital (Rs.)
April 16, 2002	40,000	10	10	Cash	Subscribers to the Memorandum of Association	-	4,00,000
May 2, 2002	60,000	10	10	Cash	Further Allotment	-	10,00,000
August 10, 2002	3,35,600	10	10	Cash	Further Allotment	-	43,56,000
September 21, 2002	300	10	10	Cash	Further Allotment	-	43,59,000
November 26, 2002	5,64,500	10	10	Cash	Further Allotment	-	1,00,04,000
January 1, 2003	1,93,800	10	50	Cash	Further Allotment	77,52,000	11,942,000
September 5, 2003	1,91,700	10	50	Cash	Further Allotment	1,54,20,000	1,38,59,000
August 17, 2004	14,83,725	10	160	Cash	Further Allotment	23,79,78,750	2,86,96,250
January 31, 2006	86,08,875	10	-	Bonus	Issue of Bonus Equity Shares in the ratio of 3:1	21,40,55,000	11,47,85,000

Note: Our Company has utilised a part of Securities Premium Account for issue of Bonus Equity Shares

b) Share Capital History with respect to Preference Shares

Date of Allotment	No. of Preference Shares	Face Value (in Rs.)	Issue Price (in Rs.)	Consideration	Reasons for Allotment/Reduction	Cumulative Share Premium (Rs.)	Cumulative paid-up Capital (Rs.)	As on date
March 11, 2003	62,16,500	10	10	Cash	Allotment of non cumulative redeemable preference shares	Nil	6,21,65,000	Redeemed on December 26, 2005 (Please refer to note no. 25)

3. Promoters Contribution and Lock-in: Our Company has four promoters namely Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah; whose name figures in the Red Herring Prospectus as Promoters in the paragraph on "Our Promoters and their Background". Details of Equity Shares held by them and locked-in pursuant to the Issue are as follows:

Name of the Promoter	Date of Allotment/Transfer and made fully paid-up	Consideration	No. of Equity Shares	Face Value (in Rs.)	Issue/Transfer Price (in Rs.)	% of Pre-Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period* (Years)
Nenshi L. Shah	January 31, 2006	Bonus	9,74,100	10	-	8.49	5.7	3 years
	January 31, 2006	Bonus	1,39,980	10	-	1.22	0.82	1 year
	January 30, 2006		(27,140)	10	165	(0.24)	(0.16)	
	August 17, 2004	Cash	3,73,500	10	160	3.25	2.18	1 year
	May 2, 2002	Cash	15,000	10	10	0.13	0.09	1 year
	April 16, 2002	Cash	10,000	10	10	0.09	0.06	1 year
	Total		14,85,440			12.94	8.69	
Talakshi L. Nandu	January 31, 2006	Bonus	9,33,746	10	-	8.13	5.46	3 years
	January 31, 2006	Bonus	1,34,074	10	-	1.17	0.79	1 year
	January 30, 2006	Cash	65,315	10	165	0.57	0.38	1 year
	December 31, 2005	Cash	1,85,525	10	160	1.62	1.08	1 year
	August 17, 2004	Cash	80,100	10	160	0.7	0.47	1 year
	May 2, 2002	Cash	15,000	10	10	0.13	0.09	1 year
	April 16, 2002	Cash	10,000	10	10	0.09	0.06	1 year
	Total		14,23,760			12.41	8.33	

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Name of the Promoter	Date of Allotment/ Transfer and made fully paid-up	Consi-deration	No. of Equity Shares	Face Value (in Rs.)	Issue/ Transfer Price (in Rs.)	% of Pre-Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period* (Years)
Kumar P. Shah	January 31, 2006	Bonus	7,36,460	10	-	6.42	4.3	3 years
	January 31, 2006	Bonus	1,06,075	10	-	0.92	0.62	1 year
	January 30, 2006	Cash	2,50,845	10	165	2.19	1.47	1 year
	August 17, 2004	Cash	5,000	10	160	0.04	0.03	1 year
	May 2, 2002	Cash	15,000	10	10	0.13	0.09	1 year
	April 16, 2002	Cash	10,000	10	10	0.09	0.06	1 year
	Total		11,23,380			9.79	6.57	
Paresh K. Shah	January 31, 2006	Bonus	7,75,694	10	-	6.76	4.54	3 years
	January 31, 2006	Bonus	1,11,826	10	-	0.97	0.65	1 year
	January 30, 2006	Cash	1,71,840	10	165	1.5	1	1 year
	December 31, 2005	Cash	79,000	10	160	0.69	0.46	1 year
	August 17, 2004	Cash	20,000	10	160	0.17	0.12	1 year
	May 2, 2002	Cash	15,000	10	10	0.13	0.09	1 year
	April 16, 2002	Cash	10,000	10	10	0.09	0.06	1 year
	Total		11,83,360			10.31	6.92	
	Grand Total		52,15,940			45.44	30.51	

*20% of the post-Issue paid-up equity share capital, as determined after the book-building process from the above mentioned four Promoters i.e., Nenshi L. Shah, Talakshi L. Nandu, Kumar P. Shah, and Paresh K. Shah, would be locked-in for a period of three years from the date of allotment in the present Issue and the balance Pre-Issue Paid-up Equity Share Capital would be locked-in for a period of one year from the date of allotment in the present Issue.

Summary of Equity Shares offered by the Promoters for three years lock in

Sr. No.	Name of the Promoter	No. of Shares offered for Lock-in*	% of Post Issue Capital
1.	Nenshi L. Shah	9,74,100	5.70
2.	Talakshi L. Nandu	9,33,746	5.46
3.	Kumar P. Shah	7,36,460	4.30
4.	Paresh K. Shah	7,75,694	4.54
	Total	34,20,000	20.00

* It is confirmed that the Equity Shares offered for by the Promoters for three years lock in are not pledged. Further all the Equity Shares, which are being locked in for three years, are not ineligible for computation of promoter's contribution and lock in as per clause 4.6 of SEBI Guidelines.

Shares held by Promoters which are locked in as per the relevant provisions of Chapter IV of the SEBI Guidelines, may be transferred to and amongst Promoters/Promoters Group or to a new promoter or persons in control of our

Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable. The locked-in Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

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

As pledge of Equity Shares was one of the conditions for the disbursement of loan, certain of our Promoters' Equity Shares, totaling to 12,52,835 Equity Shares, locked-in for a period of one year, have been pledged as collateral security with State Bank of India for a short term loan of Rs. 15 Crores (hereinafter referred to as "Pledged Equity Shares"). The details of the same are as follows:

- Name of bank, number and date of sanction letter: State Bank of India, sanction letter no. CAG.A/AMT-II/104 dated June 12, 2006;
- Security: Primary security – Nil. Collateral security – Pledged Equity Shares. Guarantee: personal guarantees of Nenshi L. Shah, Kumar P. Shah, Talakshi L. Nandu, Kumar P. Shah and Pravin D. Gala;
- Tenure and repayment: Bullet repayment nine months from the date of disbursement;
- Purpose: to meet part of ongoing capital expenditure;
- Particulars of Pledged Equity Shares: as given in table below:

Sr. No.	Name of the Promoter	Number of Equity Shares Pledged
1.	Nenshi L. Shah	3,71,360
2.	Talakshi L. Nandu	3,04,790
3.	Kumar P. Shah	2,80,845
4.	Paresh K. Shah	2,95,840
	Total	12,52,835

4. Individual shareholding of persons who constitute Promoters Group (other than core Promoters):

Sr. No.	Name of the Person	Date of Allotment/ Transfer and made fully Paid-up	No. of Equity Shares	Face Value (in Rs.)	Issue/ Transfer Price per Share (in Rs.)	Consideration	% of Post-Issue Paid-up Capital	Lock-in Period (Years)
1.	Nitesh P. Shah	August 10, 2002	75,000	10	10	Cash	0.44	
		November 26, 2002	90,000	10	10	Cash	0.53	
		August 17, 2004	57,400	10	160	Cash	0.34	
		January 31, 2006	6,67,200	10	-	Bonus	3.90	
		Total	8,89,600				5.21	1 year
2.	Urmi P. Shah	August 10, 2002	75,000	10	10	Cash	0.44	
		November 26, 2002	90,000	10	10	Cash	0.53	
		August 17, 2004	40,000	10	160	Cash	0.23	
		January 31, 2006	615,000	10	-	Bonus	3.59	
		Total	8,20,000				4.79	1 year

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Sr. No.	Name of the Person	Date of Allotment/ Transfer and made fully Paid-up	No. of Equity Shares	Face Value (in Rs.)	Issue/ Transfer Price per Share (in Rs.)	Consi-deration	% of Post-Issue Paid-up Capital	Lock-in Period (Years)
3.	Kasturben T. Nandu	August 10, 2002	75,000	10	10	Cash	0.44	
		November 26, 2002	90,000	10	10	Cash	0.53	
		August 17, 2004	75,200	10	160	Cash	0.44	
		January 31, 2006	720,600	10	-	Bonus	4.21	
		Total	9,60,800				5.62	
4.	Gunvantiben N. Shah	August 10, 2002	10,000	10	10	Cash	0.06	
		August 17, 2004	17,800	10	160	Cash	0.10	
		January 30, 2006	(2,745)	10	165	Cash	(0.02)	
		January 31, 2006	75,165	10	-	Bonus	0.44	
		Total	1,00,220				0.58	
5.	Rekha J. Nishar & Jayantilal Nishar*	September 21, 2002	100	10	10	Cash	0.00	
		January 31, 2006	300	10	-	Bonus	0.00	
		Total	400				0.00	
6.	Manjari H. Shah, Hitesh Shah & Dhaval Shah*	November 26, 2002	294,300	10	10	Cash	1.72	
		January 31, 2006	882,900	10	-	Bonus	5.16	
		Total	11,77,200				6.88	
7.	Rekha J. Nishar	August 17, 2004	10,000	10	160	Cash	0.06	
		January 31, 2006	30,000	10	-	Bonus	0.18	
		Total	40,000				0.24	
8.	Sonal S. Shah & Shantilal L. Shah*	September 21, 2002	100	10	10	Cash	0.00	
		January 31, 2006	300	10	-	Bonus	0.00	
		Total	400				0.00	
9.	Lalajibhai K. Shah & Shantaben Shah*	August 10, 2002	25,000	10	10	Cash	0.15	
		January 31, 2006	75,000	10	-	Bonus	0.44	
		Total	1,00,000				0.59	

Sr. No.	Name of the Person	Date of Allotment/ Transfer and made fully Paid-up	No. of Equity Shares	Face Value (in Rs.)	Issue/ Transfer Price per Share (in Rs.)	Consi-deration	% of Post-Issue Paid-up Capital	Lock-in Period (Years)
10.	Nenshi L. Shah (HUF)	August 10, 2002	100	10	10	Cash	0.00	
		August 17, 2004	10,200	10	160	Cash	0.06	
		January 30, 2006	(3,415)	10	165	Cash	(0.02)	
		January 31, 2006	20,655	10	-	Bonus	0.12	
		Total	27,540				0.16	
11.	Shantilal L. Shah (HUF)	August 10, 2002	100	10	10	Cash	0.00	
		August 17, 2004	18,600	10	160	Cash	0.11	
		January 31, 2006	56,100	10	-	Bonus	0.33	
		Total	74,800				0.44	
		Grand Total	41,90,960				24.51	

* These are the joint shareholders forming part of Promoters Group

5. The Pre-Issue and Post-Issue shareholding pattern of our Promoters Group is as under:

Sr. No.	Particulars	Pre-Issue		Post-Issue*	
		No. of Shares @Rs. 10/- each	% Holding	No. of Shares @Rs. 10/- each	% Holding
a.	Promoters	52,15,940	45.44	52,15,940	30.50
b.	Immediate Relatives of the Promoters	40,88,620	35.62	40,88,620	23.91
c.	Companies in which 10% or more of the share capital is held by the Promoters / an immediate relative of the Promoters / a firm or HUF in which the Promoters or any one or more of their immediate relatives is a member	-	-	-	-
d.	Companies in which Company mentioned in c. above holds 10% or more of the share capital	-	-	-	-
e.	HUF or firm in which the aggregate share of the promoters and his immediate relatives is equal to or more than 10% of the total	1,02,340	0.89	1,02,340	0.60

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Sr. No.	Particulars	Pre-Issue		Post-Issue*	
		No. of Shares @Rs. 10/- each	% Holding	No. of Shares @Rs. 10/- each	% Holding
f.	All persons whose shareholding is aggregated for the purpose of disclosing in the prospectus as "Shareholding of the Promoter's Group"	-	-	-	-
	Total	94,06,900	81.95	94,06,900	55.01

* Post Issue Shareholding pattern may change if Promoters or any person in the Promoters Group may subscribe equity shares in the Issue. Post-Issue Shareholding pattern of our Company will be determined after the Book-Building Process.

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

Particulars	Pre-Issue		Post-Issue*	
	No. of Equity Shares	%	No. of Equity Shares	%
Promoters	52,15,940	45.44%	52,15,940	30.50%
Promoter's Group	41,90,960	36.51%	41,90,960	24.51%
Others	20,71,600	18.05%	20,71,600	12.11%
Net Offer to Public	-	-	56,21,500	32.87%
Total	1,14,78,500	100.00%	1,71,00,000	100.00%

* Post Issue Shareholding pattern may change if any Pre-Issue Equity Shareholder mentioned hereinabove is allotted Equity Shares in the Issue.

7. a) Our top ten shareholders and the shares held by them as on the date of filing this Red Herring Prospectus with RoC are as follows:

Sr. No.	Name of the shareholder	No. of Equity Shares of Rs. 10/- each
1.	Nenshi L. Shah	14,85,440
2.	Talakshi L. Nandu	14,23,760
3.	Paresh K. Shah	11,83,360
4.	Manjari Shah, Hitesh Shah & Dhaval Shah	11,77,200
5.	Kumar P. Shah	11,23,380
6.	Kasturben T. Nandu	9,60,800
7.	Nitesh P. Shah	8,89,600
8.	Urmi P. Shah	8,20,000
9.	Reena H. Shah	7,75,200
10.	Hemang B. Shah	5,76,000

- b) Our top ten shareholders and the shares held by them ten days prior to the date of filing this Red Herring Prospectus with RoC are as follows:

Sr. No.	Name of the shareholder	No. of Equity Shares of Rs. 10/- each
1.	Nenshi L. Shah	14,85,440
2.	Talakshi L. Nandu	14,23,760
3.	Paresh K. Shah	11,83,360
4.	Manjari Shah, Hitesh Shah & Dhaval Shah	11,77,200
5.	Kumar P. Shah	11,23,380
6.	Kasturben T. Nandu	9,60,800
7.	Nitesh P. Shah	8,89,600
8.	Urmi P. Shah	8,20,000
9.	Reena H. Shah	7,75,200
10.	Hemang B. Shah	5,76,000

- c) Our top ten shareholders and the shares held by them two years prior to the date of filing this Red Herring Prospectus with RoC are as follows:

Sr. No.	Name of the shareholder	No. of Equity Shares of Rs. 10/- each
1	Nenshi L. Shah	3,98,500
2	Manjari H. Shah, Hitesh Shah & Dhaval Shah	2,94,300
3	Kasturben T. Nandu	2,40,200
4	Nitesh P. Shah	2,22,400
5	Urmi P. Shah	2,05,000
6	Reena H. Shah	1,93,800
7	Sonalben S. Shah	1,50,300
8	Hemang B. Shah	1,44,000
9	Talakshi L. Nandu	1,05,100
10	Tokyo Finance Limited	79,000

8. Our Promoters, Directors or Promoters Group companies have not purchased and/or sold/financed any Equity Share of our Company in the past 6 months.
9. Our Company, Promoters, Directors, and the BRLMs to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of our Company from any person.
10. An over-subscription to the extent of 10% of Net Issue to the Public can be retained for the purpose of rounding off to the nearer multiple of 1, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Net Offer to Public, as a result of which, the post Issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased, so as to ensure that 20% of the post Issue paid-up capital is locked in.
11. 1,21,500 Equity Shares have been reserved for the Employee Reservation Portion on a proportionate basis, subject to valid bids being received at or above the Issue Price. Only the Employees as defined in the section titled "Definitions and Abbreviations" beginning on page 1 of this Red Herring Prospectus would be eligible to apply in this Issue under the Employee Reservation Portion. Employees may also bid in the Net Issue to the Public portion and such Bids shall not be treated as multiple Bids. Under-subscription, if any, in the Employee Reservation Portion would be added back to the Net Issue to Public. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
12. In the Employee Reservation Portion, a single applicant therein can make application for a number of securities, which exceeds the Employee Reservation Portion but not more than the total issue size.

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13. In the case of over-subscription in all categories, not more than 50% of the Net Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds only. Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above this 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 BRLMs.
14. As on date of filing of this Red Herring Prospectus with SEBI, the entire Issued Share Capital of our Company is fully paid-up.
15. Our Company undertakes that at any given point of time, there shall be only one denomination for the Equity Shares of our Company and our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
16. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
17. Persons resident outside India including FIIs, FVCIs, multilateral and bilateral institutions, NRIs, and companies in which there is a majority ownership and control by persons resident outside India are allowed to participate in the Issue.
18. Our Company has not revalued its assets since inception and has not issued any shares out of the revaluation reserves or for consideration other than cash.
19. Our Company has not capitalized its reserves since inception except as follows:

Date of the Allotment	No. of Equity Shares	Face Value (Rs.)	Details
January 31, 2006	86,08,875	10/-	Bonus Issue out of free reserves (3:1)

20. A Bidder cannot make a Bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
21. Our Company has not made any public issue since its incorporation.
22. Our Company has not raised any bridge loan against the proceeds of this Issue.
23. As on the date of filing of this Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
24. In respect of various agreements entered into by our Company with the lenders and sanction letters issued by our lenders to us, we are bound by certain restrictive covenants regarding capital structure and other restrictive covenants. As per the loan agreements and sanction letters, we require written consent from the lenders, for amongst others, formulation of any scheme of amalgamation or reconstruction; effecting any change in our capital structure; undertaking any new project; implementation of any scheme of expansion other than incurring routine capital expenditure; or enter into any allied line of business or manufacture; or acquisition of fixed assets except those indicated in the funds flow statements submitted to the lender from time to time and approved by the lender; investing by way of share capital in or lend or advance funds to or place deposits with any other concern; other corporate bodies; entering into borrowing arrangements either secured or unsecured with any other bank; financial institution; accept deposits apart from the arrangements approved by our lender; undertaking guarantee obligation on behalf of any other concerns or company; declaration of dividend for any year; make any drastic change in the management set-up; no EPC will be granted to our Company for exports to restricted cover countries without prior approval of ECGC; prior consent for changes in memorandum of association or articles of association; no mortgage; charge; lien or encumbrance of any kind other than the existing charges; our Company cannot deal or sell the mortgaged property

and hypothecated goods and property; cannot remove the Plant & Machinery attached to the mortgaged premises; shall not remove or dismantle any of the assets to be comprised in the said compound or release of any of the book debts; shall not allow any receiver to be appointed of the properties hypothecated and mortgage; shareholding of the Directors and any change in it, enlarge the trading or manufacturing activities; not entering into any lease or hire purchase agreement without satisfying themselves about the financial capacity of the lessees/hirers; moneys brought in by the principal shareholders/directors/depositors/ other associate firms/group companies will not be allowed to be withdrawn during the currency of the said facilities.

Pursuant to the aforesaid covenants we have obtained the prior written approvals from the lenders.

25. Our Board of Directors passed a resolution at their meeting held on December 26, 2005 for redemption of 62,16,500 non-cumulative redeemable preference shares of Rs. 10/- at a price of Rs. 10/- and the same were subsequently redeemed out of Profit and Loss account of our Company by transferring the required funds to Capital Redemption Reserve Account. We confirm that the redemption has been carried out as per the terms of the issue of the Non Cumulative Redeemable Preference Shares.
26. 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.
27. Since the entire money of Rs. [●] per share (Rs. 10/- face value + Rs. [●] premium) is being called on application, all the successful applicants will be issued fully paid-up shares.
28. The securities, which are subject to lock-in, shall carry the inscription "non-transferable" and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to BSE and NSE, where the shares are to be listed, before the listing of the securities.
29. The Equity Shares forming part of promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.
30. The total number of members of our Company as on the date of filing this Red Herring Prospectus is 26.

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OBJECTS OF THE ISSUE

The objects of the Issue are to raise capital for part financing the funds required for:

- Setting-up of Manufacturing Facilities for Sanitary Ware Products at Bhachau, Kutch
- General Corporate Purposes
- Meeting the Issue Expenses

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

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

COST OF PROJECT AND MEANS OF FINANCE

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

Cost of Project

		(Rs. in Lacs)
Particulars		Amount
Setting-up of Manufacturing Facilities for Sanitary Ware Products at Bhachau, Kutch		7,693.37
a) Land & Site Development	54.72	
b) Building & Civil Works	2,438.50	
c) Plant & Machinery		
- Imported	2,848.86	
- Indigenous	1,207.79	
d) Other Assets	550.00	
e) Pre-operative Expenses	100.00	
f) Margin Money for Working Capital	313.50	
g) Provision for Contingencies	180.00	
General Corporate Expenses		[•]
Issue Expenses		[•]
Total		[•]

Means of Finance

		(Rs. in Lacs)
Particulars		Amount
Initial Public Offer		[•]
Internal Accruals		[•]
Total		[•]

We confirm that firm arrangements of finance through verifiable means towards minimum 75% of the stated means of finance, excluding the amount to be raised through proposed Issue, has been ensured.

The exact amount of that will be spent out of internal accruals will be the balancing figure and will be finalized only after the issue proceeds are received by our Company. As on September 30, 2006 the internal accruals stood at 5,366.11 Lacs.

DETAILED BREAK-UP OF COST OF PROJECT:

Setting-up of Manufacturing Facilities for Sanitary Ware Products at Bhachau, Kutch

- a) **Land & Site Development:** We have purchased about 21.77 acres of agricultural land at Taluka Bhachau, District Kutch for setting up the Project for manufacturing Sanitary Ware Products with an approximate cost of Rs. 3.42 Lacs from various persons, who are not related to our Promoters and Directors of our Company. We have already applied for conversion of the entire agricultural land into industrial land and have received conversion orders for 5.49 acres. Further, as per estimation by Rajesh Shah Engineers & Consultants Pvt. Ltd., Structural Designers and Govt. Approved Valuers, the estimated cost of site developments is about Rs. 51.29 Lacs.
- b) **Building & Civil Works:** The estimated cost of civil works for the Project is about Rs. 2438.50 Lacs, which is as per estimation by Rajesh Shah Engineers & Consultants Pvt. Ltd., Structural Designers and Govt. Approved Valuers, details of which are mentioned hereunder:

Sr. No.	Name of Buiding	Type of Construction	Floor L x B x H	Area	Unit	Rate in Rupees	Total cost (Rs. in Lacs)
1.	Main Factory Building	a) Structural steel columns, trusses with A.C. sheet roofing and side cladding above 3 mt. height and brick work, plaster on both sides with aluminium glazed window and chajja upto 3 mt. height. Total height of building is 10 mt. in 10% area & 6 mt. in remaining area.	132 x 168 + 108. x 24 + 24 x 144	28,224	Sq. mt.	4,750	1,340.64
		b) R.C.C. Portion of Building with brick work, plaster on both sides with aluminium glazed window & chajja. Total height of buildings is 6 mt.	104 x 144	15,552		6,750	1,049.76
		c) Raw material storage and mixing department with steel columns & A.C. sheet rooting & side cladding with 5 mt. ht.	20x 40	800	Sq. mt.	3,500	28.00
2.	Watchman Cabin	R.C.C. Columns & beams with brickwork & R.C.C. slab with 3 mt. ht.Same as above.	4 x 3	12	Sq. mt.	5,000	0.60
3.	Toilet block	Same as above	-	-	-	L.S.	8.00
4.	L.T. Room	Same as above with 4.5mt ht.	20 x 10	200	Sq. mt.	5,000	10.00
5.	Miscellaneous Septic tank soal pit with drainage line		-	-	-	L.S.	1.50
	Total						2,438.50

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- c) **Plant & Machinery:** We propose to purchase Plant & Machinery aggregating Rs. 4,056.65 Lacs comprising imported Plant & Machinery aggregating Rs. 2848.86 Lacs and Indigenous Plant & Machinery aggregating Rs. 1,207.79 Lacs for the Project.

i) **Imported Plant & Machinery**

We have signed a contract bearing no. HK204C006 dated April 27, 2006 with SACMI Hong Kong Ltd. for supply of the following Plant & Machinery:

Description	Qty.	Estimated Cost (in Euro)	Estimated Cost (Rs. in Lacs)	Expected Date of Supply
Body Raw Materials Batching and Feeding				
Electromechanical Control Board (QCM10000)	1	14,815	8.70	May-07
Slip Preparation				
Pressure Electromagnetic Iron Separator (HDFP7500)	3	12,735	7.48	May-07
Electromechanical Control Board (QAS10000)	1	10,710	6.29	May-07
Glaze Preparation				
Pressure Electromagnetic Iron Separator (HDFP7500)	6	25,470	14.96	May-07
Electromechanical Control Board (QAS10000)	1	9,405	5.52	May-07
Plaster Moulds Preparation				
Batching And Vacuum Mixing Group - mod 250/3000 (ESGM0102)	1	69,060	40.55	May-07
Intermittent Chamber Drier - mod MDS 4x10	2	118,930	69.84	May-07
Casting				
Traditional Battery Casting Plant - mod. GVV 090 (ESTV09A3)	1	176,580	103.69	May-07
Dryer With Curtains For Simultaneous Operation For Casting Plant GVV 090 (ESTV09A1)	1	190,115	111.64	May-07
Cover Core Removing Device For GVV (ESTU0007)	2	54,280	31.87	May-07
Foot Core Removing Device (ESTU0002)	90	10,350	6.08	May-07
Twin Battery Conventional Casting Plant For Core Cast Cisterns - mod. BCC 080	1	168,220	98.78	May-07
Twin Battery Conventional Casting Plant For Lavatories, Pedestals, Cisterns (hollow cast) and Squat Pans - mod. BCL 130	1	156,160	91.70	May-07
Porcelain Plunger Pump – mod. PPB 110 (X-PPB110+DPB2300D)	1	20,375	11.96	May-07
Electromechanical Control Board (QAS10000)	1	5,845	3.43	May-07
Drying And Glazing				
Intermittent Chamber Greenware Dryer – mod. WDS 2x4x8	3	479,205	281.39	May-07
Programs Coding Bench (ISSQ0003)	1	3,060	1.80	May-07
Loading / Unloading Station (ISIA000J)	2	2,910	1.71	May-07
Three Movements Transferring Device (KSUT0003)	1	44,850	26.34	May-07
One Storage Siphon Glazing Machine (ISSA000J)	1	39,060	22.94	May-07
Two Positions Carousel (ISSG0201)	1	46,370	27.23	May-07
Glazing Booth- mod. SM20 (ISSC010M)	1	39,705	23.31	May-07
Spraying Equipment With Mass Control (ISSR0009)	1	41,495	24.37	May-07
Roller Foot Cleaning Device (ISIA000O)	1	25,625	15.05	May-07
Control Board With PLC (ISSQ0005)	1	23,515	13.81	May-07
Manual Glazing Equipment (ISSC0103)	5	36,300	21.32	May-07
Firing				
Pre-Kiln Modular Drier - mod. SFD 300/14,7 (JSTT300E)	1	80,705	47.39	May-07
Modular Tunnel Kiln - mod STK 300/101,74 (JSTT3006)	1	1,016,645	596.97	May-07
Chain Pusher (KSTCA102)	2	12,840	7.54	May-07

Description	Qty.	Estimated Cost (in Euro)	Estimated Cost (Rs. in Lacs)	Expected Date of Supply
Hydraulic Pusher (KSTLS106)	1	17,230	10.12	May-07
Electric Board (KSSQE105)	2	9,320	5.47	May-07
Intermittent Shuttle Kiln – mod. SSK 440/198-10	1	693,835	407.42	May-07
Second Double Door For Kiln SSK 440/198 (JSSSSA14)	1	31,040	18.23	May-07
Rope Draft Group (KSSLS108)	1	16,090	9.45	May-07
Compacting Apparatus (KSSLS10C)	1	5,910	3.47	May-07
Electric Board (KSSQE105)	1	5,420	3.18	May-07
Lifting Platform (KSSPE101)	1	31,905	18.73	May-07
Transfer Car (KSSTR103)	2	10,590	6.22	May-07
Process Control				
Electronic Balance (OAA45001)	1	1,905	1.12	May-07
Pizzarelli Calcimeter (OAJ00000)	1	640	0.38	May-07
One-Place Fast Mill (OAX00100+OA300000)	1	2,480	1.46	May-07
One-Place Jar-Mill (OA300100+OA300002)	1	3,355	1.97	May-07
Bench Stirrer (OAZ20000)	1	3,380	1.98	May-07
Set Of 5 Sieve Frames (OAU20002)	1	2,360	1.39	May-07
Picknometer (OA100000)	3	360	0.21	May-07
Gallenkamp Viscosimeter (OA9STR001)	2	4,550	2.67	May-07
Thermostatic Drier - mod. OPV 250 (OAO00001)	1	6,210	3.65	May-07
Centesimal Comparator (OA9STR000)	1	435	0.26	May-07
Bending Test Apparatus - mod. CR4 (OA9STR004)	1	12,735	7.48	May-07
Vicat Hardness Comparator (OA9STR007)	1	805	0.47	May-07
Thermohygrograph (OA9STR00A)	1	2,080	1.22	May-07
Chronometer (OAN00000)	2	180	0.11	May-07
Alarm Clock (OAN00100)	1	60	0.04	May-07
Vernier Gauge (OAQ30000)	1	230	0.14	May-07
Gas Burner (OAC38000)	1	475	0.28	May-07
Tableting Device (OA9STR002)	1	365	0.21	May-07
Manual Spraying Gun (OA9STR003)	1	220	0.13	May-07
Set of Laboratory Glassware (OA9ACC00)	5	800	0.47	May-07
Set of Case Moulds For Test Plaster Moulds (OA9MAC03)	1	13,005	7.64	May-07
Electronic Balance (OAA45002)	1	1,635	0.96	May-07
Electronic Balance (OAA45003)	1	1,990	1.17	May-07
Case Moulds				
Case Mould for Casting Plaster Moulds (EWJWC20J)				
For Conventional Battery Casting Of Floor Mounted Close-Couple WC Toilet Bowls With Box Rim)	1	74,100	43.51	May-07
Case Mould For Casting Plaster Moulds (EWJWB103)				
For Conventional Battery Casting of Lavatories upto 72cm Fired	1	57,920	34.01	May-07
Additional Equipment				
9 Axes Robot – mod. GA2000 (ISSR000P)	1	132,000	77.51	May-07
Extruded Slabs For Superstructures (For STK 300)	110	54,450	31.97	May-07
Extruded Slabs For Superstructures (For SSK 440/198 10)	20	44,600	26.19	May-07
Total Equipment		41,80,000	2,454.50	

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Description	Qty.	Estimated Cost (in Euro)	Estimated Cost (Rs. in Lacs)	Expected Date of Supply
Spares and Services				
Packing suitable for sea freight shipment + FOB Northern Italian sea port		170,000	99.82	
Engineering Know-how		Free of Charge		
Month Man of Technical Assistance to Assembly	20	Free of Charge		
Month Man of Technical Assistance to the Start Up	15	Free of Charge		
Total		4,350,000	2,554.32	
Add: 12% for Clearing & Forwarding, Duty, Transportation, Erection commissioning etc.			294.54	
Grand Total			2,848.86	

(Conversion Rate: 1 Euro = INR 58.72 as at 08/09/2006)

Note: SACMI Hong Kong Ltd. vide Addendum No. 1 to the Contract No. HK204C006 has extended the advance payment terms till October 31, 2006 and the balance payment through Letter of Credit has been extended till December 31 2006. However, we had already made the advance payment of 10% of the contract value i.e. Euro 4,35,000 on September 25, 2006 itself. Fur ther, SACMI Hong Kong Ltd. vide Addendum No. 1 to the Contract No. HK204C006 has extended the balance payment through Letter of Credit till December April 30, 2006.

ii) Indigenous Machineries:

We have obtained quotation dated September 20, 2006 from Neptune Equipments towards supply of various Indigenous Plant & Machinery, orders for which will be given in due course:

Description	Qty.	Estimated Total Cost (Rs. in Lacs)
Body Raw Materials Batching And Feeding	8	28.00
Batching Hopper	1	
Belt Conveyor	1	
Belt Conveyor	1	
Belt Conveyor	1	
Belt Conveyor	1	
Reversible and Movable Belt Con	1	
Dust Suction and Abatement Plant	1	
Suction Network	1	
Slip Preparation	27	230.00
Volumetric Meter	2	
Volumetric Meter	1	
Drum Mill	2	
Option II with AC Drive Facility for Setting Revolution Programme	2	
Inside Lining (Rubber)	2	
Propeller Dissolver	2	
Trolley For Diaphragm Pump	2	
Pulse Dumper	2	
Electromagnet Flow Meter	2	
Rake Stirrer	9	
Steel Skip 1.2 M3	1	

Description	Qty.	Estimated Total Cost (Rs. in Lacs)
Glaze Preparation	76	91.00
Steel Skip	6	
Dust Suction And Abatement Plant	1	
Suction Network	1	
Volumetric Meter	2	
2-Speed Stirrer-Dissolver	1	
Drum Mill	2	
Drum Mill	1	
Stainless-Steel Tank	7	
Slow Rake-Stirrer	7	
Movable Glaze Container	45	
Movable Propeller Stirrer	3	
Plaster Moulds Preparation	319	66.00
Plaster Deposit Hopper	1	
Dust Suction And Abatement Plant	1	
Suction Network	1	
Set of 4 Benches	8	
Set of Tools And Inserts For New Plaster Moulds Manufacturing	1	
Modeling Bench	2	
Steel Pallet	300	
Intermittent Chamber Drier Carpentry and Panels	2	
Intermittent Chamber Drier Carpentry and Panels	2	
Rejects Recovery Skip	1	
Casting	441	290.00
Traditional Battery Casting Plant	1	
Dryer With Curtains For Simultaneous Operation For Casting Plant	1	
Cover Core Removing Device	2	
Foot Core Removing Device	45	
Fixed Deposit Bench	1	
Traditional Battery Casting Plant	2	
Dryer With Curtains For Simultaneous Operation For Casting Plant	2	
Cover Core Removing Device	4	
Foot Core Removing Device	180	
Fixed Deposit Bench	4	
(For Conventional Battery Casting Of Core-Cast Flushing Tanks)		
Twin Battery Conventional Casting Plant For Core Cast Cisterns		
For Core Cast Cistern (Cistern Tank)	1	
Twin Battery Conventional Casting Plant For Core Cast Cisterns	1	
2 Twin Chain Motorized Deposit Benches	1	
Dryer With Curtains For Casting Plant With Hot Air Generator	2	
2 Twin Chain Motorized Deposit Benches	2	

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Description	Qty.	Estimated Total Cost (Rs. in Lacs)
Twin Battery Conventional Casting Plant For Lavatories, Pedestals, Cisterns (Hollow Cast) And Squat Pans	3	
2 Twin Chain Motorized Deposit Benches	5	
Dryer With Curtain For Casting Plant With Hot Air Generator	3	
Manual Casting Bench	30	
Overhead Stainless-Steel Tank	3	
Rake Stirrer	3	
Finishing Turntable Spindle For Demoulded Articles	25	
Single-Layer Steel Trolley	120	
Drying And Glazing	136	130.00
Set Of Steel Structures And Panels For Dryer	3	
Multi-Layer Steel Trolley (2+4 Layer)	120	
Inspection Booth	6	
Dust Suction And Abatement Plant	2	
Glazing Booth with 900 Ltr. Tank	1	
Roller Foot Cleaning Device	1	
Glazing Booth Out Of Glazing Line	3	
Firing	304	163.40
Set Of 4 Wheels For Kiln Car	90	
Carpentry For Kiln Car	90	
Transfer Car	2	
Set Of 4 Wheels For Kiln Car	10	
Carpentry For Kiln Car	10	
Insulation For Car Base	10	
Covering Slabs For Kiln Car	10	
Set of Tracks	1	
Wooden Selection Bench	10	
Repair Booth	1	
Multi-Layer Trolley	70	
Sub-Total		998.40
Add: Excise Duty @ 16.32%		162.94
Total		1,161.34
Add: VAT @ 4%		46.45
Grand Total		1,207.79

Note: The actual supplier(s) of above Plant & Machinery may differ while negotiating the prices for the respective Plant & Machinery.

Our Company has not bought or does not propose to buy any second hand Plant & Machinery for the existing project.

- d) **Other Assets:** The following Miscellaneous Assets will be required for the proposed Project, for which negotiations are on with the prospective suppliers:

Sr. No.	Particulars	Amount (Rs. in Lacs)
1	Office Furniture & Fixtures	17.00
2	Office Equipments including Computer with Printer	17.00
3	Vehicles	50.00
4	Sub-station Power Distribution and Internal Electrification	133.00
5	Water Supply and Storage and Distribution	17.00
6	DG Sets of 300 KVA	40.00
7	Weigh Bridge 20 Ton Complete with Accessories with Display and Printer including Civil Work	13.00
8	Storage for LPG (including piping and fire fighting safely system)	67.00
9	Other Plant Accessories	184.00
10	Effluent Plant	12.00
	Total	550.00

- e) **Pre-operative Expenses:** We estimate the following Pre-operative Expenses for the proposed Project:

Sr. No.	Particulars	Amount (Rs. in Lacs)
1	Rent, Rates & Taxes and Other Deposits with Authorities	20.50
2	Staff Salary	30.00
3	Training & Traveling Expenses for Indian Technicians	20.50
4	Trial Run Expenses	9.50
5	Miscellaneous Expenses	19.50
	Total	100.00

- f) **Margin Money for Working Capital:** The Margin Money for Working Capital for the Project has been estimated as under:

(Rs. in Lacs)

Particulars	Holding Period (in Months)	Amount
Current Assets		
Raw Materials	1	48.00
Fuel	0.5	33.00
Finished Goods	1	279.00
Debtors	1.5	917.00
Other Current Assets	-	5.00
Total Current Assets	1,282.00	
Less: Current Liabilities		
Creditors for Raw Material	1	28.00
Working Capital Gap	1,254.00	
Less: Margin Money for Working Capital (25%)	313.50	
Balance Amount to be funded through Banks	940.50	

- g) **Provision for Contingencies:** We have provided 2.5% of the estimated cost of Setting-up of Manufacturing Facilities for Sanitary Ware Products (excludes Margin Money for Working Capital) towards Provision for Contingencies, which is about Rs. 180.00 Lacs.

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GENERAL CORPORATE PURPOSES

Our Company intends to deploy the balance Issue proceeds aggregating Rs. [●] Lacs, towards the general corporate purposes, including but not restricted to meeting working capital requirements, strategic initiatives, entering into strategic alliances, partnerships, joint ventures and acquisitions, investment in research and technology up-gradation, investment in other segments of the industry, meeting exigencies, which our Company in the ordinary course of business may not foresee, repayment of debts, purchase of corporate office or any other purposes as approved by our Board of Directors.

ISSUE EXPENSES

Sr. No.	Particulars	Estimated Total Cost (Rs. in Lacs)
1	Fees of BRLMs, Registrar, Legal Advisor, Auditors, etc.*	[●]
2	Underwriting and Selling Commission*	[●]
3	Advertisement and Marketing Expenses*	[●]
4	Printing and Stationery, Distribution, Postage, etc. *	[●]
5	Other Charges*	[●]
	Total	[●]

*Will be incorporated after finalisation of the issue price at the time of the Prospectus.

SCHEDULE OF IMPLEMENTATION

Sr. No.	Particulars	Date of Commencement	Expected Date of Completion
1	Acquisition of Land	-	Completed
2	Building & Civil Works including Site Development	November-06	June-07
3	Placement of Order for Plant & Machinery	October-06	January-07
4	Supply of Plant & Machinery	March-07	May-07
5	Installation of Plant & Machinery	June-07	August-07
6	Commissioning and Trial Run	-	September-07
7	Commencement of Commercial Production	October-07	

DEPLOYMENT OF FUNDS IN THE PROJECT

We have already deployed Rs. 409.66 Lacs in the Project till December 31, 2006, which has been certified by Deepak Maru & Co., Chartered Accountants vide their certificate dated January 8, 2007, details of which are mentioned hereunder:

(Rs. in Lacs)

Particulars	Amount
Setting-up of Manufacturing Facilities for Sanitary Ware Products at Bhachau, Kutch	
Land & Site Development	3.62
Plant & Machinery – Imported	255.35
Pre-operative Expenses	17.17
Issue Expenses	133.52
Total	409.66

The above-mentioned deployment has been financed out of Internal Accruals available with our Company.

PROPOSED 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 Deployed till 31.12.06	To be Deployed till 31st March, 2007	To be Deployed from April, 2007 to October, 2007	Total
Setting-up of Manufacturing Facilities for Sanitary Ware Products at Bhachau, Kutch				7,693.37
a) Land & Site Development	3.62	51.10	-	54.72
b) Building & Civil Works	-	1,828.87	609.63	2,438.50
c) Plant & Machinery				
– Imported	255.35	2,593.51	-	2,848.86
– Indigenous	-	603.90	603.90	1,207.79
d) Other Assets	-	137.50	412.50	550.00
e) Pre-operative Expenses	17.17	36.97	45.86	100.00
f) Margin Money for Working Capital	-	-	313.50	313.50
g) Provision for Contingencies	-	-	180.00	180.00
General Corporate Expenses	-	[•]	[•]	[•]
Issue Expenses	133.52	[•]	-	[•]
Total	409.66	[•]	[•]	[•]

INTERIM USE OF FUNDS

Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration or for reducing overdraft.

In case the Issue does not go as planned, we will make alternative arrangements like availing of fresh loans and/or internal accruals to meet the shortfall, if any.

MONITORING OF UTILIZATION OF FUNDS

In terms of clause 8.17 of the SEBI (DIP) Guidelines there is no requirement for appointing a monitoring agency since the issue is less than Rs. 50,000 Lacs. However, we have appointed State Bank of India as the monitoring agency to monitor the use of issue proceeds. State Bank of India has consented to act as Monitoring Agency vide their letter dated January 12, 2007, to monitor use of funds to be received from the proposed Public Issue. The relevant details of State Bank of India are mentioned under section titled “General Information” beginning on page 38 of this Red Herring Prospectus.

Further, no part of the Issue proceeds will be paid by us as consideration to our Promoters, Directors, key management personnel or Companies/Firms/Ventures promoted by our Promoters. We will disclose the utilization of the Issue proceeds under separate head in our balance sheet for the FY 2006-07, 2007-08 and further financial years if issue proceeds remain unutilized thereafter and provide all the details, if any, in relation to all proceeds of the Issue that have not been utilized thereby, also indicating investments, if any, of such unutilized proceeds of the Issue.

BASIC TERMS OF THE ISSUE

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

Ranking of Equity Shares

The Equity Shares to be issued shall be subject to the provisions of our Memorandum and Articles of Association and rank pari passu with the existing Equity Shares of our Company in all respects including rights in respect of dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by our Company after the date of allotment.

Face Value and Issue Price

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

Rights of the Equity Shareholder

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders have, inter alia, the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and

Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, 1956, Listing Agreement with the Stock Exchanges, Memorandum and Articles of Association of our Company.

For a detailed description of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., for further details please refer to the section titled "Main Provisions of Articles of Association" beginning on page 270 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors and hence, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form in multiples of one Equity Share subject to a minimum Allotment of 35 Equity Shares.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Net Issue to the Public including devolvement of the members of the Syndicate 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 prescribed under Section 73 of the Companies Act 1956.

BASIS FOR ISSUE PRICE

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

Investors should read the following summary with the Risk Factors beginning from page 11 and the details about our Company and its financial statements included in this Red Herring Prospectus. The trading price of the equity shares of our Company could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors

Diversified Product Range

Within few years of our presence in the Industry, our Company has developed a diversified product range of Vitrified Ceramic Tiles, which includes Mono Colours, Marble, Matt (Oxidised), Rustics, Granite (Salt & Pepper), Full Body (Multicharge), Royal, Pearl, Bianco, Snow, ACD, Topaz, Super White, Mega White, Honed, Silky Matt and MDR. Each of these categories of Vitrified tiles is available in different shades, patterns and sizes suiting to the requirements of various categories of customers. These Vitrified Ceramic Tiles are used for Flooring, Wall Fixing, Steppers, Skirtings, Risers and Bullnose. Our diversified product range gives more options to our customer to choose and finalize his selection according to his specific requirement and budget.

Design Capabilities

Design is a vital factor of Ceramic Vitrified Ceramic Tiles Industry. Our Company's capability to distinguish and stay abreast of evolving market trends that meet with customers' requirements allows us to enhance our market share with existing buyers and develop new customers. This is possible due to our inhouse design and screen making department,

Timely Delivery

Meeting customer deadlines on a regular basis is crucial for success of our business. Activities involved during construction are time bound and any delay in meeting these deadlines results in consequential losses, which may affect our sales and customer loyalty. To ensure timely deliveries, we always plan our schedules well in advance.

Capabilities to Manage Multiple and Large Orders

Our Company customers include corporate houses, institutional Buyers, Builders, architects, retail etc. The orders from the corporate houses, institutional Buyers, Builders are typically large and at given point of time we may have multiple orders from multiple customers. Such multiple and large orders require capabilities to manage complex sourcing, production planning, large workforce and ability to ensure timely delivery to the customers. Within short span, our Company has developed skills to manage multiple and large orders, and today we are serving better to our clientele, which has resulted into long-term relationship with them. Institutional sales account for more than 60% of the total sales of Vitrified Ceramic Tiles. Our ability to manage multiple and large orders has helped us in getting repeat orders for our products.

Marketing Strategy

We follow dual marketing strategy. Our major sales are through direct marketing of our own Sales Personnel, who approach directly to the large end users which include corporate houses, institutional Buyers, Builders, architects etc. We create the long-term relations with the direct end users, which enhances the brand value. The wholesale market of our products comprises of dealers and distributors who stock our products for distribution to ultimate consumers and at the retail level, it comprises of households and other retail customers.

Tax Benefits

Our Company is availing certain excise and sales tax exemption under Kutch Incentive Scheme, 2001 for Economic Development of Kutch District, Gujarat. The economic activities in the district of Kutch came to a standstill on account of the devastating earthquake on 26th January 2001. The Government of India has announced excise duty exemption for new industries to promote large-scale investment in the district. The excise duty exemption will be available till 4th October 2008.

Similarly, the State Government has also announced the scheme for sales tax incentives, according to which our Company

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is entitled to purchase the raw materials, packing materials and all the processing materials utilized for the purpose of manufacturing goods, without the payment of sales tax. In addition, our Company shall also be entitled for sales tax exemption on sales of finished goods, intermediates, by-products, waste & scrap produced by it at the rate of 100% for a period of ten years from 5th October 2003 up to the eligible fixed capital investment. These exemptions give us a competitive edge over other competitors.

Technology

Our existing manufacturing facility for Vitrified Ceramic Tiles comprises of major plant & machinery imported from SACMI, Italy; which is one of the leading ceramics plant manufacturing company. It gives us better production efficiency. We intend to continue the same trend even for our proposed manufacturing facilities for Sanitary Ware Products.

Branded Products

Our Company manufactures and sells products under its own brand names, which generates loyalty of the customers and results into goodwill and brand value creation for our Company.

Captive Power Plant and Gasifier

Our Company has installed a lignite based 10 MW Captive Power Plant, which provides cost effective and uninterrupted power supply. The abundant availability of lignite in Kutch District, Gujarat is advantageous for our raw materials requirement for our Captive Power Plant. Our current cost of power generation is about Rs. 2.50 per unit against per unit average actual cost of Rs. 4.19 paid to GEB during FY 2006. Our Company has also installed Gasifier for generating gas in order to reduce fuel costs and to achieve self Sufficiency for gas.

Quantitative Factors

1. Adjusted Earning Per Share (EPS) Standalone Basis

	EPS (Rs.)	Weight
2003-04	0.70	1
2004-05	11.76	2
2005-06	17.81	3
Weighted Average	12.94	
Consolidated EPS for 2005-06 is Rs. 17.87		

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

	At the lower band of Rs. 150 per share	At the upper band of Rs. 180 per share
Based on Standalone 2005-06 EPS of Rs. 17.81	8.42	10.11
Based on Consolidated 2005-06 EPS of Rs. 17.87	8.39	10.07
Industry P/E *(Industry Ceramics-Tiles/Sanitaryware)		
(i) Highest	22.3	22.3
(ii) Lowest	5.8	5.8
(iii) Average	15.0	15.0

(*Source: Capital Market Vol. XX I/22 Jan 01-14, 2007)

3. Return on Net Worth

	Percentage	Weight
2003-04	7.11	1
2004-05	27.67	2
2005-06	33.70	3
Weighted Average	27.26	
Consolidated RONW for 2005-06 is 33.67%		

4. Minimum Return on Increased Net Worth required to maintain standalone Pre-Issue EPS i.e. Rs. 17.81

	At the lower band of Rs. 150 per share	At the upper band of Rs. 180 per share
Total Net Worth After Issue (Rs. in Lacs)	7280.08	7280.08
No. of Equity Shares after the Issue	1,71,00,000	1,71,00,000
Profits required to get required EPS (Rs. in Lacs)	3045.51	3045.51
Minimum Required RONW for maintaining above EPS	19.38	17.50

5. Minimum Return on Increased Net Worth required to maintain consolidated Pre-Issue EPS i.e. Rs. 17.87

	At the lower band of Rs. 150 per share	At the upper band of Rs. 180 per share
Total Net Worth After Issue (Rs. in Lacs)	7405.41	7405.41
No. of Equity Shares after the Issue	1,71,00,000	1,71,00,000
Profits required to get required EPS (Rs. in Lacs)	3,055.77	3,055.77
Minimum Required RONW for maintaining above EPS	19.29	17.44

6. Net Asset Value (NAV) Per Share - Standalone

	At the lower band of Rs. 150 per share	At the upper band of Rs. 180 per share
As at 31 st March 2006	52.83	52.83
After Issue	42.57	42.57
Issue Price	[●]	[●]

7. Net Asset Value (NAV) Per Share - Consolidated

	At the lower band of Rs. 150 per share	At the upper band of Rs. 180 per share
As at 31 st March 2006	53.08	53.08
After Issue	43.31	43.31
Issue Price	[●]	[●]

Accounting Ratios of some of the Companies in the same Industry Group:

Name of the Company	EPS (Rs.)	P/E Ratio	RONW%	Book Value (Rs.)
Bell Ceramics	0.4	-	2.0	21.4
Cera Sanitary#	10.9	8.9	23.1	52.5
Hind. Sanitary @	4.4	22.3	21.3	33.1
Kajaria Ceramics@	3.7	15.5	22.2	18.4
Murudeshwar Cer.	13.9	5.8	12.4	123.7
Nitco Tiles	8.9	20.7	11.7	115.8
Regency Ceramics	-	9.8	0.1	48.7
SPL	3.8	14.6	5.4	73.2
Euro Ceramics Limited	17.81	[●]	33.70	52.83

(*Source: Capital Market Vol. XX I/22 Jan 01-14, 2007)

Face Value of Rs. 5 per equity share. @ Face Value of Rs. 2 per equity share.

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The Face Value of our Equity Shares is Rs.10/- per share and the Issue Price is 15 times of the Face Value (at the lower end of the Price Band) and 18 times of the Face Value (at the higher end of the Price Band).

The BRLMs believe that the Issue Price of Rs. [●] per share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors beginning on page 11 of this Red Herring Prospectus and our financials as set out in the Auditors' Report beginning on page 141 of this Red Herring Prospectus to have a more informed view about the investment proposition. The final Issue Price shall be determined on basis of demand from investors.

The Issue Price of Rs. [●] has been determined by us in consultation with BRLMs and on the basis of assessment of market demand for the Equity Shares from the investors by way of book building and is justified on the basis of the above factors.

STATEMENT OF TAX BENEFITS

Our Auditors, M/s. Deepak Maru & Co., Chartered Accountants have, vide their letter dated January 8, 2007 certified that under the current provisions of the Income Tax Act, 1961 and other existing laws for the time being in force, the following benefits, inter alia, will be available to us and the members. The said letter is reproduced hereunder:

To,

The Board of Directors,
Euro Ceramics Limited
Ground Floor, Boston House,
Suren Road, Andheri (East),
Mumbai - 400 069

Dear Sirs,

We hereby confirm that the enclosed statement, prepared by the Company, states the possible tax benefits available to Euro Ceramics Limited ('the Company') and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

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

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

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

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

For **Deepak Maru & Co.**
Chartered Accountants

Sd/-

Deepak Maru
Partner
Membership No. 49347

Place: Mumbai
Date: 8th January 2007

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TAX BENEFITS

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

1. Deduction under Section 80-IA of the Act

The entire profit of the Power Plant would be eligible for deduction @ 100% under section 80-IA of the Act for the period of ten consecutive assessment years out of fifteen years beginning from the year in which undertaking generates power. The profits of the division for the purposes of Section 80-IA of the Act shall be computed on a stand-alone basis. The benefit is available subject to the fulfillment of the conditions prescribed by this section.

2. Under Section 10(34) of the Act, dividend income (whether interim or final) in the hands of the company as distributed or paid by any other Company on or after April 1, 2004 is completely exempt from tax in the hands of the Company.

3. As per the provisions of Section 112 (1) (b) of the Act, long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), the long term capital gains resulting on transfer of listed securities or units (not covered by section 10(36) and 10(38)), would be subject to tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.

4. Long term capital gain arising from transfer of an 'Eligible Equity Share' in a company Purchased on or after the 1st day of March, 2003 and before the 1st day of March, 2004 (both days inclusive) and held for a period of 12 months or more is exempt from tax under section 10(36) of the Act.

5. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.

6. As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.

7. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the Company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10(36) and section 10(38)) if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.

8. As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units (not covered by section 10(36) and section 10(38)) shall not be chargeable to tax to the extent such gains are invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.

9. Deduction under section 32:

As per provisions of Section 32(1)(iia) of the Act, the company is entitled to claim additional depreciation of 15 per cent of the actual cost of any new machinery or plant which has been acquired and installed after 31st March 2005 subject to fulfillment of conditions prescribed therein.

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

1. Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after 1st April 2004 is completely exempt from tax in the hands of the shareholders of the Company.

2. As per the provisions of Section 112 of the Act, long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), the long term

capital gains resulting on transfer of listed securities or units (not covered by sections 10(36) and 10(38)), would be subject to tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.

3. As per the provisions of section 10(38), long term capital gains arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and the sale is subject to Securities Transaction tax.
4. As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
5. As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income as provided in the said section.
6. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)), if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
7. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the Act, the shareholders would be entitled to exemption from long term capital gain tax on transfer of their assets being listed securities or units (not covered by sections 10(36) and 10(38)), to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
8. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains on the sale of shares in the Company (not covered by sections 10 (36) and 10 (38)), upon investment of net consideration in purchase /construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains shall be charged to tax as long-term capital gains in the year in which such residential house is transferred.

BENEFITS AVAILABLE TO NON-RESIDENT INDIAN SHAREHOLDERS

1. Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after 1st April 2004 is completely exempt from tax in the hands of the shareholders of the Company.
2. In the case of shareholder being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in Section 115D read with Section 115E of the Act, long term capital gains arising from the transfer of an Indian company's shares (not covered by sections 10(36) and 10(38)), will be subject to tax at the rate of 10% as increased by a surcharge and education cess at an appropriate rate on the tax so computed, without any indexation benefit but with protection against foreign exchange fluctuation.
3. In case of a shareholder being a non-resident Indian, and subscribing to the share in convertible foreign exchange in accordance with and subject to the conditions and to the extent specified in Section 115F of the Act, the non resident Indian shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the transfer of shares in the Company upon investment of net consideration in modes as specified in sub-section (1) of Section 115F.

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4. In accordance with the provisions of Section 115G of the Act, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
5. In accordance with the provisions of Section 115H of the Act, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
6. As per the provisions of section 115 I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.
7. In accordance with and subject to the conditions and to the extent specified in Section 112 of the Act, tax on long term capital gains arising on sale on listed securities or units not covered by sections 10(36) and 10(38) will be, at the option of the concerned shareholder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and Education cess at an appropriate rate on the tax so computed in either case.
8. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
9. As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
10. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income as provided in the said section.
11. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10(36) and 10(38)) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the specified asset is transferred or converted into money.
12. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the Act, the shareholder would be entitled to exemption from tax on long term capital gains (not covered by sections 10(36) and 10(38)) arising on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
13. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase / construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a

period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

14. As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

BENEFITS AVAILABLE TO OTHER NON-RESIDENTS

1. Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after 1st April 2004 is completely exempt from tax in the hands of the shareholders of the Company.
2. In accordance with and subject to the conditions and to the extent specified in Section 112 of the Act, tax on long term capital gains arising on sale on listed securities or units before 1st October 2004 will be, at the option of the concerned shareholder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case.
3. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
4. As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
5. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income as provided in the said section.
6. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)) if such capital gain is invested in any of the long term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
7. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the Act, the shareholders would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
8. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.
9. As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Resident.

BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FII')

1. In case of a shareholder being a Foreign Institutional Investor (FII), in accordance with and subject to the conditions

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and to the extent specified in Section 115AD of the Act, tax on long term capital gain (not covered by sections 10(36) and 10(38)) will be 10% and on short term capital gain will be 30% as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case. However short term capital gains on sale of Equity Shares of a company through a recognized stock exchange or a unit of an equity oriented mutual fund effected on or after 1st October 2004 and subject to Securities transaction tax shall be taxed @ 10% as per the provisions of section 111A. It is to be noted that the benefits of Indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to FII.

2. As per the provision of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Resident.
3. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st October 2004 and such sale is subject to Securities Transaction tax.
4. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
5. In accordance with and subject to the conditions and to the extent specified in /section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10 (36) and 10(38)) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified asset is transferred or converted into money.
6. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the Act, the shareholders would be entitled to exemption from long term capital gain tax (not covered by sections 10 (36) and 10(38)) on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.

BENEFITS AVAILABLE TO MUTUAL FUNDS

In case of a shareholder being a Mutual fund, as per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES /FUNDS

In case of a shareholder being a Venture Capital Company / Fund, as per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, would exempt from Income Tax, subject to the conditions specified.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

As per the prevailing provisions of the above Act, no Wealth Tax shall be levied on value of shares of the Company.

BENEFITS AVAILABLE UNDER THE GIFT TAX ACT, 1958

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

BENEFIT TO THE COMPANY UNDER THE GUJARAT SALES TAX ACT AND THE CENTRAL SALES TAX ACT, 1956

In accordance with and subject to the provisions of the Government of Gujarat in Industries & Mines Department vide

Government Resolution No. INC-10200-903-1 dated 9.11.2001 and as amended vide corrigendum dated 12.11.2001, the company is entitled to purchase the raw materials, packing materials and all the processing materials utilized for the purpose of manufacturing goods, without the payment of sales tax. In addition, the company shall also be entitled for sales tax exemption on sales of finished goods, intermediates, by-products, waste & scrap produced by it at the rate of 100% for a period of ten years from 5th October 2003 upto the eligible fixed capital investment.

BENEFIT TO THE COMPANY UNDER THE CENTRAL EXCISE ACT

In accordance with and subject to the powers conferred by sub section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), read with sub section (3) of section 3 of the Additional Duties of excise (Goods of Special Importance) Act, 1957 (58 of 1957) and sub section (3) of section 3 of the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 (40 of 1978), and vide Notification No 39/2001 dated 31st July, 2001, the Central Government has exempted the eligible goods which are cleared from a unit located in Kutch district of Gujarat from so much of the duty of excise or the additional duty of excise, as the case may be, leviable thereon under any of the said Acts as is equivalent to the amount of duty paid by the manufacturer of goods other than the amount of duty paid by utilization of CENVAT credit Rules, 2001 for a period of five years commencing from 5th October, 2003.

Notes:

1. All the above possible benefits are as per the current tax laws as amended by the Finance Act, 2005.
2. All the stated possible benefits are as per the current tax law and will be available only to the sole / first named holder in case the shares are held by joint holders.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his / her /its own tax advisor with respect to specific tax consequences of his / her /its participation in the scheme. The shareholder is also advised to consider in his / her / its own case, the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

SECTION IV – ABOUT US

INDUSTRY OVERVIEW

INTRODUCTION

The construction sector plays a pivotal role in the economy of a nation. It is an integral part of and defines a country's infrastructural and industrial landscape. It includes hospitals, schools, townships, offices, houses and other buildings; industrial construction; urban infrastructure (Including water supply, sewerage, drainage); highways, roads, ports, railways, airports; power systems; irrigation and agriculture systems; telecommunications etc. Covering so wide a spectrum, construction forms a basic input for socioeconomic development.

Housing

The Indian housing industry is highly fragmented, with the unorganized sector, comprising small builders and contractors, and accounting for majority of housing units constructed. The organized sector comprises large builders and government or government-affiliated entities.

The Tenth Five Year Plan envisages a growth of 381% in the total investment made in the housing segment. Such growth is envisaged owing to the housing shortage, currently faced.

Commercial

Office Premises

Another major booster for the growth of real estate is growing demand for office premises especially by booming IT industry including BPO sector. It is expected that India would continue to be one of the preferred destinations for setting up back office operations. Consequently, the growth in the sector will translate into substantially higher demand for commercial space, adding to the overall investment in real estate activities.

Shopping Malls

Over the last decade, urbanisation has increased. The boom in the service sector in India in the recent years, has not only pushed up the disposable income of the urban population, but has also made them more brands savvy and status conscious. This increase in disposable income alongwith more brand awareness results in increase in sales of branded goods. The increasing income level and changing life style and consumer approach towards branded goods is expected to translate into higher demand for shopping mall space. This will lead to strong growth in mall development activities.

It is further expected that while mall development activity was initially restricted to a few major cities like Mumbai, Chennai, Delhi, Noida, Bangalore and Gurgaon it will now onwards extend to other cities like Surat, Jaipur, Vadodara Kolkata, Pune and Ahmedabad etc. thus causing a boom of real estate activities in those cities.

Multiplexes

Another growth booster for real estate activities is growing demand for multiplexes. The growth in multiplexes is being driven by the following factors:

Multiplexes typically have 250-400 seats per screen as against 800-1000 seats in a single screen theatre, which gives multiplex owners additional flexibility, enabling them to optimise capacity utilisation

Further, growth of multiplexes is being driven by favourable government policies. The income tax benefits has resulted in most major players announcing multiplex projects in smaller towns. The aforesaid growth of multiplexes is expected to push the growth of the real estate related activities.

Hotels/Resorts

With the increase of disposable income in the hands of Indian middle class, the ability of spending a larger portion of their income on tours and travels is going up. This factor, coupled with the changing lifestyle of Indian population, has created demand for quality hotels/resorts across this country. In addition, India is also emerging as a major destination for global tourism which in turn pushing up the demand for hotels/resorts across India. This increasing demand for hotels/resorts across India, is offering another opportunity for real estate development.

Builders

Real estate developers and builders are also changing their profiles. They have started becoming more organized, with a clear focus on building superior infrastructure, using the best quality materials. They are emphasizing on international standards and consciousness for better quality raw material. Technology has evolved in the construction business, so using them, as part of the process has been very vital in these competitive environments. The banks have also played an important role in the process, by increasing the availability of funds, which has helped evolve a new breed of developers. Thus providing opportunity for real estate development.

CERAMIC TILES INDUSTRY

Historical Background

The first clay tiles were produced seven to eight thousand years ago. Many sources independently verify that the actual known history of Tiles (and the known usage of wall and floor tile coverings) can be traced back as far as the fourth millennium BC (4000 BC) to Egypt. In those days, in Egypt, tiles were used to decorate various houses. Clay bricks were dried beneath the sun or baked, and the first glazes were blue in color and were made from copper, very exquisite!

During that period ceramics were also known to be found in Mesopotamia. These ceramics bore decorations, which were white and blue striped and later possessed more varied patterns and colors. Later on, in China too, the great center of ceramic art, a fine, white stoneware with the earliest Chinese glaze was produced during the Shang-Yin dynasty (1523-1028 BC).

The usage and the art of making and decorating ceramic tiles had spread and by 900 A.D., decorative tiles had become widely used in Persia, Syria, Turkey and across North Africa. As transport and communication developed, tile usage and its penetration in other territories increased. Wars and territory take-overs caused this art to spread even faster.

The Romans introduced tile making in Western Europe as they occupied territories. The Low Countries of Northern Europe somehow acquired the technology from Persia, while the Moors brought African tiles with them when they invaded Iberia (Spain). It was aboard the ships of Spanish conquistadors that decorative clay tiles found their way to the New World, where they were used primarily to decorate the Churches of newly built missions.

By the end of the 12th century, use and manufacture of Ceramic Tiles had spread across Italy, Spain and into the rest of Europe. Till that time they were mainly used to decorate the floors of Cathedrals and Churches. The skill had eventually vanished from Europe in the 16th century following the reformation. But the decorative wall tile art had survived in Turkey and the Middle East and the Delft tiles art survived in Holland.

A form of tile making had also evolved among the natives of North and South America at some point. The first decorative tiles to appear in Colonial North America were imported from Northern Europe, mainly England, the Brits having hijacked the technology from the Dutch. The tiles were too expensive for utilitarian purposes in the Colonies and were found almost exclusively in the homes of the wealthy.

Through the centuries, tile decoration was improved upon, as were the methods of tile manufacture. For example, during the Islamic period, all methods of tile decoration were brought to perfection in Persia. Throughout the known world, in various countries and cities, Ceramic tile production and decoration reached great heights. The tile mosaics of Spain and Portugal, the floor tiles of Renaissance Italy, the faiences of Antwerp, the development of tile iconography in the Netherlands, and the Ceramic tiles of Germany are all prominent landmarks in the history of Ceramic tile.

In the early days, the tiles were hand-made, each tile was hand-formed and hand-painted, and thus each was a work of art in its own right. Ceramic tile was used almost everywhere on walls, floors, ceilings, fireplaces, in murals, and as an exterior cladding on buildings.

Today Ceramic tile throughout the world is not hand-made or hand-painted for the most part. Automated manufacturing techniques are used and the human hand does not enter into the picture until it is time to install the tile. In commercial buildings, where both beauty and durability are considerations, ceramic tiles will be found, particularly in lobby areas and restrooms.

In fact most modern houses throughout use Ceramic tiles for their bathrooms and kitchens and in every vital area of the premise. Ceramic tiles are also the choice of industry, where walls and floors are must to resist chemicals. And the Space Shuttle never leaves Earth without its protective jacket of high-tech, heat resistant tiles.

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(Note: The above history has been compiled after taking varied sources of information into consideration)

(Source: <http://www.icctas.com/ceramicindustry.htm> official website of Indian Council of Ceramic tiles and Sanitary ware or ICCTAS)

Global Scenario of Ceramic Tiles Industry

In 2004, the ceramic tile industry continued to achieve positive results at a world level with increase of about 400 million square meters in both production (up 6.7% on 2003) and consumption (up 7.4% on 2003). During 2004, World ceramic tile production totaled 6560 million square meters, 6.7% up on the 6150 million square meters of 2003. The same year, consumption rose from 5724 million sq. mtrs. to 6150 million sq. mtrs. (up 7.4%). The ratio between consumption and production remained stable in 2004 at 94%. All the geographical areas of the planet have shown increase in both production and consumption, although the Asian continent continues to be the most significant area. In 2004 Asian production increased by about 260 million sq. mtrs. (out of a total world increase of 410 million sq. mtrs.) . In short, the world tile production pie chart continues to be divided up essentially three ways between Asia, with the lion's share of more than 52%, the European continent with 30% and the America with 14%. The breakdown in consumption is almost identical (51% in Asia, 26% in Europe and 18% in the America), the only substantial difference arising from the strong European exports to North America.

Top Manufacturing Countries

Ranking	Country	Production 2000 (Mn. Sq. Mtrs.)	Production 2001 (Mn. Sq. Mtrs.)	Production 2002 (Mn. Sq. Mtrs.)	Production 2003 (Mn. Sq. Mtrs.)	Production 2004 (Mn. Sq. Mtrs.)	% of world Production 2004
1.	China	1,807	1810	1868	2000	2200	33.5
2.	Spain	621	638	651	624	635	9.7
3.	Italy	632	638	606	603	589	9.0
4.	Brasil	453	473	508	534	566	8.6
5.	India	N.A.	N.A.	215	240	270	4.1
6.	Indonesia	200	220	230	260	260	4.0
7.	Turkey	175	150	162	189	216	3.3
8.	Mexico	138	167	159	171	177	2.7
9.	Thailand	56	63	100	115	135	2.0
10.	Iran	71	78	95	120	123	1.9
11.	Other 20 Countries	940	1016	971	1060	1140	17.4
Total		5093	5253	5565	5916	6311	96.2
Total World Production		5320	5500	5770	6150	6560	100

The 30 Major Manufacturing Countries cover 96.6% of World Production

The world Manufacturing areas are summarized in the following table:

AREAS	WORLD MANUFACTURING AREAS	
	PRODUCTION 2004 (Mn Sq/Mt.)	% OF WORLD PRODUCTION
EUROPEAN UNION (25)	1589	24.2
of which SPAIN	635	9.7
ITALY	589	9.0
OTHER EUROPE	360	5.5
(Turkey included)		
NORTH AMERICA	243	3.7
(Mexico included)		
CENTRAL-SOUTH AMERICA	687	10.5
of which BRAZIL	566	8.6
ASIA	3459	52.7
of which CHINA	2200	33.5
AFRICA	214	3.2
OCEANIA	8	0.1
TOTAL	6560	100.0

In the Asian continent, India is the second-largest tile producer after China. According to figures provided by the Indian Ceramic Tile Producers Association, production totaled 270 million sq. mtrs. last year compared to 240 million sq. mtrs. in 2003 and 215 million sq. mtrs. in 2002. Exports are still very low and imports insignificant. Local production entirely meets domestic demand, likewise at values close to 270 million sq. mtrs.

Ranking	Country	Top Importing Countries					% of world Imports 2004 (Mtrs.)
		Imports 2000 (Mn. Sq. (Mtrs.)	Imports 2001 (Mn. Sq. (Mtrs.)	Imports 2002 (Mn. Sq. (Mtrs.)	Imports 2003 (Mn. Sq. (Mtrs.)	Imports 2004 (Mn. Sq. (Mtrs.)	
1.	USA	155	160	189	207	231	14.2
2.	France	97	104	104	104	109	6.7
3.	Germany	143	127	113	111	100	6.1
4.	UK	44	54	48	52	61	3.7
5.	Saudi Arabia	34	48	61	55	50	3.1
6.	South Korea	10	22	32	42	42	2.6
7.	Greece	35	33	33	33	39	2.4
8.	Australia	25	24	28	25	37	2.3
9.	Russia	10	21	22	27	30	1.8
10.	Canada	21	24	27	23	28	1.7
11.	Israel	25	31	26	24	24	1.5
12.	Belgium + Lux	26	25	24	25	22	1.3

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Ranking	Country	Top Importing Countries					
		Imports 2000 (Mn. Sq. Mtrs.)	Imports 2001 (Mn. Sq. Mtrs.)	Imports 2002 (Mn. Sq. Mtrs.)	Imports 2003 (Mn. Sq. Mtrs.)	Imports 2004 (Mn. Sq. Mtrs.)	% of world Imports 2004 (Mtrs.)
13.	Italy	13	14	16	13	22	1.3
14.	Netherlands	21	19	19	18	18	1.1
15.	Romania	4	8	9	11	18	1.1
16.	Hungary	11	13	14	13	17	1.0
17.	Austria	17	16	15	16	16	1.0
18.	Poland	27	26	23	23	16	1.0
19.	India		1	10	15	15	0.9
20.	Thailand				9	15	0.9
Total		717	769	813	846	909	55.8
Total World Imports		1160	1259	1410	1510	1630	100.0

Imports of the 20 major Importing countries represent 14.8% of world consumption. Imports of USA Represent 3.8% of world consumption.

(Source: Ceramic World Review 63/2005 page nos. 58, 60, 62, 68, and 74)

The following table summarizes the global situation of ceramics products:

Sr. No.	Particulars	Ceramic Tiles	Sanitary Ware
1	World production	6400 million sq. mtrs.	187 million pieces
2	India's share	200 million sq. mtrs.	6.7 million pieces
3	World ranking in production	7	Not in top 10 India accounts for 3.3%
4	Global industry growth rate	6%	5-7%
5	Growth rate (India domestic market)	12%	10%
6	Organized sector		
	% share in production	56%	43%
	Nos. of units	15	6
	Production capacity		103300 M.T. p.a.
	Actual production		95000 M.T. p.a.
7	Unorganized sector		
	% share in production	44%	57%
	Production capacity	200	136700 M.T. p.a.
	Actual production		120000 M.T. p.a.

(Source: <http://www.icctas.com/ceramicindustry.htm>)

Indian Scenario of Ceramic Tiles Industry

In India, ceramic tile industry emerged in the late 1950s. Ceramic tile industry can be classified into three segments – wall tile segment, floor tile segment and vitrified & porcelain tile segment. In India the floor tiles segment is growing at a faster rate. The market for wall tiles is rising at a relatively slower pace and this has resulted in high excess capacity in the wall tile segment.

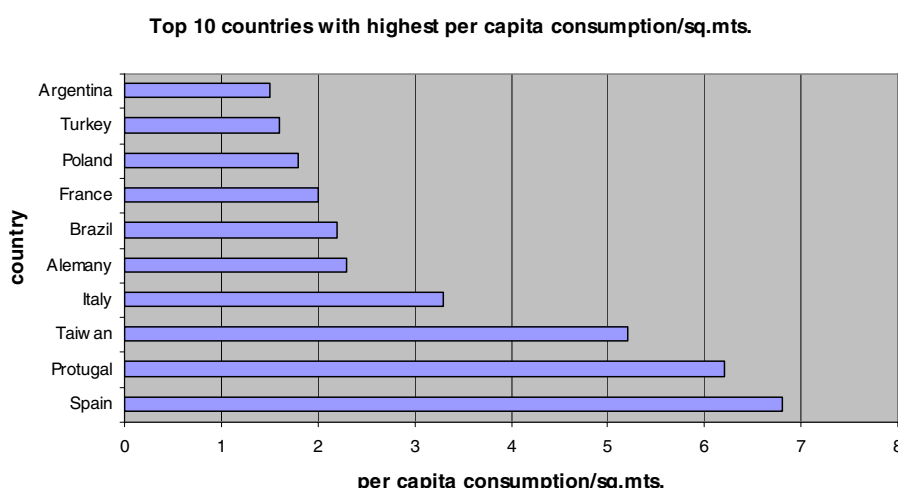
The entry of two new product categories Vitrified Ceramic Tiles & Porcelain tiles has increased the size of the market considerably. It is expected that these products will gradually take away the market from the conventional ceramic tiles (wall and floor). As far as manufacturing of ceramic tiles is concerned, both the organized as well as the unorganized sectors play important role in India. Porcelain and Vitrified Ceramic Tiles are relatively new in the Indian market. Industry perception is that these new tiles will gradually take away the market from mosaic and conventional ceramic tiles (wall

and floor). In the late 1980's and even in early 1990's mosaic tiles were in great demand in India. But it started losing ground to vitrified and porcelain tiles since the inception of the latter in the late 1990's. Unlike the mosaic tiles, which are very heavy and expensive to transport, ceramic tiles are light and can be fixed on the floor easily. Moreover, porcelain and Vitrified Ceramic Tiles have a designer look, which is in great demand among the new generation Indians. Because of these factors, ceramic tiles, particularly porcelain and Vitrified Ceramic Tiles are gaining ground in the Indian market at present.

Per Capita Consumption of Ceramic Tiles

The per capita consumption of ceramic tiles in India is very less as compared to the other countries in the world. In fact, it is as low as 0.15 sq. mtr. per annum and hence does not appear in the figure below. This lower per capita consumption shows the likely demand that is going to arise in the future in India as more and more development takes place.

Spain and Portugal are the countries with the highest per capita consumption of ceramics tiles in the world. It may also be noted that the countries in the Asia Pacific are still to appear in the graph below which is the sign of future demand for ceramic products in this sector.



(Source: <http://www.icctas.com/ceramicindustry.htm> official website of Indian Council of Ceramic tiles and Sanitary ware or ICCTAS)

Highlights of Indian Ceramic Tiles Industry

- Ceramic Tiles are furnishing materials apart from being utility or hygiene products - despite an overall slowdown of the economy this sector continues to grow at a healthy 12% per annum.
- Investments in the last 5 years have aggregated over Rs. 2000 crore (or INR 20 Billion) and production during 2003-04 stood at approx. 200 million sq. mtrs.
- Growth of the unorganized sector accounted for 44% of total production, which bears testimony of the attractive returns from this industry.
- Revenue earning industry - excise mops up over Rs. 150 crore (or INR 1.5 Billion) annually from the organized sector itself.
- Ranks in the top 7 in terms of production in the world. Market share of India has risen from a little over 1.7% to 2.7% in terms of ceramic tile production.
- With proper planning and better quality control our exports (presently insignificant) contribution can significantly increase.

(Source: <http://www.icctas.com/ceramicindustry.htm> official website of Indian Council of Ceramic tiles and Sanitary ware or ICCTAS)

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SANITARY WARE INDUSTRY

Historical Background

Toilet is part of history of human hygiene which is a critical chapter in the history of human civilization and which cannot be isolated to be accorded unimportant position in history. Toilet is a critical link between order and disorder and between good and bad environment.

As long as man did not have an established abode, he did not have a toilet. When he learnt to have a fixed house, he moved toilet to courtyard and then within his home. Once this was done, it became a challenge to deal with smell and the need was felt to have a toilet, which can intake human wastes and dispose these out of the house instantly and, thus, help maintain cleanliness. Man tried various ways to do so. While the rich used luxurious toilet chairs or cross stools, the poor defecated on the roads, in the jungle or straight into the river.

It was only in the 16th century that a technology breakthrough came about and which helped the human beings to have clean toilets in houses. This breakthrough did not come about easily and human race had to live in unsanitary conditions for thousands of years. The perusal of literature brings home the fact that we have only fragmentary information on the subject of toilet as a private secluded place to help the body relieve its waste. Sitting type toilets in human history appeared quite early. In the remains of Harappa civilization in India, at a place called Lothar (62 Kilometers from the city of Ahmedabad in Western India) and in the year 2500 BC, the people had water borne toilets in each house and which were linked with drains covered with burnt clay bricks. To facilitate operations and maintenance, it had manhole covers, chambers etc. It was the finest form of sanitary engineering. But with the decline of Indus valley civilization, the science of sanitary engineering disappeared from India. From then on, the toilets in India remained primitive and open defecation became rampant.

It was around 1900 that the institution of bathroom came in vogue in Europe. In India, the institution of Ghushalkhana (bathroom) was established by the Mughal Kings in 1665. Oppressed by the heat and dust the Kings constructed luxurious bathing and massage facilities. But this was only for the rich. The ordinary citizens however lived in unsanitary conditions.

Unlike in the past, when latrines were tucked away in attics to keep it away from nose and eye of the family and the society, In contrast the twentieth century, has given a pride of place to toilet in home-rather these are more opulent, more spacious than anytime in the past. While the provision of toilet in the house solved household problem of cleanliness but the challenge remained as to how to dispose of human waste at city level. This was also solved when the sewerage system was introduced. Houseman in 1858 describes beautifully the sewerage system. He said "the underground galleries which are the organs of the big city will work in the same way as organs of the body, without being revealed.

(Source: <http://www.icctas.com/ceramicindustry.htm> official website of Indian Council of Ceramic tiles and Sanitary ware or ICCTAS)

Indian Scenario of Sanitary Ware Industry

India is a large, highly populated Country of around one billion people, with an economy, which is steadily growing. As per the study, there were an estimated 125 million dwellings in India (1995), but 200 million households. This reveals an acute housing shortage. The U.N. predicts an increase in the population of 1.6% per annum. There is a gradual migrant shift from rural to urban areas and 27% of the population now lives in urban areas as compared to 20% in 1971. There is a large difference in amenities between the urban population and the rural. In 1994, 70% of the urban population had access to adequate sanitation, whereas in the rural community only 14% had access. In 1991, approximately 64% of urban households had some kind of toilet facility compared with 9% of the rural areas. There is a widening difference in income between different regions, the rich and the poor.

Sanitation is a must for every individual of our society. According to the Government estimates, more than 50% of the urban population does not have access to sanitation facilities. Condition of the rural areas so abysmal that only 6% of the population is covered by sanitation.

Sanitary Ware Industries in India for the last 6-7 years have shown very dramatic growth. The demand for Sanitary wares in India is growing @ 15% -17% every year.

The Sanitary Ware industry in India is divided in two sectors – the Organized and the Un-organized sector. The Organized sector produces fully vitrified sanitary wares, using latest technology and best of Ceramic Raw Materials available in

India. The unorganized sectors have adopted local Indian technology to manufacture the basic sanitary ware products. Since the availability of raw material is in abundance and also very cheap in the state of Gujarat & Rajasthan, various companies have established their factory in these areas. Government of India Policy on Housing Sector is very encouraging. The Government has announced Income Tax rebate on housing loan to boost the housing sector. All financial institutions are lending money for construction of house at a very low rate of interest. Government figure shows that Housing Sector is growing by approximately 25% every year. The need of Housing in India with 100 crore-population looks to be very potential. As per DGTD Survey Report there is a shortage of about 20 million houses in the country by the end of 8th Five Year Plan. The housing has become a basic necessity, as people in India are looking forward for improved sanitary condition. The cost of producing sanitary ware in India is substantially low as compared to the advance countries, because the labour cost and the basic raw materials for manufacturing quality sanitary wares is available at cheap rate and in abundance. Because of our low cost of production, Indian sanitary wares are very competitive in the neighboring countries and hence export from India is also growing everyday.

(Source: <http://www.icctas.com/ceramicindustry.htm> official website of Indian Council of Ceramic tiles and Sanitary ware or ICCTAS)

Important Aspects of Ceramics Products (Tiles & Sanitary Ware)

- The word ceramics derives its name from the Greek word “Keramos”, meaning “pottery”, which is in turn derived from an older Sanskrit root, meaning “to burn”. The Greeks used the term to mean, “Burnt stuff” or “burnt earth”. Thus the word was used to refer to a product obtained through the action of fire upon earthly materials.
- The ceramics sector mainly consists of three sub sectors, namely, ceramic tiles, sanitary ware and crockery items.
- Vitrified Ceramic Tiles are pulverized form of clay with adequate percentage of Ukraine clay pressed under very high pressure and fired at very high temperature, which gives thick slab known as Vitrified Ceramic Tiles. Vitrified Ceramic Tiles, a form of Ceramic tiles, have less water absorption.
- The Vitrified Ceramic Tiles have strength higher than natural stones, but can be made beautiful compared to other stones.

Potential for Indian Ceramic Industry (Tiles & Sanitary Ware)

In the recent years, the ceramic industry is witnessing encouraging trends in domestic demand powered by sustained rise in housing construction and booming hospitality industry. The industry has also laid greater trust on cost control measures, capacity expansion, and exploration of newer markets and introduction of newer designs. All these measures are expected to facilitate better growth in the industry's revenues and profitability in future.

Ceramic and sanitary ware industry is highly integrated with construction industry and high growth rate in construction sector brings forth fortune for the ceramic and sanitary ware industry. In India the construction sector is expected to do well in the future mainly due to fiscal incentives given to infrastructure development. In the budget of 2004-05, provision was made to set up an Inter Institutional Group (IIG) for speedy implementation of infrastructure projects. Airports, seaports and tourism were identified as the target sectors of the IIG. The budget also set a target to build 250,000 rural housing units per year. In this year's budget (2005-06) too, thrust has been given on the infrastructure development through the grand “Bharat Nirman” project, which aims to strengthen rural infrastructure within a span of four years. Housing is one among the six sectors that has been identified under this project, aims to build 60 lakh additional houses for poor. Also the proposal to include repayment of principal of the housing loan under section 80C, upto Rs. 1 lakh will boost housing demand. Apart from the budget incentives, the housing sector is also expected to grow because of low interest rates on housing loans. All these would provide impetus to growth in construction sector, which in turn would fuel the growth of ceramic product market. Thus the industry prospects seem to be very good. However, in the medium term, the industry could be impacted adversely, as the players are not in a position to pass on the likely increase in the natural gas prices to end users.

Factors that might affect the growth of the tile and sanitary ware sector in the future are listed below:

- **The Construction and Housing Boom :** The softening interest rate regime and the real-estate and construction boom have played key roles in bolstering demand for ceramic tiles. Apart from the retail segment, comprising primarily of residential housing, the demand for tiles picked up from the institutional segments as well. The increased activity in retailing business along with the economic growth has propelled the institutional segment. The continued

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boom in the construction sector, housing industry in particular, will spur the demand for ceramic tiles in future. With expanded capacity in place, the industry would also have the option to enhance its export earnings if there is surplus capacity.

- **New Housing Policy:** The new housing policies announced by the government would result in a renewed construction activity, which would favour the ceramic product manufacturing industry.
- **Rural growth:** There is tremendous potential for the domestic ceramic manufacturers to expand business in the rural India, which has been virtually untapped by the tile industry so far. The strong growth witnessed by the Indian agricultural sector in the last two years along with the major thrust given on irrigation activities and rural housing projects is expected to boost the purchasing power of rural population, which will increase the demand for ceramic products.
- **Per capita consumption:** In India per capita consumption of ceramic tiles is as low as 0.09 sq. mt. per annum compared to 5 sq. mt. per annum in Europe. Most of the existing demand comes from the urban and semi urban areas. However, the rural demand is also expected to grow in future because of increasing rural income, increasing health/hygiene consciousness and the growing tendency of Indian people to adopt new construction materials in their changing life style. The tiles today have practically started decorating all the possible areas like dwelling places, working areas, public places, schools and hospitals. So, one can expect a major market growth and increase in per capita consumption of ceramic products in the coming future.
- **Branded Products:** There is a growing trend of brand consciousness in India at present. Customers are becoming more and more brands conscious because of assured quality on the one hand and higher social prestige associated from the use of branded product on the other. This trend is expected to continue in future and this would place the organized sector at an advantageous position over the unorganized sector. This sector will contribute towards all the domestic requirements.
- **After sales services:** Some of the companies have opened customer care cell to look into customer needs and grievances. Also service engineers have been appointed to supervise the tile laying process at the customers place. Better after sales services are expected to increase the competitiveness of the firms.
- **Export Growth:** There is scope for India to increase its export volume. But to increase its export in the most advanced remunerative markets, it has become essential to establish a loyal sales network and a brand name that is recognized and respected by industry professionals. Thus importance must be given on brand building and networking.

(Source: working paper no. 10 "Indian Ceramic Industry: Perspective and Export Potential" prepared by Industry Research Wing, Planning & Research Group of Export Import Bank of India)

ALUMINUM EXTRUDED SECTIONS INDUSTRY

Historical Background

The ancient Greeks and Romans used salts of this metal as dyeing mordants and as astringents for dressing wounds, and alum is still used as a styptic. Further Joseph Needham suggested finds in 1974 showed the ancient Chinese used aluminium. In 1761 Guyton de Morveau suggested calling the base alum 'alumine'. In 1808, Humphry Davy identified the existence of a metal base of alum, which he named.

The American Charles Martin Hall of Oberlin, OH applied for a patent (400655) in 1886 for an electrolytic process to extract aluminium using the same technique that was independently being developed by the Frenchman Paul Héroult in Europe. The invention of the Hall-Héroult process in 1886 made extracting aluminium from minerals cheaper, and is now the principal method in common use throughout the world. Upon approval of his patent in 1889, Hall, with the financial backing of Alfred E. Hunt of Pittsburgh, PA, started the Pittsburgh Reduction Company, renamed to Aluminum Company of America in 1907, later shortened to Alcoa.

The statue known as Eros in Piccadilly Circus London, was made in 1893 and is one of the first statues to be cast in aluminium. Aluminium was selected as the material to be used for the apex of the Washington Monument, at a time when one ounce cost twice the daily wages of a common worker in the project.

Germany became the world leader in aluminium production soon after Adolf Hitler seized power. By 1942, however, new

hydroelectric power projects such as the Grand Coulee Dam gave the United States something Nazi Germany could not hope to compete with, namely the capability of producing enough aluminium to manufacture sixty thousand warplanes in four years. (Source: <http://en.wikipedia.org/wiki/Aluminium> website of WIKIPEDIA the free encyclopedia)

The Product is mainly used in construction, transport and consumer durables. Aluminium extrusions are mainly used in these areas due to lower maintenance costs, corrosion resistance and high scrap value.

Indian Scenario of Aluminium Extruded Sections

Due to inherent qualities of aluminium, it is being increasingly used as a replacement for any other kind of metal. In the construction sector, aluminium is replacing wooden and metal frames. With the boom in the construction industry, there is more possibility of use of Aluminium Extruded Sections being used. Now days, the trend is towards using window sliding and panels in the high rise buildings, malls and commercial premises. Also, aluminium is increasingly being used in false ceilings, partitions and cabins in offices and commercial premises. To sum up with the multifold development in construction Industry and superiority of aluminium sections over wood and steel its demand is increasing day by day.

Important Aspects of Aluminium used in Our Products:

- Aluminium is a soft and lightweight metal with a dull silvery appearance, due to a thin layer of oxidation that forms quickly when it is exposed to air. Aluminium is nontoxic (as the metal), non-magnetic, and non-sparking.
- Aluminium is about 1/3rd as dense as steel or copper which is malleable, ductile, easily machined and cast and has durability due to the protective oxide layer.
- Aluminium extrusions are mainly used in Construction, Transport and Consumer durables.
- It has Lower maintenance cost, corrosion resistance and high scrap value.
- Aluminium Extrusions are mainly used in Windows, door frames, roofings, partitions, false ceilings and hardware.
- These are also used as Electrical accessories, refrigerators and Air conditioners, etc.

(Source: <http://en.wikipedia.org/wiki/Aluminium> website of WIKIPEDIA the free encyclopedia)

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OUR BUSINESS

Our Company is currently engaged in manufacturing of Vitrified Ceramic Tiles and Aluminum Extruded Sections. Our manufacturing facilities are located at Taluka Bhachau, District Kutch, Gujarat. Currently, we have two lines for manufacturing Vitrified Ceramic Tiles with total installed capacity of 79,971 MTPA, whereas for Aluminum Extruded Sections total installed capacity is of 1,800 MTPA. The first line for manufacturing Vitrified Ceramic Tiles with an installed capacity of 35,880 MTPA commenced operations in October, 2003 alongwith manufacturing Aluminium Extruded Sections with installed capacity of 1,800 MTPA. The second line for manufacturing Vitrified Ceramic Tiles with an installed capacity of 44,091 MTPA commenced operations in December 2005.

Vitrified Ceramic Tiles

The Vitrified Ceramic Tiles manufactured by us are of International Standard ISO 13006/EN 176 Group B1a. Vitrified Ceramic Tiles have application in all the three segments of construction industry viz.

- Residential complexes
- Commercial complexes (SEZ's, I.T. Parks, Airports, Hotels, Web Worlds, Call Centres etc.)
- Retails (Shopping Malls, Multiplexes etc.)

Our manufacturing facilities for Vitrified Ceramic Tiles are fully automated with least human intervention, which ensures international quality standards with optimum utilization of installed capacity. The major parts of the said manufacturing facilities are procured from SACMI, Italy, which is one of the leading suppliers of Ceramic Manufacturing Technology. We believe that our Company is one of the leading exporters of Vitrified Ceramic Tiles. We export Vitrified Ceramic Tiles and have embarked our presence in countries like South Africa, United States of America, and the countries of Middle East like United Arab Emirates, Bahrain, etc.

Our Vitrified Ceramic Tiles are available in various series like:

- Mono Colours
- Marble
- Matt (Oxidised)
- Rustics
- Granite (Salt & Pepper)
- Full Body (Multicharge)
- Royal
- Pearl
- Bianco
- Snow
- ACD
- Topaz
- Super White
- Mega White
- Honed
- Silky Matt
- MDR

The Vitrified Ceramic Tiles manufactured by us are having different applications like:

- Flooring
- Wall Fixing
- Steppers
- Skirtings
- Riser
- Bullnose

The Vitrified Ceramic Tiles segment contributes a substantial portion to our total sales. For the year ended March 31, 2006, this segment contributed about 84% of our sales and for half year ended September 30, 2006 it contributed about 87.96% of our sales (as per our standalone financial statements).

Aluminium Extruded Sections

We also manufacture Aluminum Extruded Sections, which are used in construction and industrial applications. The Aluminum Extruded Sections manufactured by us includes tubes, frames for doors and windows, panels and strips etc. For manufacturing Aluminium Extruded Sections, we are mainly using indigenous plant and machineries. The Aluminium Extruded Sections manufactured by us are sold in domestic market.

Since, one of the major manufacturing cost components is power and fuel, our Company has installed a lignite based 10 MW Captive Power Plant, which provides cost effective and uninterrupted power supply. The Captive Power Plant commenced generation of power from March 2006. The abundant availability of lignite in Kutch District, Gujarat is advantageous for our raw materials requirement for our Captive Power Plant. Our current cost of power generation is about Rs. 2.50 per unit against per unit average actual cost of Rs. 4.19 paid to GEB during FY 2006. Our Company has also installed Gasifier for generating gas in order to reduce fuel costs and to achieve self Sufficiency for gas.

Sanitary Ware Products

Due to the growing demand in the housing & construction sector coupled with increased concentration of the government on the improvement of infrastructure and sanitation facilities in India, there has been a corresponding rise in the demand for the ceramics products. To tap the abundant business opportunities so created, we have also planned to diversify our business into Sanitary Ware segment. This diversification will enable us to add more products of our brand to the ceramics industry and bridge the gap of demand and supply of ceramics products in our country.

Calcarious Tiles

Our Company is setting-up manufacturing facilities for the production of Calcarious Tiles, at Bhachau, Kutch District in Gujarat, at our existing land, which will cater to the requirements of upper end segment of the tiles market, where competing products are natural marble and natural granite. The cost of setting up the manufacturing facilities is estimated at Rs. 8196.00 Lacs and is funded by the term loan from State Bank of India. We have already ordered and received majority of plant and machinery (imported as well as indigeneous) and installation of the same is under process. The commercial production from this unit is expected to start by June 2007.

Calcarious tiles provide the elegant looks of marble and granite. These tiles have a low production cost as these are manufactured out of waste stones. The advantage of Calcarious tiles is that huge quantities can be repeatedly manufactured in same design, colour and size which is not possible in case of marble or granite. Calcarious tiles are less sensitive to dust and dirt and being pre polished are not required to be polished again unlike marbles. Due to all the above properties the calcarious tiles are becoming popular.

Our Subsidiary

Our wholly owned subsidiary, Euro Merchandise (India) Limited (EMIL) is engaged in the business of trading of wall and floor tiles, which include varieties like ceramic, glazed porcelain and rustic tiles. It is engaged in trading of tiles, which are as per the international standards.

Further, to build up a marketing base and to develop a brand presence for Sanitary Ware Products, EMIL has recently started trading of Sanitary Ware Products in the domestic market.

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For further details about our subsidiary, please refer to the section titled “Our Subsidiary” beginning on page 120 of this Red Herring Prospectus.

BRIEF DETAILS OF THE PROJECT

Location

We have purchased around 21.77 acres of agricultural land at Taluka Bhachau, District Kutch for setting up the proposed Sanitary Ware Project. We have already applied for conversion of the entire agricultural land into industrial land to the Deputy Collector, Anjar, Kutch, Gujarat. We have already received preliminary order for 5.49 acres of agricultural land, for use for Industrial purposes. For further details about acquired land, please refer to the section titled “Property” beginning on page 108 of this Red Herring Prospectus.

Plant & Machinery

For details about the Plant & Machinery, please refer to the section titled “Plant & Machinery” beginning on page 60 of this Red Herring Prospectus.

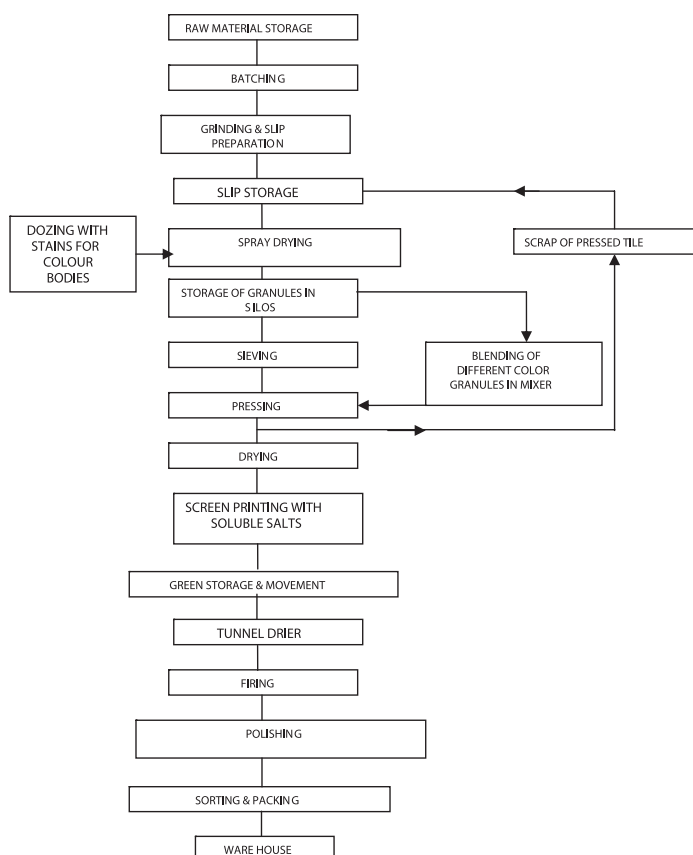
Technology

Our Company uses the proven technology for manufacturing Vitrified Ceramic Tiles and Aluminium Extruded Sections, which we intend to continue for proposed Sanitary Ware Project also.

Manufacturing Process

VITRIFIED CERAMIC TILES

The detailed manufacturing process of Vitrified Ceramic Tiles is as follows: -



Raw Material Storage

The major raw materials used in the manufacturing of Vitrified Ceramic Tiles are Soda Feldspar, Potash Feldspar, China Clay, Ukraine Ball Clay, Zirconium silicate, and Quartz. These raw materials are stored in individual bins at the factory and then are taken out from respective bins for loading to a box feeder, which contains weighing hoppers for the individual raw materials.

Batching

The raw materials from the weighing hoppers are moved to a main conveyor belt as per the preset composition. This conveyor belt feeds the raw materials to the continuous ball mill.

Grinding and Slip Preparation

In this process the raw materials are wet grinded in continuous ball mills to make homogeneous slurry and to reduce the particle size of the raw materials. Alubite and flint pebbles are used as a grinding media. The water input in the ball mill is controlled by an automatic water flow meter, which avoids variation of water content in the slip. Deflocculates and dispersing agents are added in order to achieve a high density and stable particle size of the spray-dried granules.

Slip Storage

After grinding, the slip is continuously discharged on vibrating sieves and then into the storage tanks. The slip in the tanks is agitated continuously with high efficiency blungers to avoid settling of slip.

Spray Drying

In this process, the Slip from the storage tanks is fed into the spray drier at a constant pressure by means of a high-pressure piston pump. In Spray Drier the slip is atomized against hot air to convert slip into granules.

Storage of Granules in Silos

The spray-dried granules are stored in silos. Ageing of granules in silos increases the working properties of granules and homogenization of moisture, this is then taken to the press hoppers. .

Sieving

In this process the granules are passed through the vibrating sieves. The vibrating sieve removes coarse particles from the granules and thus removing the impurities from the production process.

Blending of Different Color Granules in Mixer

In this process, granules of two to three different colours are blended in a mixer as per the predetermined composition to give different shades and designs.

Pressing

The granule is pressed by means of automatic hydraulic press to facilitate formation of tiles of different shapes and sizes.

Drying

After pressing, the tiles are moved to horizontal dryer for drying.

Screen Printing With Soluble Salts

After drying, the tiles are applied with penetrating soluble salts with required designs by screen-printing machines. In this process, soluble salts of different metals are used to get different colors. As the tiles are polished after firing, the penetration of soluble salts is required up to 2 m.m. and to aid this penetration, required quantity of water is applied before and after screen-printing.

Green Storage & Movement

The tiles are loaded into boxes for storage. The main purpose of storing tiles in boxes is to maintain continuous feeding of green tiles to the kiln, In absence of which the temperature in the kiln will fluctuate due to feeding gaps.

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Tunnel Drier

The storage boxes go into the tunnel drier before they go into Kiln. In tunnel drier, the moisture content (whether residual or absorbed) in the tiles is removed.

Firing

Firing is the most important stage of the whole production process. It actually creates the ceramic materials by transforming the green tile into new vitreous compositions that confers key properties like, insolubility, solidity, bending strength, impermeability and resistance to chemicals.

As firing progresses and temperature increases, the material passes through a number of critical thermal zones, generally defined by the chemical reactions that take place within them. Fired tiles from the kiln are transported to the polishing line by a forklift truck.

Polishing

The process of Polishing includes: -.

- I. Calibrating or surface leveling
- II. Coarse grinding
- III. Polishing
- IV. Squaring

I. Calibrating or surface leveling:

Fired tiles are fed to the first calibrating unit by feeding conveyor. Calibration is done to remove warpage and to provide a flat surface.

II. Coarse grinding:

The aim of coarse grinding is to eliminate any surface roughness that may have been caused by rough flattening.

III. Polishing:

Polishing employs tangential heads to give the tile a mirror like finish without any scratches, shadows or signs of machining.

IV. Squaring & Chamfering:

This is a combined system of Tangential rough flattening grinder wheels, frontal rough flattening grinder wheels and tilted chamfering grinding wheels. Tangential grinders remove up to 3-4mm on each side of the tile, while frontal grinders are used to smooth the roughness generated by the former. Chamfering units eliminate the sharp corners on the face of the tile. Usually they operate at 45 degrees, since all four sides of the tiles are needed to be squared.

Sorting and Packing

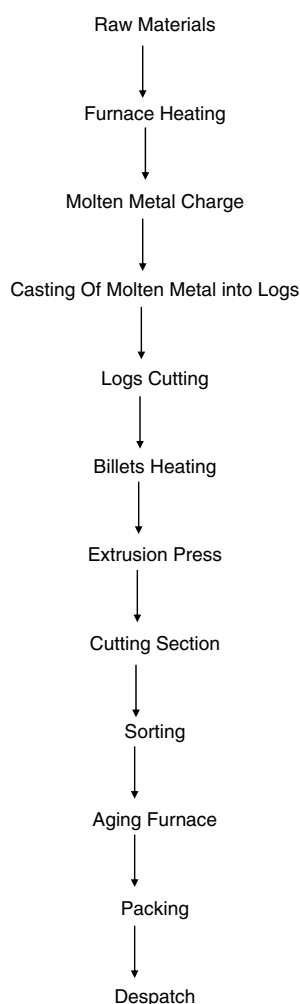
Sorting and Packing of the Vitrified Ceramic Tiles is done through semi-automatic sorting line, which classifies tiles into 4 categories. The categorized tiles are then packed in paper cartoons and boxes and are marked with different codes.

Warehouse

The Vitrified Ceramic Tile cartons are placed on pallets and sent to ware house in which the boxes are stored and dispatched as per the orders received from the marketing department.

Aluminum Extruded Sections

The detailed manufacturing process of Aluminum Extrusion Sections is as follows:



Raw Materials

Aluminium ingots and aluminium scrap is a raw material for aluminium extrusion process. These are separated and sorted before they are sent to the furnace for heating and melting of aluminium.

Furnace Heating

The process consist of melting raw material i.e. aluminium Ingots or Aluminium Scrap in a furnace and necessary mixing is done for making different alloys of aluminium.

Molten Metal Charge

In this process a running sample of molten metal is taken for testing by spectrophotometer. The test gives the proportion of Aluminium content in the molten metal present in the furnace. To get the desired percentage of aluminium metal in the section the molten metal needs to be charged. This is done by adding chemicals such as ceraflux 5, degosor, tibon and magnesium in certain pre-specified proportion. This process gives the molten metal of exact aluminium content.

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Casting of Molten Metal into Logs

The Direct Chilled Casting Machine (DC Casting machine) is used to cast the billets from molten metal melted in the furnace. The billets are in lengths ranging from 3 meters to 5 meters.

Log Cutting

The billets are then cut to required length by the billet cutting machine. The cut size billets are fed to billet heating furnace.

Billets Heating

In the billet-heating furnace the billets are heated to 400 Deg. C to 450 Deg. C. The heated billet is then loaded into the Extrusion Press.

Extrusion Press

The Hot Billet loaded into the press and extruded through the die fitted in the die holder of the extrusion press. The dies of the press are changed as per the requirement. The press is capable of extruding solid and hollow sections used for application as stated above. The extruded section when is passed through water or air is blown from cooling fans provided in front of the press, the section is pulled either by a puller or manually to avoid the sections getting entangled. At the end of the extrusion cycle the extruded length of the section is cut and transferred to the lengthy cooling bed. The extruded sections are allowed to further cool down before straightening or stretching.

The extruded sections are stretched/ straightened by the stretching m/c with de-twisting head, which is used to remove the twists in the extruded sections formed during the extrusion process. The straightened sections are transferred to storage beams and are stored there for cutting.

Cutting and Sorting

The sections are then cut to the required length as per the market demand. The cut lengths are transferred for quality inspection and after which it is stacked on the trolley of the Ageing Oven.

Ageing Furnace

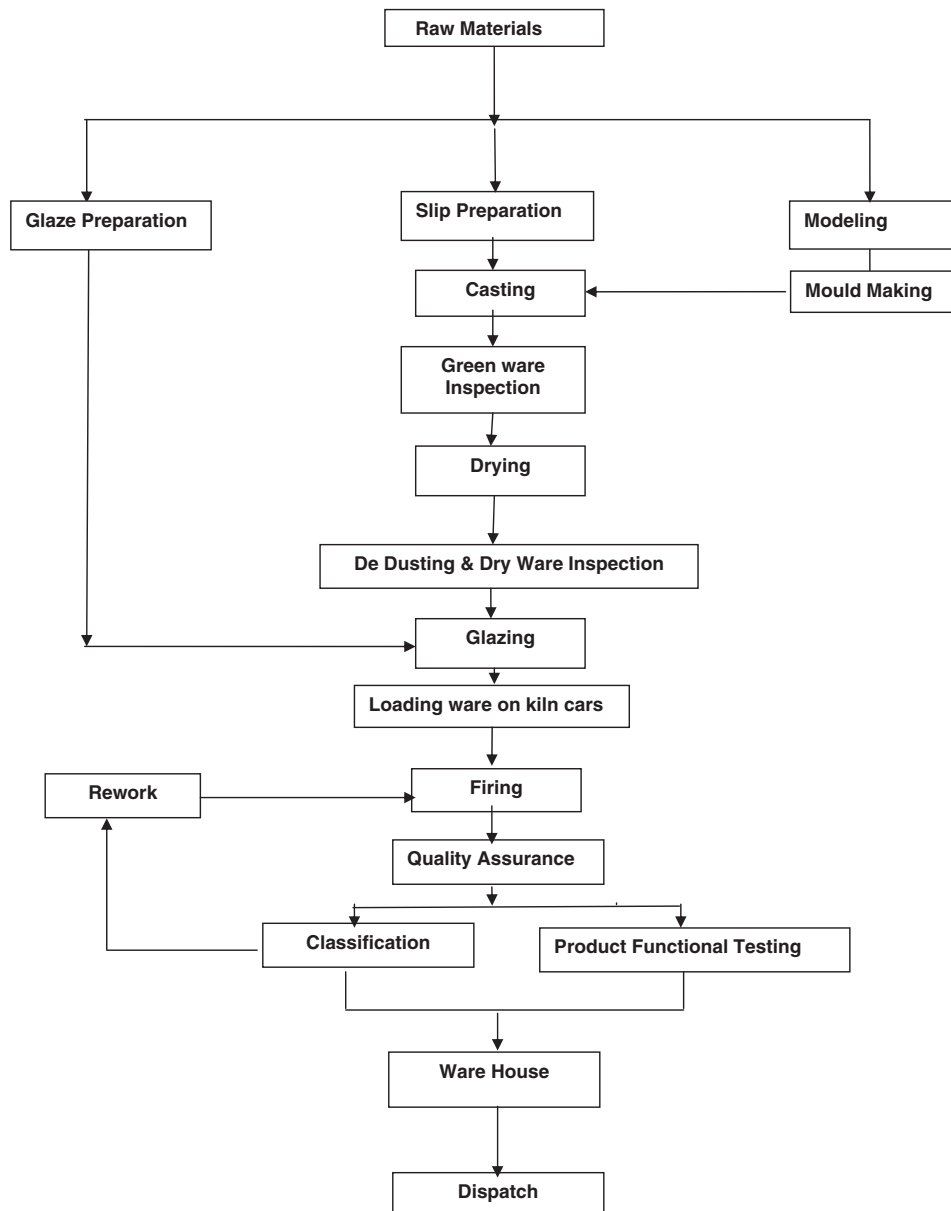
The Ageing Oven is literally a furnace used to harden the Aluminium Sections. The trolleys loaded with the good length of the extruded sections are pushed into the Oven and the Oven is sealed from both the sides. The Temperature inside the Oven is raised till 180 deg C and is maintained for nearly 6 to 7 hours. After the soaking period the doors of the Oven are opened and left to cool at room temperature. After cooling the product is ready for packing and dispatch.

Packing and Dispatch

The aluminum sections is then rapped in thin plastic film and marked for dispatch. The Aluminium sections are then stored in the warehouse ready for dispatch.

SANITARY WARE PRODUCTS

The detailed manufacturing process of Sanitary Ware Products is as follows:



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Raw Materials

Key Raw materials required for Sanitary Ware manufacturing are Ball Clay, China Clay, Than Clay, Potash Feldspar, Quartz Powder, stains, special additives like Deflocculates and Plaster of Paris (For mould making). The raw materials delivered to Factory are stored in different bins for slip making and Glaze preparation processes.

Slip Preparation

Slip is a mixture of water, solid raw materials and additives. The raw materials are weighed in required proportions as per composition by using programmable logic controlled weighing system; weighed materials are fed into the high speed blungers containing required quantity of water for thorough mixing. Slip parameters are checked and corrected if required. After blunging and attaining required slip parameters like thixotropy, viscosity and liter weight slip is discharged through magnets and sieves (#100 mesh) to remove contaminants from the slip.

The prepared slip is stored in various RCC storage tanks with continuous agitating system for proper ageing. After 72 hours of ageing and adjusting slip parameters slip is supplied to casting process through slip supply distribution system using Willet pumps

Glaze Preparation

Glaze is low temperature melting glass having more alumina content in its composition. Key ingredients required for preparing glaze are superior grade raw materials like Feldspar, Quartz, Calcite, china clay, Zinc oxide, Barium carbonate, Coloring stains and other additives etc.

The raw materials are weighed in required proportions as per composition by using programmable logic controlled weighing system and weighed materials are loaded into Ball Mills having required proportions of water and grinding media. Then these ball mills are clamped and rotated around 10 hours

In this process raw materials are wet grounded in ball mill. The amount of water input in the ball mill is controlled by means of automatic water flow meter, which avoids variation of water content in the glaze. After grinding the glaze is continuously discharged by means of pressure into the intermediate storage tanks. These tanks, which are equipped with agitators. The glaze is screened by means of high- efficiency vibrating sieves to remove large particles and impurities after sieving; the glaze is stored in over head storage tanks, which are equipped with stirrers. The parameters to be maintained in this process is glaze Density of 1.67 to 1.69, Viscosity of 170-220 Deg based on different color glazes and Residue of 0.2 % on mesh #325

Modeling

Modeling is the preparation of a model, which represents the dimension of the article to be prepared. Modeling process involves following activities:

1. Enlarged drawing of final product with all functional and dimensional information.
2. A line drawing is prepared on Plaster Plate.
3. Sectional Plates are prepared on the line drawing.
4. Plan drawing is prepared on Plaster Platform and sectional plates are arranged systematically on it.
5. The gap between the sectional plates is filled by Plaster and gets required shape and counters.
6. Final finishing-Check the Symmetry and balance of the Model.
7. Finally sample mould made from the Model.

Mould Making

This process involved three stages i) Working Mould ii) Mother mould iii) Blocks & Cases

- I. Working Mould: B – Plaster is used for making working moulds. Blocks and cases are to be clean and applied solution for easy removing & the parts of case are to be tighten with clamps. Then plaster of parries Solution /slip is to be poured in Block & Cases.
- II. Mother Mould: Mother mould is a mould, which is first mould produced from the model. The Mother Mould is kept as a master mould from which blacks & case are prepared.

III. **Block & Cases:** Block & Cases are object of mother mould normally made with a- plaster & b-plaster. Some important blocks & cases are made by resins.

In moulding section moulds are made using Beta Plaster of Paris. Moulds plays vital part for making sanitary ware, in this process water and plaster of parries is mixed in proportionate of 70:100 using programmable logic controlled weighing machine. After soaking 2 minutes, the mixture is mixed using stirrer for 3 minutes for homogeneous mixing.

The plaster of Paris mixture is poured into prepared and clamped case and block, during the pouring process vibro table on which case & block is kept is shake to remove entrapped air and to allow the pop slip to penetrate in corners of case, after this process leave the case along with plaster of Paris for setting. After releasing from Block & Cases the wet moulds to be dried in humidity drier for minimum 72 hours using propane fired mould drier at 55 C with humidity of 35% to 40%.

Dried moulds working surfaces are cleaned; extra portions are scrapped and repaired before sending to casting shop.

Casting

Casting is shaping process; in this process the piece gets its actual shape. This happens in two types' bench casting and battery casting.

In casting first mould are collected from moulding and these moulds are installed on benches as per production requirement and these moulds are prepared for casting by applying water, talc powder and various parts of moulds are clamped. The clamped moulds are filled with slip, due to water absorption of plaster of Paris mould a solid layer forms on the working surface of mould. After getting required thickness on the mould (i.e. 8-9mm for hollow casting and 12+/-1mm for solid casting) excess slip is removed from the mould and leaves it for min 2 hours to get enough hardness to retain its shape.

After this the cast (formed piece) is released from the mould and punches for fixing and operation are made in the cast piece, remove excess seams from pieces, worked moulds, green pieces left for overnight drying at 40-45 degree centigrade and 65%-75% humidity by using hot air generators and humidity controllers.

Next day after drying, the pieces are visually checked and thorough finishing is done to remove surface defects and cracks, after this process pieces are sent for green ware inspection.

Green Ware Inspection

The finished pieces from casting are checked by Special inspectors by using kerosene to find cracks and the piece is repaired / re finished if it is having any surface disorders. i.e. warpage, bad finish, cracks, chippings, punch holes etc. and reject in dry a stage to avoid firing loss.

Usually kerosene is applied at crack prone / critical areas of all patterns, being low density liquid kerosene penetrates easily in micro cracks and leaves clear marking on the surface for easy identification of cracks. Repairable cracks are repaired by using mixture of glass fiber, slip and glaze. Inspected wares are sent for final drying on green ware trolley.

Drying

Before sending to glazing process inspected pieces having 5-7% of moisture are channeled through drier to get ware with 0.5% moisture, the function of drier is to remove moisture from ware and improve green strength to over come handling losses in glazing, in drier temperature is maintained and controlled by using hot air from Tunnel Kiln and humidity is controlled through using humidity controllers. Normal cycle time of drier is 5 – 9 hours as per ambient temperature and type of ware.

De Dusting & Dry Ware Inspection

After the Drying process again the dried wares are taken to the specially designed booths for de dusting, inspecting and if required the ware is finished manually with sand paper.

In this process the dust accumulated on the ware is removed by blowing with compressed air and the pieces under go for visual thorough checking and inspection with kerosene to reduce cracks and surface defects in final products.

Glazing

Glazing is a process of applying coating on finished ware to cover the body, to make body impervious and more durable to increase aesthetic attraction.

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Prepared and approved glaze from Glaze house is taken to Glazing department and poured in plastic drums, glaze supplied to spray gun by using compressed air operated diaphragm pump. 5.5 to 6Kg of compressed air pressure is used for spraying the glaze on wares.

In this process the inspected wares are sponged with water to remove adhered fine dust from ware surface to make the ware suitable for glazing process. The sponged wares are placed on specially designed booths having rotating tables; wares are glazed using spray gun & diaphragm pump. The operation is done by skilled operators' as well as mechanized robots.

Glaze sprayed wares are being applied Logo of company name, persons identification no. and date of spraying for easy tracking.

Loading Wares on Kiln Cars

The glazed wares were loaded on kiln cars by manually. Before loading kiln cars thermo Cole strips are placed under the wares as per requirement to avoid loading losses. The loading operator takes care about dense loading and maintain angle of each pattern to avoid warping during firing.

Firing

In this process metamorphism takes place from soft/ brittle wares to rock solid formation, this is brought about by reaction between fluxing materials and other constituents into a glass bonding together particles or crystals which have not melted are generated at high temperature the densification obtained at firing temp may be due to solid phase or liquid phase vitrification process. Normally Sanitary Ware firing takes place in Tunnel kilns at temperature of 1200 degree centigrade.

Firing process divided into 7 main zones, which can be defined as follows:

- Fume Suction zone/ exhausted zone.
- Pre-heating zone
- Pre-firing zone
- Firing Zone
- Rapid Cooling zone
- Slow cooling zone
- Final cooling zone

As explained in above Vitrified Ceramic Tiles firing process each zone has its own function during the firing process.

Quality Assurance

There are two functions carried out in quality assurance process:

1. **Classification:** In this process wares, which are coming out of firing process, are checked visually for surface defects and cracks. Wares are generally classified as a) Standard b) Commercial c) Faulty or re-work and d) Rejections
2. **Product Functional Testing:** In this process production pieces are randomly picked from classification and various functional tests are carried out on the same.

Functional Tests:

1. Flushing Test
2. Dimensional checking
3. Stain Resistant check
4. Glossiness check
5. Color consistency check
6. Fit and finish test
7. Warpage checking
8. Load bearing test
9. Chemical Resistance.

Ware House

The final product is stored in warehouse; color pieces are stored separately using wooden ribs to avoid scratching.

Dispatch

In the dispatch department Sanitary Ware Products taken from ware house and packing is done paddy straw for domestic market and carton packing for export. All color wares packed in polythene cover.

Collaborations

Except availing financial assistance from banks and others, our Company has not entered into any technical or financial agreement.

INFRASTRUCTURE FACILITIES:

Raw Materials

The key raw materials for manufacturing Vitrified Ceramic Tiles are Soda Feldspar, Potash Feldspar, China Clay, Ukraine Ball Clay, Zirconium silicate and Quartz. Except for Ukraine ball clay and Soluble Salts, which are procured from international market, other raw materials are available in domestic market.

The raw materials used for the manufacturing of Aluminium extruded sections are Aluminium ingots, which we prepare from Aluminium scrap, sourced from the Domestic as well as International markets.

The key raw materials used for Sanitary Ware Products are Ball Clay, China Clay, Than Clay, Potash Feldspar, Quartz Powder, stains, special additives like Deflocculates and Plaster of Paris (For mould making), which are indigenously available.

Our Company keeps adequate stock of the raw materials to mitigate any adverse price fluctuations and availability of raw materials.

Utilities

Water

Our current requirement of water consumption is about 10.50 Lacs liters/day, where as the water requirement for the project of manufacturing Sanitary Ware Products is estimated about 1 Lac liters/day. We have entered in to an agreement with Gujarat Water & Sewerage Board dated September 6, 2005 for supply of 12 Lacs liters of water per day, which we estimate to be sufficient for our current and proposed requirements. Further, our water requirements are also supported through bore wells situated at the factory site and natural water harvesting scheme.

Power

The power requirement for our current products i.e. Vitrified Ceramic Tiles and Aluminium Extruded Sections is about 3.75 MW, where as the power requirement for the project of manufacturing Sanitary Ware Products is, estimated about 1.5 MW. To ensure cost effective and uninterrupted power supply, we have installed a 10 MW Lignite based captive power plant to meet our power requirements for present and proposed project. The captive power plant uses Lignite as fuel, which has ample availability in the Kutch District, Gujarat.

As a standby arrangement, we also have Three DG Sets of 750 KW, One DG set of 600 KW and Two DG sets of 1875 KW. The DG sets use Light Diesel Oil (LDO) or High Speed Diesel (HSD) as fuel, which is procured from various oil companies.

Fuel

During manufacturing process of Vitrified Ceramic Tiles, for Kiln heating and Spray Drier, Propane Gas and Liquefied Petroleum Gas (LPG) are used as fuel. Furnace Oil is used for melting the Aluminium Scarp and Ingots in the furnace. The fuel required for Sanitary Ware Products is also Propane Gas and LPG. The fuel requirement for our current products i.e. Vitrified Ceramic Tiles and Aluminium Extruded Sections is 22 Metric Tonnes where as the fuel requirement for the project of manufacturing Sanitary Ware Products is estimated about 6 Metric Tonnes. In order to reduce costs and to achieve self-sufficiency for gas, we have installed Gasifier for generating gas, which generates gas equivalent to 8 Metric Tonnes of propane gas per day.

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Manpower

As on December 31, 2006, the total manpower strength of our Company is about 683 employees. Our manufacturing process requires adequate mix of skilled, semi-skilled and Un-skilled manpower, which is available in abundance in Kutch (distt). The detailed break-up of our employees is mentioned hereunder:

Description	Office	Factory	Sales Team	Total
Management Cadre	8	15	29	52
Officers	14	20	73	107
Clerks/Supervisors	14	94	-	108
Workers	10	406	-	416
Total	46	535	102	683

Further, the additional manpower requirements for the sanitary ware project is about 350 employees which includes managerial & supervisory staff and skilled, semi skilled and unskilled manpower.

The factory site is located in Kutch Distt., wherein many industries have come up recently and we do not envisage any difficulty in recruitment of additional manpower.

PRODUCTS OF OUR COMPANY

Our Company is engaged in the production of Vitrified Ceramic Tiles of all types, shapes and sizes. The tiles are produced mainly in sizes viz. 400X400 mm, 500X500 mm, 600X600 mm, 300X600 mm, 900X900 mm and 600X1200 mm. We also have the facility to make tiles based on the requirement of customers.

Our Vitrified Ceramic Tiles are available in various series like:

- Mono Colours
- Marble
- Matt (Oxidised)
- Rustics
- Granite (Salt & Pepper)
- Full Body (Multicharge)
- Royal
- Pearl
- Bianco
- Snow
- ACD
- Topaz
- Super White
- Mega White
- Honed
- Silky Matt
- MDR

The Vitrified Ceramic Tiles manufactured by us are having different applications like:

- Flooring
- Wall Fixing
- Steppers
- Skirtings
- Riser
- Bullnose

The Aluminum Extruded Sections manufactured by us includes tubes, frames for doors and windows, panels and strips. Further, after the proposed expansion we will be manufacturing Sanitary Ware Products viz:

- Water Closet Toilet Bowls
- Water Tanks
- Wash Basins
- Pedestals
- Squat Pans
- Urinals etc.

Our products usually cater to the requirements of construction industry.

MARKET

The construction sector plays a pivotal role in the economy of a nation. It is an integral part of and defines a country's infrastructural and industrial landscape. It includes hospitals, schools, townships, offices, houses and other buildings; industrial construction; urban infrastructure (Including water supply, sewerage, drainage); highways, roads, ports, railways, airports; power systems; irrigation and agriculture systems; telecommunications etc.

Vitrified Ceramic Tiles as well as our proposed product i.e. Sanitary Ware Products have application in all the three segments of construction industry viz.

- Residential complexes
- Commercial complexes (SEZ's, I.T. Parks, Airports, Hotels, Web Worlds, Call Centres etc.)
- Retails (Shopping Malls, Multiplexes etc.)

The developmental activities in the housing and construction areas in India have built-up a strong market for our products. Further, the global market for our ceramic products i.e. Vitrified Ceramic Tiles and Sanitary Ware Products includes different territories like USA, South Africa and Middle East etc.

Past Production Figures for the Industry

There are no published data available to our Company for past production figures, existing installed capacity, past trends and future prospects regarding exports, demand and supply forecasts for Vitrified Ceramic Tiles.

Competition

There are many players including organized and unorganized players in ceramic tiles. H & R Johnson, Murudeshwar Ceramics, Kajaria Ceramics, Bell Ceramics, Nitco Tiles and SPL Limited are some of the organized players in Ceramic Tiles. As manufacturing facility of Vitrified Ceramic Tiles requires higher capital outlay, it is usually manufactured only by large and organized players in India. In Vitrified Ceramic Tiles segment, H & R Johnson, Murudeshwar Ceramics, and Bell Ceramics are some of the competitors. Globally, we face stiff competition from countries like China, Italy, Spain, Brazil, etc.

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Aluminum Extruded Sections are manufactured both by few organized players and unorganized players. However, experience of our Promoters in trading business of building interiors gives us a foothold in the local market.

Our existing manufacturing facilities enjoy Excise duty & Sales tax exemption and hence it gives us a competitive edge over others.

The proposed Sanitary Ware project also consists of few organized players like EID Parry (India) Limited, Hindustan Sanitary Ware, Cera Sanitary Ware and unorganized players, which will be in direct competition with us. With the increased concentration on sanitation in the urban areas and our network of dealers and distributors coupled with our prior experience in manufacturing and marketing ceramics product viz. Vitrified Ceramic Tiles, we will be able to create our own space for the products in the proposed Sanitary Ware line.

APPROACH TO MARKETING AND PROPOSED MARKETING SETUP

We have set-up a separate full-fledged marketing department to procure orders and contracts. The marketing department is headed by one of our Promoter - Director, Mr. Paresh K. Shah, and is supported by other staff, which functions under his direct supervision.

The Company follows dual marketing strategy. Our major sales are through direct marketing by the Company's own Sales Personnel. Our Marketing personnel approach directly to the large end users which include corporate houses, institutional Buyers, Builders, architects etc. Our major focus is on this direct marketing, which helps us in understanding the customer needs, trends, taste and flavour. We create the long-term relations with the direct end users, which enhances the brand value.

The wholesale market of our products comprises of dealers and distributors who stock our products for distribution to ultimate consumers and at the retail level, it comprises of households and other retail customers. While primarily we market our products through our network of dealers and distributors, we propose to enter into the retail market for our products by establishing our own chain of stores, which will exclusively market our products.

Our marketing strategy is based on the products type and the end user segment. We adopt hybrid-marketing module comprising of direct customer approach and existing distributors network. Our Company is also in regular interaction with corporates in the construction sector to know their requirement of ceramic products for domestic and international markets.

We have a network of marketing persons based across the country to cater to the A B C D E (Architectures, Builders, Contractors, Dealers and Engineers). There are showrooms displaying our products in major cities like Ahmedabad, Surat, Hyderabad, Jaipur, Chennai and Udaipur etc. Further, more such display centres are proposed to be opened in various cities. We have dedicated sales staff to serve the large corporates, institutions and big players of the construction industry.

EXPORT POSSIBILITIES AND EXPORT OBLIGATIONS

We foresee potential to penetrate in the global market for ceramic products due to the growing demand in the construction segment and growing awareness & acceptance of quality products. In the global market for ceramic products, which include Vitrified Ceramic Tiles and Sanitary Ware, there is thrust for good quality and better designs at competitive rates.

As, we have procured our Vitrified Ceramic Tiles manufacturing plant from SACMI, Italy. The Vitrified Ceramic Tiles manufactured by us are of International Standard ISO 13006/EN 176 Group B1a. Thus, we have been able to manufacture standard quality products, which are accepted in international markets. Further, our Company proposes to import certain plant & machinery, required for the proposed Sanitary Ware project, under the EPCG Scheme, in terms of which, capital goods may be imported at a concessional rate of custom duty.

As on December 31, 2006 we have balance Export Obligation of USD 6,40,60,707.53 which has to be fulfilled by the year 2014 towards purchase of Plant & Machineries under the EPCG Scheme.

BUSINESS STRATEGY

Due to boom in the construction sector and changing consumer behaviour, our existing as well as proposed products are widely accepted in domestic market. Markets for our products are also penetrating into rural areas, semi urban areas and up coming metro cities.

Similarly, due to increased awareness among masses about sanitation facilities coupled with the efforts of government to

increase sanitation in the urban and semi urban areas through the implementation of various projects, there is an ever growing demand for the Sanitary Ware products.

In view of the above, our Company proposes the following strategies for future growth:

Continue to build-up a professional organization

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

Enhancing Customer Base

Our Company intends to grow business continuously by adding new customers both in existing as well as in the new countries. We aim to do this by effective leveraging of our marketing skills & relationships and further enhancing customer satisfaction.

Improving Product Portfolio and Addition of New Products

Our Company intends to extend existing range of ceramic and sanitary products to include a wider range of products with quality. The customers will be benefited by procuring various products under a single roof and we will be able to sell variety of products to our valued customers. Our multi-product portfolio also allows us to sustain the cost of high level of services, which we aim to give to our customers.

Quality Products

Our Company intends to produce the best quality ceramic and Sanitary Ware Products and finely finished aluminium extruded sections, which are acceptable worldwide. For that, our Company shall be deploying better technologies in Production as well as in R & D Departments. Our R & D Department will find out better avenues to enhance the quality of our products while at the same time reducing the cost of production.

Maintain Operational Efficiencies and Cost Competitiveness

Our Company intends to maintain operational efficiencies to levels comparable with our peers in the industry. Further, we intend to reduce our operational costs to maintain competitiveness and offer the quality products at reasonable prices.

Expansion of the Existing Capacities

The proposed project is a part of our business strategy to expand our overall production capacity by setting up of a new Sanitary Ware division, to meet the increasing demand from customers. This diversification will enhance our product range and add one more segment in our business. We also aim to widen the existing products range, which will enable us to meet the growing demands of the existing market segments.

Setting up of Retail Outlets

Our Company intends to set up retail outlets or stores, which will stock all the products of our Company, under one roof. The retail outlets will be operated through franchisee agreements with various eligible parties. This will enhance our market base and will be instrumental in making our Company less dependent on traders and dealers. Also it will enable us to reduce the gap between manufacturer and the ultimate consumers so that the wants and need of the final consumer may be incorporated in our products and enable us to serve them in a better manner.

FUTURE PROSPECTS

The future prospects of our Company appear better considering the boom in the construction sector. Our Company has been expanding production base by undertaking periodical expansion and has become a sizeable player in the Vitrified Ceramic Tiles industry.

The boom in construction sector has also brought new applications for the aluminium-extruded sections manufactured by us in the form of window frames, doorframes, roofings, partitions, false ceilings and hardware. Also the use of aluminium

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extruded sections in the other sectors such as transport in the form of window frames and panels and Consumer durables such as electrical accessories, refrigerator, air conditioners etc. is increasing. With more usage of Aluminium extrusions in the constructions industry and consumer durables industry we foresee a rise in demand for aluminium extruded sections. Our Company will need to expand in future to meet this growing demand of use of aluminium extrusions.

Our Company is also diversifying in manufacturing of Sanitary Ware. The Sanitary Ware segment in India also has a sizeable growth due to the overall boom in the construction sector. After this diversification in the Sanitary Ware, our Company will have an added advantage to cater to wide range of customers and markets such as shopping malls, up coming airports, BPO's Call centers, soft ware parks, hospitals, and housing sectors etc.

At present, our Company is exporting Vitrified Ceramic Tiles in small quantities only to USA, South Africa and Middle East like United Arab Emirates, Bahrain, etc., due to limited production capacity.

LICENSED AND INSTALLED CAPACITY AND CAPACITY UTILIZATION

Our current and proposed capacity and capacity utilisation is as under:

Current Capacity Utilization

Particulars	(In Metric Tones)		
	Period Ended		
	31.03.2006 (12 Months)	31.03.2005 (12 Months)	31.03.2004 (6 Months)
Vitrified Ceramic Tiles			
Installed Capacity	79,971	35,880	35,880
Proportionate Installed Capacity	50,577	35,880	17,940
Actual Production	53,765	39,374	15,067
Capacity Utilization (%)	106.30%	109.74%	83.99%
Aluminum Section			
Installed Capacity	1,800	1,800	1,800
Proportionate Installed Capacity	1,800	1,800	900
Actual Production	1,665	1,915	645
Capacity Utilization (%)	92.50%	106.39%	71.67%

Note: The Company started production from 05.10.2003. Further, the second line of Vitrified Ceramic Tiles was started in December 2005.

Proposed Capacity Utilization - Existing Products

Particulars	(In Metric Tones)		
	Period Ended 2006-07	Period Ended 2007-08	Period Ended 2008-09
Vitrified Ceramic Tiles			
Installed Capacity	79,971	79,971	79,971
Proposed Production	63,977	67,975	71,974
Capacity Utilization (%)	80%	85%	90%
Aluminum Section			
Installed Capacity	1,800	1,800	1,800
Proposed Production	1,710	1,710	1,710
Capacity Utilization (%)	95%	95%	95%

Proposed Capacity Utilization - Proposed Products

(In Metric Tones)

Particulars Sanitary Ware Section	Period Ended 2007-08	Period Ended 2008-09	Period Ended 2009-10
Installed Capacity	11,000	11,000	11,000
Proportionate Installed Capacity	5,500	11,000	11,000
Proposed Production	4,400	8,800	9,900
Capacity Utilization (%)	80%	80%	90%

Note: Commercial production of Sanitary Ware Products is proposed to commence in October 2007.

Projected capacity utilization for our existing products is not higher than actual average capacity utilization by more than 25%

COMPETITIVE STRENGTHS

Optimum utilization of manufacturing facilities

Our Company regularly emphasizes to utilize its manufacturing facilities at optimum level to meet the increasing demand in the ceramic products and aluminium extruded sections, which helps in maintaining cost competitiveness. Similarly, Sanitary Ware being one of the ceramic products like Vitrified Ceramic Tiles, we should be able to achieve the same level of capacity utilization based on our experience with tiles.

Captive power plant

Power is an important factor in every manufacturing facility. Considering the power requirements of our existing manufacturing facilities and the facilities to be created under the new project, we have completed the installation of a 10MW Lignite based captive power plant.

This captive power plant uses lignite as a fuel to generate power. There is easy availability of lignite in Bhachau, which is used as fuel in the captive power plant and thus ensures continuous supply of the fuel to the captive power plant and thereby ensuring uninterrupted power to our manufacturing facilities. Uninterrupted power supply helps to maintain the kiln temperature during the production process and enables production of high quality Vitrified Ceramic Tiles and thereby avoiding losses from production of sub standard Vitrified Ceramic Tiles. In the case of Aluminium Extruded Sections, it enables the extrusion process and the ageing process to be carried out in a continuous manner without any loss of time.

Similarly, the manufacturing process of Sanitary Ware will also require power, as in the case of vitrified ceramic tiles. The captive power plant will provide us cheaper power as compared to the state electricity board. The captive power plant will make our Company self sufficient in the power required both for the existing manufacturing facilities of Vitrified Ceramic Tiles and aluminium extruded sections and the proposed project of sanitary ware.

Proximity to Sources of Raw Materials

For the production of Vitrified Ceramic Tiles, raw materials such as Soda & Potash Feldspar are procured from Beawar, Rajasthan. Another raw material China clay is also available in abundance in nearby areas. Further, other materials, consumables, chemicals etc. are also available in nearby areas.

For Aluminium Extruded Sections, the main raw material is Aluminium ingots or billets, which can either be purchased from the primary aluminium manufacturers in the domestic markets or we can make aluminium ingots or billets through the process of melting aluminium scrap which is freely traded item in the local market as well.

Proximity to Markets

The major local markets for ceramic products and Aluminium Extruded Sections are in Mumbai, Ahmedabad, Chennai, Hyderabad, Pune, Kolkata and Delhi. Our factory site is well connected to the major local markets by Rail or Road.

The export markets for our products are in the Gulf region, USA, South Africa and Europe. The Kandla port is around 50 Km. from our factory site, whereas Bhuj and Rajkot airport are located at a distance of 65 Km. and 140 Km. respectively from our factory site.

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Cordial Relationship between Management & Labour

Our Company has been enjoying cordial relationship between management and labour. There are no labour or workers union in our Company. Further, there have been no lockouts or strikes or labour protests in our Company since its inception. The diversification of our business in Sanitary Ware will further boost the morale of our existing workers and will generate employment opportunities for few more.

PROPERTY

- Details of immovable property, other than the property for the Proposed Project, occupied by our Company at Bhachau, Kutch, Gujarat.

Sr. No.	Details of Agreement	Address	Consideration (Rs.)	Type of Property/ purpose	Area in Acre	Conversion of Land from Agriculture use to Industrial use
1.	Sale Agreement dated September 22, 2004 between Mr. Jivraj Bhagwanji Nor ("Seller") and Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah Directors of Euro Ceramics Limited.	Survey No. 459, District Bhachau, Village Shikra, Kutch, Gujarat	Rs. 1,10,000/-	Free hold Property/ Calcareous Tiles Project	Acres – 7.07	Conversion in Process. Application dated July 5, 2005 made for regularizing the increment in measurement to Deputy Collector, Anjar, Kutch. increment in measurement is pending with the above authority till date. N.A. Application is made on 9.10.06, with the Collector of Kutch, Bhuj.
2.	Sale Agreement dated September 5, 2003 between Mr. Kishore Palubhai Gada ("Seller") and Mr. Talakshi L. Nandu Director of Euro Ceramics Limited ("Purchaser"). By a supplementary agreement dated March 28, 2006 between Mr. Talakshi L. Nandu and among the Directors of Euro Ceramics Limited, it was agreed in the agreement by the parties that the said property is purchased in the name of Mr. Talakshi L. Nandu, Director of Euro Ceramics Limited and the consideration was paid by the Company. By this supplementary agreement it is agreed by the parties that the owner of the property is Euro Ceramics Limited. By a trusteeship declaration dated April 7, 2006 between Mr. Talakshi L. Nandu ("Trustee") and Euro Ceramics Limited	Survey No. 461/1 & 461/2, District Bhachau, Village Shikra, Kutch, Gujarat	Rs. 97,000/-	Free hold Property / Factory Land and Building	Acres – 4.08 & Acres 2.24	Conversion in Process. Application dated July 15, 2005 was made before the Collector, District Magistrate, at Bhuj, Kutch, Gujarat.

Sr. No.	Details of Agreement	Address	Consideration (Rs.)	Type of Property/ purpose	Area in Acre	Conversion of Land from Agriculture use to Industrial use
	("Beneficiary"), trustee has executed a written authorization for the transfer of the ownership of the plot to take effect when asked and as the beneficiary may direct.					
3.	Sale Agreement dated January 23, 2004 between Harijan Rama Mayru ("Seller") and Nenshi L. Shah ("Purchaser") By a supplementary agreement March 9, 2006 between Mr. Nenshi L. Shah and among the Directors of Euro Ceramics Limited, it was agreed in the agreement by the parties that the said property is purchased in the name of Mr. Nenshi L. Shah Director of Euro Ceramics Limited and the consideration was paid by the Company. By this supplementary agreement it is agreed by the parties that the owner of the property is Euro Ceramics Limited. By a trusteeship declaration dated April 7, 2006 between Mr. Nenshi L. Shah ("Trustee") and Euro Ceramics Limited ("Beneficiary"), trustee has executed a written authorization for the transfer of the ownership of the plot to take effect when asked and as the beneficiary may direct.	Survey No. 462, District Bhachau, Village Shikra, Kutch, Gujarat	Rs. 80,000/-	Free hold Property/ Captive Power Plant	Acres – 5.26	Conversion in Process. Application dated July 1, 2005 was made before the Collector, District Magistrate, at Bhuj, Kutch, Gujarat.
4.	Sale Agreement dated February 27, 2006 Mr. Champshi Karmshi Visaria "Seller") and Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah Directors of Euro Ceramics Limited ("Purchasers").	Survey No. 473/2, District Bhachau, Village Shikra, Kutch, Gujarat	Rs. 71,000/-	Free hold Property/ Factory land and building, waster water storage from power plant	Acres – 4.06	Conversion in Process. Preliminary Orders have been received by way of entry in 7/12 completed. N.A. Will be Applied in due course on finalisation of Plant Layout etc.

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Sr. No.	Details of Agreement	Address	Consideration (Rs.)	Type of Property/ purpose	Area in Acre	Conversion of Land from Agriculture use to Industrial use
5.	<p>Sale Agreement dated June 20, 2003 between Mr. Virabai Gova Rabari ("Seller") and Mr. Talakshi L. Nandu Director of Euro Ceramics Ltd. ("Purchasers"). By a supplementary agreement dated March 28, 2006 between Mr. Talakshi L. Nandu and among the Directors of Euro Ceramics Limited it was agreed in the agreement by the parties that the said property is purchased in the name of Mr. Talakshi L. Nandu, Director of Euro Ceramics Limited and the consideration was paid by the Company. By this supplementary agreement it is agreed by the parties that the owner of the property is Euro Ceramics Limited. By a trusteeship declaration dated April 7, 2006 between Mr. Talakshi L. Nandu ("Trustee") and Euro Ceramics Limited ("Beneficiary"), trustee has executed a written authorization for the transfer of the ownership of the plot to take effect when asked and as the beneficiary may direct.</p>	Survey No. 490, District Bhachau, Village Shikra, Kutch, Gujarat	Rs. 40,000/-	Free hold Property/ Calcareous Tiles Project	Acres – 8.28	Certificate of Conversion from agricultural to industrial land received by an order dated September 17, 2005 of Taluka Development Officer, Bhachau, Kutch District, Gujarat.

Sr. No.	Details of Agreement	Address	Consideration (Rs.)	Type of Property/ purpose	Area in Acre	Conversion of Land from Agriculture use to Industrial use
6.	Sale Agreement dated July 18, 2003 Mr. Kirtikumar Manshukhlal Doshi ("Seller") and Mr. Talakshi Nandu Director of Euro Ceramics Ltd ("Purchaser"). By a supplementary agreement dated March 28, 2006 between Mr. Talakshi L. Nandu and among the Directors of Euro Ceramics Limited, it was agreed in the agreement by the parties that the said property is purchased in the name of Mr. Talakshi L. Nandu, Director of Euro Ceramics Limited and the consideration was paid by the Company. By this supplementary agreement it is agreed by the parties that the owner of the property is Euro Ceramics Limited. By a trusteeship declaration dated April 7, 2006 between Mr. Talakshi L. Nandu ("Trustee") and Euro Ceramics Limited ("Beneficiary"), trustee has executed a written authorization for the transfer of the ownership of the plot to take effect when asked and as the beneficiary may direct.	Survey No. 507, District Bhachau, Village Shikra, Kutch, Gujarat	Rs. 40,000/-	Free hold Property/ Calcareous Tiles Project	Acre - 8.06	Conversion in Process. Application for conversion dated July 19, 2005 was made before the Collector, District Magistrate, at Bhuj, Kutch, Gujarat. Pending for increment in measurement in area.
7.	Sale deed dated August 9, 2002 between Mr. Mahewa Hari Chamariya, Damji Hari Chamariya (Seller) and Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah Directors of Euro Ceramics Limited ("Purchasers").	Survey No. 510, District Bhachau, Village Shikra, Kutch, Gujarat	Rs. 76,000/-	Freehold Property/ Company's' Factory, Land and Building - Gas Tank, Aluminium Plant	Acre 14.36	Conversion certificate dated September 8, 2003 passed by Taluka Development Officer, Bhachau Taluka Panchayat granting permission to use the land for industrial purpose.

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Sr. No.	Details of Agreement	Address	Consideration (Rs.)	Type of Property/ purpose	Area in Acre	Conversion of Land from Agriculture use to Industrial use
8.	Sale deed dated April 19, 2002 between Mr. Hirji Karmshi Chamaria (Seller), and Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah Directors of Euro Ceramics Limited ("Purchasers").	Survey No. 511, District Bhachau, Village Shikra, Kutch, Gujarat	Rs. 80,000/-	Freehold Property/ Factory, Land and Building	Acre 7-37	Conversion certificate dated September 20, 2002 passed by Taluka Development Officer, Bhachau Taluka Panchayat granting permission to use the land for industrial purpose at survey no. 511, 512, 517/1 at Bhachau, Kutch, Gujarat.
9.	Sale deed dated April 19, 2002 between Mr. Dana Lira Bhasadia (Seller) and Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah Directors of Euro Ceramics Limited ("Purchasers").	Survey No. 512, District Bhachau, Village Shikra, Kutch, Gujarat	Rs. 60,000/-	Freehold Property/ Factory, Land and Building - storage tanks for LDO, FO & HSD.	Acre 5-38	Conversion certificate dated September 20, 2002 passed by Taluka Development Officer, Bhachau Taluka Panchayat granting permission to use the land for industrial purpose at survey no. 511, 512, 517/1 at Bhachau, Kutch, Gujarat.
10.	Sale Agreement dated September 22, 2004 between Mr. Ramesh Ananda Nor ("Seller") and Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah Directors of Euro Ceramics Limited ("Purchasers")	Survey No. 513/1 & 513/2, District Bhachau, Village Shikra, Kutch, Gujarat	Rs. 1,21,000/-	Free hold Property/ Factory, Land and Building	Acre – 7.27, & Acres – 4.09	Conversion certificate dated January 4, 2007 passed by the Collector of Kutch, Bhuj granting permission to use the land for industrial purpose at survey no. 513/1 & 513/2 at Bhachau, Kutch, Gujarat.
11.	Sale Agreement dated October 7, 2005 between Mr. Ramesh Anand Nor ("Seller") and Mr. Talakshi L. Nandu Director of Euro Ceramics Ltd ("Purchasers"). By a supplementary agreement dated April 7, 2006 between Mr. Talakshi L. Nandu and among the Directors of Euro Ceramics Limited, it was agreed in the agreement by the parties that the said property is purchased in the name of Mr. Talakshi L. Nandu, Director of Euro Ceramics	Survey No. 514, District Bhachau, Village Shikra, Kutch, Gujarat	Rs. 79,000/-	Free hold Property/ Factory, Land and Building	Acre – 7.30	Conversion in Process. Preliminary Orders have been received by way of Permission u/s 89 of the Mumbai Measurement & Agriculture land (Vidharbh Pradesh & Kutch) Act 1958, dated February 21, 2006 acquire the agriculture land for industrial use from Dy Collector of Kutch, Anjar. Than after NA will be applied in due course on finalisation of Plant Layout etc

Sr. No.	Details of Agreement	Address	Consideration (Rs.)	Type of Property/ purpose	Area in Acre	Conversion of Land from Agriculture use to Industrial use
	Limited and the consideration was paid by the Company. By this supplementary agreement it is agreed by the parties that the owner of the property is Euro Ceramics Limited. By a trusteeship declaration dated April 7, 2006 between Mr. Talakshi L. Nandu ("Trustee") and Euro Ceramics Limited ("Beneficiary"), trustee has executed a written authorization for the transfer of the ownership of the plot to take effect when asked and as the beneficiary may direct.					
12.	Sale deed dated December 27, 2004 between Euro Bond India Pvt. Ltd. (Seller) and Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah Directors of Euro Ceramics Limited ("Purchasers").	Survey No. 516, District Bhachau, Village Shikra, Kutch, Gujarat	Rs. 75,000/-	Freehold Property/ Factory, Land and Building - Finished goods, godown, parking area.	Acre 6-38	Conversion in Process. Preliminary Orders have been received by way entry in 7/12. NA will be applied in due course on finalisation of Plant Layout etc
13.	Sale deed dated April 20, 2002 between Mr. Ratanbhai Mala Gothi, Babu Mala Gothi, Bhana Mala Gothi, Madeva Mala Gothi (Seller) and Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah Directors of Euro Ceramics Limited ("Purchasers").	Survey No. 517/1, District Bhachau, Village Shikra, Village Shikra,	Rs. 85,000/-	Freehold Property/ Factory, Land and Building - Main Office, Security Guard, Time Office	Acre 8-20	Conversion certificate dated September 20, 2002 passed by Taluka Development Officer, Bhachau Taluka Panchayat granting permission to use the land for industrial purpose at survey no. 511, 512, 517/1 at Bhachau, Kutch, Gujarat.
14.	Sale deed dated September 30, 2006 between Mr. Rama Meru Harijan (Seller) and Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah Directors of Euro Ceramics Limited ("Purchasers").	Survey No. 463/2, District Bhachau, Village Shikra, Kutch, Gujarat	Rs.60,000/-	Freehold Property	Acre 3.29	NA not Applied till date

EURO CERAMICS LIMITED

2. Details of other owned properties of our Company

Sr. No.	Details of Agreement	Address	Consideration (Rs.)	Type of Property/ purpose	Area in sq. mt.
1.	Agreement dated July 12, 2002 between Euro Ceramics Limited ("Purchaser") and M/s. Sangam Enterprises ("Owner/Builder") for purchase of property.	Flat No. 208, Second Floor, Sangam Arcade, Vallabhnbhai Road, Vile Parle (W), Mumbai – 400 056	Rs. 36,50,000/-	Free Hold Property/ Property given on leave and license basis to M/s. Romel Ceramics	1006 Square feet carpet area

3. Details of leased properties of our Company

Sr. No	Details of Agreement	Address of the Property/ Area	Consideration	Type of property/ Purpose	Security/ Deposit	Valid from	Date of expiry
1.	Leave and License Agreement dated September 1, 2006 between Mr. Kishnidevi Tulsiram Bhardia ("Licensor") and Euro Ceramics Limited ("Licensee") for lease of property	Bearing C.T.S. No. 260/261, Ground Floor, Office No. G01, Boston House, Suren Road, Andheri (East), Mumbai-400 093 admeasuring 8,800 Square feet (built up area) 5,783 Square feet (carpet area)	Rs. 5,85,200/- per month for a period of 11 months from September 1, 2006 to July 31, 2007. Rs. 6,72,980/- per month for a period of 36 months from August 1, 2007 to July 31, 2010 Rs. 7,73,925/- per month for a period of 11 months starting from August 1, 2010 to August 31, 2011.	Lease/ Commercial Purpose. Registered office of our Company	Rs. 25,00,000/- as refundable security deposit free of interest.	September 1, 2006	September 11, 2011

4. Further our Company's leased premise is shared by Euro Merchandise (India) Limited (our Subsidiary), Euro Multivision Limited (Our Group Company), and Euro Bond Industries Pvt. Ltd. (Our Group Company) details of which are as follows:

Sr. No.	Details of Agreement	Address of the Property/Area	Consideration	Type of property/Purpose	Valid From	Valid Till
1.	Euro Merchandise (India) Limited Agreement dated September 1, 2006 between our Company and Euro Merchandise (India) Limited (our Subsidiary)	Allocated area admeasuring to approximate area of 2015 Sq. feet, situated at Ground Floor, Boston House, Suren Road, Chakala, Andheri (E), Mumbai – 400 093, Maharashtra.	Rs. 1,34,000/-	Leave and License property of Euro Ceramics Limited / Commercial purpose	September 1, 2006	July 31, 2007
2.	Euro Multivision Limited Agreement dated September 1, 2006 between Euro Ceramics Limited and Euro Multivision Limited. (our Group Company)	Allocated area admeasuring to approximate area of 2945 Sq. feet, situated at Ground Floor, Boston House, Suren Road, Chakala, Andheri (E), Mumbai – 400 093, Maharashtra.	Rs. 1,96,000/- per month	Leave and License property of Euro Ceramics Limited/Commercial purpose	September 1, 2006	July 31, 2007

Sr. No.	Details of Agreement	Address of the Property/Area	Consideration	Type of property/Purpose	Valid From	Valid Till
3.	Euro Bond Industries Pvt. Ltd. Agreement dated October 6, 2006 between Euro Ceramics Limited and Euro Bond Industries Pvt. Ltd. (our Group Company)	Allocated area admeasuring to approximate area of 2000 Sq. feet, situated at Ground Floor, Boston House, Suren Road, Chakala, Andheri (E), Mumbai – 400 093, Maharashtra.	Rs. 80,000/- per month	Leave and License property of Euro Ceramics Limited/Commercial purpose	October 1, 2006	August 31, 2007

Property for the Proposed Project

Sr. No.	Details of Agreement	Address	Consideration (Rs.)	Type of Property/	Area in sq. mt. Purpose	Area in Acre	Conversion of Land from Agricultural use to Industrial use	Registration and Stamp Duty
1.	Sale Agreement dated December 23, 2005 between Mr. Hirji Mavji Fatak ("Seller") and Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah Directors of Euro Ceramics Limited ("Purchasers")	Survey No. 463/3 & 474/2, District Bhachau, Village Shikra, Kutch, Gujarat	125,000/-	Free hold Property/ Sanitary Ware Project	25,193	Acres – 3.34 and Acres – 2.15	Conversion in Process. Application dated December 23, 2005 was made before the Collector, District Magistrate, at Bhuj, Kutch, Gujarat.	Registered with Sub-Registrar, Bhachau, Kutch District, Gujarat. Stamp duty paid: Rs.10,500/-
2.	Sale Agreement dated August 14, 2006 between Mr. Harji Karamshi Chamaria (Patel) and ("Seller") and Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah Directors of Euro Ceramics Limited ("Purchasers").	Survey No. 484, District Bhachau, Village Shikra, Kutch, Gujarat	70,000/-	Free hold Property/ Sanitary Ware Project	24,362	Acres – 6.02	Conversion is in process application dated September 8, 2006 was made before the Deputy Collector at Anjar, Kutch district	Registered with Sub-Registrar, Bhachau, Kutch District, Gujarat. Stamp Duty paid: Rs. 4,100/-
3.	Sale Agreement dated July 1, 2006 between Mrs. Ratan ben Bhagga Chamaria ("Seller") and Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah Directors of Euro Ceramics Limited ("Purchasers").	Survey No. 485/1, District Bhachau, Village Shikra, Kutch, Gujarat	80,000/-	Free hold Property/ Sanitary Ware Project	28,329	Acres – 7	Conversion is in process application dated September 8, 2006 was made before the Deputy Collector at Anjar, Kutch district	Registered with Sub-Registrar, Bhachau, Kutch District, Gujarat. Stamp Duty paid: Rs. 4,800/-
4.	Sale Agreement dated July 18, 2006 between Mr. Mahadeva Hari Chamari & Damji Hari Chamaria ("Seller") and Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah Directors of Euro Ceramics Limited ("Purchasers").	Survey No. 485/2, District Bhachau, Village Shikra, Kutch, Gujarat	40,000/-	Free hold Property/ Sanitary Ware Project	13,193	Acres – 3.26	Conversion is in process application dated September 8, 2006 was made before the Deputy Collector at Anjar, Kutch district	Registered with Sub-Registrar, Bhachau, Kutch District, Gujarat. Stamp Duty paid: Rs. 2,500

The above mentioned properties are free from all encumbrances and our Company has a clear title on the same.

EURO CERAMICS LIMITED

DETAILS OF TRADEMARKS REGISTERED IN INDIA:

The following is a list of our Company's registered trademarks in India

Sr. No.	Trade Mark/ Trade Name	Trade Mark Number	Issuing Authority	Class	Validity Period	
					From	To
1.	Euroceramics	1104620	Trade Marks Registry, Mumbai	19	May 15, 2002	May 14, 2012
2.	Eurobond (Label)	1165712	Trade Marks Registry, Mumbai	6	January 10, 2003	January 9, 2013

Our Company has filled the following applications with the Trade Marks Registry, Mumbai for grant of certificates of registration of the following marks, all of which are currently pending registrations:

Sr. No.	Trade Mark/ Trade Name	Application Number	Date of Application	Authority	Class
1	Euro Get Floored (Label)	1259515	January 6, 2004	Trade Marks Registry, Mumbai	19
2	Euro (Word)	1104621	May 15, 2002	Trade Marks Registry, Mumbai	19
3	Double Coloured Line (Label)	1259516	January 6, 2004	Trade Marks Registry, Mumbai	19
4	Har Kadam Aap Ke Saath (Word)	1348758	April 4, 2005	Trade Marks Registry, Mumbai	19
5	"Get Floored" (Label)	1258942	January 2, 2004	Trade Marks Registry, Mumbai	19
6	Fast Track (Label)	1311912	September 29, 2004	Trade Marks Registry Mumbai	19
7	Fast Track (Word)	1309605	September 17, 2004	Trade Marks Registry, Mumbai	19
8	Euro Ceramics (Logo)	1104619	May 15, 2002	Trade Marks Registry, Mumbai	19
9	Uroceramic (Logo)	1165710	January 10, 2003	Trade Marks Registry Mumbai	6
10	Euro tiles (Brand Name)	1165711	January 10, 2003	Trade Marks Registry, Mumbai	6

Agreement between Subhnen Veneers Private Limited and our Company for assignment of the word "EURO"

Our group company, Subhnen Veneers Private Limited, had also applied for registration of the word "EURO" under the Nos. 1155025 and 1155026 in class 19 and 20 respectively to the Trade Mark Registry. The above-mentioned applications for registrations are pending for consideration and disposal before the Registrar of Trademark. By an assignment deed dated September 11, 2006 between Subhnen Veneers Private Limited and our Company, Subhnen Veneers Private Limited has assigned the right, title and interest in the said trademark EURO together with that portion of the goodwill of the business of Subhnen Veneers Private Limited in which the said trademark had been used. The consideration paid by our Company for the assignment was Rs. 10,000/-.

Agreement between our Company and certain group companies/ partnership firms

Our Company has applied to the Registrar of Trade Marks, Office of the Trade Marks Registry, Mumbai for registration of trademark involving the word "EURO" in class 19 (the "Trade Mark") under the Trade Marks Act, 1999 vide application dated May 15, 2002, 2005 bearing no. 1104621.

Certain companies and partnership firms forming part of the Promoters Group have been permitted to use the name “EURO” pursuant to a license granted by our Company as per terms and conditions contained in the Name License Agreements dated September 21, 2006 entered into by and between our Company and the respective companies and partnership firms.

Following are the companies and partnership firms permitted to use the name “EURO”:

1. Subhnen Veneers Private Limited
2. Subhnen Ply Private Limited
3. Subhnen Décor Private Limited
4. Euro-Solo energy Limited
5. Eurobond Industries Limited
6. Euro Developers Private Limited
7. Euro Flooring Private Limited
8. Euro Merchandise (India) Limited
9. Euro Multivision Limited
10. Euro Pratik Ispat Private Limited
11. M/s Euro Minerals Corporation
12. M/s Euro Agro
13. M/s Euro Pratik Sales Corporation

Oppositions to trademarks

Our Company regularly files oppositions to applications by competitors and others for the registration of trademarks similar to those of our Company. 4 oppositions have been filed by our Company in respect of trademark registration applications for marks deceptively similar to our trademarks. Similarly 2 oppositions have been filed against our Company for marks allegedly similar to the opponents’ trademarks.

Insurance

Our Company has insured the immovable and movable properties under various policies.

KEY INDUSTRY REGULATIONS AND POLICIES

Pursuant to our business profile, there are no specific set of legislations and regulations applicable to our Company. Laws relating to excise, customs, sales tax, pollution control, factory and labour-related matters etc. are applicable to our Company, as they are applicable to other manufacturing establishments.

EURO CERAMICS LIMITED

OUR HISTORY AND CERTAIN CORPORATE MATTERS

HISTORY AND BACKGROUND OF OUR COMPANY:

Our Company was incorporated as private limited company under the name “Euro Ceramics Private Limited” vide Certificate of Incorporation no. U 26914 MH 2002 PLC 135548 dated April 16, 2002 with the Registrar of Companies, Maharashtra, at Mumbai. Our Company subsequently became a public limited company on November 16, 2004 under the name “Euro Ceramics Limited” having its registered office at Boston House, Ground Floor, Suren Road, Chakala, Andheri (East), Mumbai - 400 093, Maharashtra. The Promoters of our Company are Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah.

After the devastating earthquake of January 26, 2001 in Kutch Region of Gujarat, we decided to establish manufacturing facilities for Vitrified Ceramic Tiles and Aluminium Extruded Sections at Bhachau, Kutch. The major Plant & Machinery required for manufacturing Vitrified Ceramic Tiles were imported from SACMI, Italy. The first line for manufacturing Vitrified Ceramic Tiles with an installed capacity of 35,880 MTPA commenced operations in October 2003 along with manufacturing of Aluminium Extruded Sections with installed capacity of 1,800 MTPA.

During July 2004, considering the growing demand for our products, we decided to install a second line for manufacturing Vitrified Ceramic Tiles with an installed capacity of 44,091 MTPA, for which, once again we entered into a contract for supply of major Plant & Machinery with SACMI, Italy. The second line for manufacturing Vitrified Ceramic Tiles commenced operations in December 2005. The manufacturing facility for Vitrified Ceramic Tiles is ISO: 9001 certified. Our Vitrified Ceramic Tiles have got the approval from technical Institutions like Veermata Jijabai Technological Institute (VJTI), Mumbai and Applied Consumer Services Inc., Finland, U.S.A.

During February 2005, we started operations of Jewellery Division. In June 2005, Joint Director General of Foreign Trade, Government of India, accredited us as One Star Export House. During November 2005, we discontinued our operations of Jewellery Division to focus on the core business of Vitrified Tiles which has higher margins as compared to the Jewellery business. On December 30, 2005, Euro Merchandise (India) Limited, became our subsidiary, which is engaged into business of trading of wall and floor tiles, which include varieties like ceramic, glazed porcelain and rustic tiles. During March 2006, we commenced a 10 MW lignite based captive power plant and in August 2006, we also commenced a Gasifier for generating gas in order to reduce fuel costs and to achieve self Sufficiency for gas.

OUR MILESTONES

Period	Event
April 2002	Incorporated as private limited company
June 2002	Entered into a contract for supply of major Plant & Machinery from SACMI, Italy
October 2003	Commencement of operations of first phase of Vitrified Ceramic Tiles and Aluminum Extruded Sections
December 2003	Quality certificate for our product received from VJTI, Mumbai
April 2004	ISO 9001:2000 certification for our manufacturing facilities.
July 2004	Entered into a contract for supply of major Plant & Machinery and technical assistance from SACMI, Italy for expansion
November 2004	Quality approval of our product from Applied Consumer Services Inc. Finland, U.S.A.
November 2004	Converted into a public limited company
June 2005	Accredited as One Star Export House by Joint Director General of Foreign Trade, government of India.
December 2005	Commencement of Commercial Production of expanded capacity of Vitrified Ceramic Tiles
December 2005	Euro Merchandise (India) Limited became a subsidiary of our Company
March 2006	Commencement of 10 MW lignite based captive power plant
October 2006	Commenced setting up of Manufacturing facilities for Calcarious Tiles

CHANGES IN REGISTERED OFFICE OF OUR COMPANY

The table below shows the changes in the Registered Office since incorporation:

Previous Address	New Address	Date	Reason for Change
8-Shreenath Shopping Centre, 1 st Dashratlal Joshi Marg, Vile Parle (W) Mumbai – 400 056.	4th Floor, Flat No. 24, Sherry House, Kawasji Patel Street, Off. Gunbow Street, Fort, Mumbai – 400 001.	April 30, 2002	Administrative convenience
4th Floor, Flat No. 24, Sherry House, Kawasji Patel Street, Off. Gunbow Street, Fort, Mumbai – 400 001.	208, Sangam Arcade, Opp. Railway Station Vile Parle (W), Mumbai – 400 056.	July 13, 2002	Moved to owned premises
208, Sangam Arcade, Opp. Railway Station Vile Parle (W), Mumbai – 400 056.	Boston House, Ground Floor, Suren Road, Chakala, Andheri-East, Mumbai – 400 093.	November 7, 2005	Moved to bigger office and better location

The requisite Form 18 for the shifting of the Registered Office were duly filed with the Registrar of Companies on all the occasions.

MAIN OBJECTS OF OUR COMPANY:

The main objects of our Company as contained in our Memorandum of Association are as set forth below: -

To carry on in India and abroad the business to manufacture, produce, treat, process, design, develop, build, convert, compound, cure, crush, distribute, display, exchange, explore, extrude, extract, excavate, purchase, sell, job work, mix, modify, market, operate, prepare and to act as brokers, agents, stockists, collaborators, distributors, suppliers, promoters, adatas, consultants, C & F agents, wholesalers, retailers and sales organizers of all shapes, sizes, varieties, specifications, descriptions, applications and uses of vitrified ceramic and sanitary tiles, calcarious tiles, sanitary wares, ceramic wares, earthen wares, table wares, hotel wares, pressedwares, decorative wares, garden wares, kitchen wares, crockeries, potteries, insulators, terracotta, porcelainware, bathroom accessories, pipes, wall tiles, floor tiles, roofing tiles, porcelain tiles, bricks, building materials, asbestos sheets, poles, blocks, aluminium extruded sections, rods, squares, flats, hexagons, tubes, plumbing fixtures including fittings, parts, accessories, consumables, components & by-products thereof whether made out of mild steel, galvanized or forged steel, brass, copper, aluminium, aluminium alloys, stone materials, calcite, titanium powder, joint material, press papers, compound powder, resins, solicitation materials, gypsum, limestone, porcelain, sand, ores, cement, concrete, asbestos cement, china-clay, pulp, paper, plastic, chemical, stone powder, PVC, rubber, canvas, acrylic, fiber, glass, glass fiber, or any other man made synthetic or natural material or any combination thereof.

The object clause of the Memorandum of Association of our Company enables us to undertake activities for which funds are being raised in this Issue. The existing activities of our Company are in accordance with the object clause of our Memorandum of Association.

CHANGES IN MEMORANDUM OF ASSOCIATION

Date of General Body Meeting	Change	Details of Amendment
November 25, 2002	Enhancement of Authorised Share Capital	The Authorised Share Capital was increased from Rs. 5,00,00,000 to Rs. 10,00,00,000 divided into 80,00,000 Equity Shares of Rs. 10/- each and 20,00,000 Preference Shares of Rs. 10/- each.
March 11, 2003	Reclassification of the Authorised Share Capital	The Authorised Share Capital was reclassified into 30,00,000 Equity Shares of Rs.10/- each and 70,00,000 Preference Shares of Rs.10/- each.
August 17, 2004	Conversion from private limited company to public limited company	Our Company was converted from a private limited company to a public limited company. Consequently, the word "private" was deleted from the name of our Company, and suitable amendments were made in the Articles of Association of our Company.

EURO CERAMICS LIMITED

Date of General Body Meeting	Change	Details of Amendment
November 30, 2005	Enhancement of Authorised Share Capital and reclassification of the Authorised Share Capital	The Authorised Share Capital was increased from Rs.10,00,00,000 to Rs. 15,50,00,000 and was reclassified into 92,50,000 Equity Shares of Rs.10/- each and 62,50,000 Preference Shares of Rs.10/- each
January 31, 2006	Enhancement of Authorised Share Capital and reclassification of the Authorised Share Capital	The Authorised Share Capital was reclassified in to 1,55,00,000 equity shares of Rs. 10/- and increased from Rs. 15,50,00,000 to Rs. 20,00,00,000 divided in to 2,00,00,000 Equity Shares of Rs.10/- each.
August 24, 2006	Change in main object clause.	Main object clause has been amended.

OUR SUBSIDIARY

EURO MERCHANDISE (INDIA) LIMITED

Euro Merchandise (India) Limited (EMIL) was incorporated on April 13, 2004 as a private limited company with the registration no. U 51420 MH 2004 PLC 145654 as Euro Merchandise (India) Private Limited and subsequently on June 9, 2004 it became a public limited company as Euro Merchandise (India) Limited having its registered office at Ground Floor, Boston House, Suren Road, Andheri (East), Mumbai – 400 093, Maharashtra. EMIL became our subsidiary on December 30, 2005.

Euro Merchandise (India) Limited (EMIL) is engaged in the business of trading of wall and floor tiles, which include varieties like ceramic, glazed porcelain and rustic tiles. It is engaged in trading of tiles, which are as per the international standards.

The Board of Directors of Euro Merchandise (India) Limited comprises:

Sr. No.	Name of Director	Designation
1.	Nenshi L. Shah	Non Executive Chairman
2.	Talakshi L. Nandu	Non Executive Director
3.	Paresh K. Shah	Non Executive Director
4.	Nitesh P. Shah	Executive Director
5.	Pratik K Shah	Executive Director

The shareholding pattern of Euro Merchandise (India) Limited as on the date of filing of this Red Herring Prospectus is as follows:

Name of Shareholder	No. of Shares
Euro Ceramics Limited	189,994
Nenshi L. Shah as nominee of Euro Ceramics Limited	1
Talakshi L. Nandu as nominee of Euro Ceramics Limited	1
Kumar P. Shah as nominee of Euro Ceramics Limited	1
Paresh K. Shah as nominee of Euro Ceramics Limited	1
Guntantiben N. Shah as nominee of Euro Ceramics Limited	1
Nitesh P. Shah as nominee of Euro Ceramics Limited	1
Total	190,000

Our Company has acquired 90,000 Equity Shares of Euro Merchandise (India) Limited from the existing shareholders of EMIL on December 30, 2005. Our Company has also purchased 1,00,000 Equity Shares of Rs. 10/- each of EMIL.

The main objects as stated in the Memorandum of Association of EMIL are as follows:-

To carry on the business of importers and exporters, wholesale and retail dealers in vitrified and ceramic tiles, porcelano items, veneers, medium density fibre boards, particle boards, laminates, inlays, artificial flowers, non ferrous metal,

aluminium section and composite panels, glass and glass products, sanitary ware and hardware, machineries, plywood, furnitures, artifacts and clay. No money circulating scheme will be carried out by the company.

Financial Performance as on March 31, 2006 is as follows:

(Rs. in Lacs, except per share data)

Particulars	Sept. 30, 2006	2006	As of March 31, 2005
Equity share capital	19.00	19.00	9.00
Share Application Money	-	88.00	61.00
Reserves and surplus	263.10	156.67	42.52
Total income	1,715.09	1,458.13	316.88
Profit after tax	106.43	49.15	6.52
Earnings per share (face value Rs. 10)* (Rs.)	112.03#	42.76	7.25
Net Asset Value per share (Rs.)	148.47	92.46	57.17

* Computed on the basis of earnings including extraordinary items

Annualised

Contingent Liability as on September 30, 2006: Bank Guarantee Rs. 27.56 Lacs.

SHAREHOLDERS AGREEMENTS

Our Company does not have any subsisting shareholder's agreement as on the date of filing this Red Herring Prospectus

OTHER AGREEMENTS

Except the contracts/ agreements entered in the ordinary course of the business carried on or intended to be carried on by our Company, we have not entered in to any other Agreement/ Contract.

STRATEGIC PARTNERS

Presently, our Company does not have any strategic partners.

FINANCIAL PARTNERS

Presently, our Company does not have any financial partners.

EURO CERAMICS LIMITED

OUR MANAGEMENT

BOARD OF DIRECTORS

Our Company is currently managed by a Board of Directors comprising of 11 Directors. Mr. Shantilal L. Shah is our Company's Non-Executive & Non-Independent Chairman Mr. Nenshi L. Shah is our Company's Managing Director and is in-charge of the overall management of our Company subject to the supervision and control of the Board. He is ably supported by professional and technically qualified team of executives.

MANAGEMENT

The following table sets forth details regarding our Board of Directors:

Name, Designation, Father's name, Address, Occupation and Date of Appointment as Director	Nationality	Age	Other Directorship
Mr. Shantilal L. Shah Non-Executive & Non-Independent Chairman S/o. Ladhahbai Shah A-302, Abhishek building, Vallabhbbhai Road, Vile-Parle (W), Mumbai – 400 056, Maharashtra. Occupation: Businessman Date of Appointment: November 2, 2005	Indian	48	1. Tangent Furniture Private Limited 2. Subhnen Finance & Investment Private Limited 3. Euro Solo Energy System Limited 4. Kevin Impex Private Limited
Mr. Nenshi L. Shah Managing Director S/o. Ladhahbai Shah 202, Asha Niketan, Baptista Road, Vile-Parle (W), Mumbai – 400 056, Maharashtra. Occupation: Industrialist Date of Appointment: April 16, 2002	Indian	47	1. Subhnen Ply Private Limited 2. Euro Merchandise (India) Limited 3. Euro Pratik Ispat Private Limited 4. Euro Multivision Limited 5. Canbara Construction Private Limited 6. Euro Developers Private Limited 7. Link Estate Private Limited 8. Euro Flooring Private Limited 9. Indian Council of Ceramic Tiles & Sanitary ware Euro Merchandise (India) Ltd.
Mr. Talakshi L. Nandu Whole-Time Director S/o. Lakhamshi Nandu 301, Dunhill Corner, Golibar Main Road, Plot No. 57, 7 th Golibar Main Road, Santacruz (E), Mumbai – 400 055, Maharashtra. Occupation: Industrialist Date of Appointment: April 16, 2002	Indian	56	
Mr. Kumar P. Shah Whole-Time Director S/o. Panchalal Shah 53, Bora Bazar, Vakharia House, 3rd floor, Fort, Mumbai – 400 001, Maharashtra. Occupation: Industrialist Date of Appointment: April 16, 2002	Indian	47	Nil
Mr. Paresh K. Shah Whole-Time Director S/o. Kanji Shah 2/157, Narayan Sadan, Road no. 5, Shivaji Park, Mumbai – 400 016, Maharashtra. Occupation: Industrialist Date of Appointment: April 16, 2002	Indian	37	1. Euro Merchandise (India) Ltd 2. Indian Council of Ceramic Tiles & Sanitary ware – alternate director in place of Mr. Nenshi L. Shah

Name, Designation, Father's name, Address, Occupation and Date of Appointment as Director	Nationality	Age	Other Directorship
Mr. Pravin D. Gala Non-Executive Director (Non-Independent) S/o. Dharamshi Gala 302, Shanti Apartment, Above Rajmangal Dairy, Opp. Municipal school, Bharada Wadi, Andheri (E), Mumbai – 400057, Maharashtra Occupation: Business Date of Appointment: June 18, 2002	Indian	39	Dharmi Sales Private Limited.
Mr. Laljibhai K. Shah Non-Executive Director (Non-Independent) S/o. Khirabhai Shah 403, Prime Avenue, NR. Nanavati Hospital, S. V. Road, Vile-Parle (W), Mumbai – 400 056, Maharashtra. Occupation: Industrialist Date of Appointment: November 2, 2005	Indian	53	1. Subhnen Décor Private Limited 2. Gurukul Enterprise Private Limited 3. Vaman International Private Limited 4. Euro Solo Energy Systems Limited 5. Subhnen Veneers Private Limited 6. Rajmoti Enterprises Private Limited
Mr. Shivji K. Vikamsey Independent Director S/o. Kunverji Vikamsey Plot No. 6, Block No. 1, Bhushan Villa, Swastik Park, Chembur, Mumbai – 400 071, Maharashtra. Occupation: Professional Date of Appointment: November 2, 2005	Indian	78	1. Navneet Publications (India) Limited 2. J M Financial Trustee Co. Private Limited 3. HLB Technologies (Mumbai) Private Limited
Mr. Amit G. Shah Independent Director S/o. Gulabbhai Shah 5/48, D. L. Jain Complex, Dr. B. Ambedkar Road, Chinchpokli, Mumbai – 400 012, Maharashtra. Occupation: Professional Date of Appointment: November 2, 2005	Indian	32	Nil
Mr. Anil M. Mandevia Independent Director S/o. Mansukhlal Mandevia 202/A, Samruddhi Apartment, 51 st Road, TPS III, Borivali (West), Mumbai – 400 091, Maharashtra. Occupation: Professional Date of Appointment: November 2, 2005	Indian	55	Nil
Mr. Raichand K. Shah Independent Director S/o. Korshi Shah A/27, Geeta, Gamdevi, Pandita Ramabai Road, Mumbai – 400 007, Maharashtra. Occupation: Business Date of Appointment: November 2, 2005	Indian	69	1. Raval Tiles & Marbles Private Limited 2. Roop Milan Sarees Private Limited 3. Roopam Property Private Limited 4. Baroda Developers Private Limited 5. R.K. Trusteeship & Executive Private Limited 6. Roopam Developers Private Limited 7. Roopam Fashions Private Limited

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BRIEF PROFILE OF OUR DIRECTORS

1. Mr. Shantilal L. Shah, Non-Executive & Non-Independent Chairman, Age: 48 years

Mr. Shantilal L. Shah joined our Company's board on November 2, 2005. He started his career with the ancestral business at Kutch. He moved to Mumbai in the year 1989 and started the plywood business and other allied items. He is a Trustee in Ladhahbai Sanganbhai Gala Charitable Trust, Sad Bhavana Medical and Education Trust. He devotes his time to charitable causes through these trusts, including working with social service societies for the poor and downtrodden.

2. Mr. Nenshi L. Shah, Managing Director, Age: 47 years

Mr. Nenshi L. Shah name was earlier known as Mr. Nenshi L. Gala, and he changed his name with effect from April 13, 2006. Mr. Nenshi L. Shah is the Managing Director of our Company. He is a key founder of our Company. His leadership and direction has been instrumental in the growth of our Company. He started his career as a small textile merchant at Bhachau, Kutch District, Gujarat and moved to Mumbai in the year 1987 and commenced the business of trading in plywood and other allied items. After gaining experience in marketing, he then shifted to manufacturing. In fact, Euro Ceramics Limited was his entrepreneurial vision after the devastating earthquake on January 26, 2001 at Kutch, Gujarat. He was also one of the instrumental person's involved in the setting up of our Bhachau plant for the manufacture of Vitrified Ceramic Tiles and Aluminium Extruded Sections. He has also been instrumental in diversification of our Company's business. He has more than 25 years experience in trading and manufacturing. Mr. Shah has also been the recipient of the prestigious Customer Appreciation Award from the then, Union Cabinet Minister, Hon'ble Shri Sharad Pawar, which was organised by The Cosmos Co-operative Bank Limited in the year 2000-2001. He has also been awarded the Industry Award for his exceptional achievement in the field of Tiles Industry from Bruhad Mumbai Gujarati Samaj on December 30, 2006. He is a trustee of Ladhahbai Sanganbhai Gala, Charitable Trust, Sadbhavna Medical & Education Trust, Vagad Medical Relief Trust and Vagad Sarvoday Trust, Bhachau, and Chairman and Trustee of Laxmiben Eye Hospital and Ajramar Jain Upashray.

3. Mr. Talakshi L. Nandu, Whole time Director, Age: 56 years

Mr. Talakshi L. Nandu is the Director (Operations) of our Company. He has acquired experience in areas of production, development and marketing. Mr. Nandu was also actively involved in the establishment of our Company and our Bhachau plant. He was responsible for the setting up and procurement of the land, creation of infrastructure, recruitment and development of qualified technical staff for our Company. He also introduced quality standards and productivity in all aspects of manufacturing. Mr. Nandu is in-charge of the day-to-day factory operations, and looks after important aspects of liaison with Government and other affiliated bodies. He also has over two decades of experience of garment business.

4. Mr. Kumar P. Shah, Whole time Director, Age: 47 years

Mr. Kumar P. Shah name was earlier known as Mr. Kunverji P. Gada and he changed his name with effect from October 5, 2000. Mr. Kumar P. Shah is the Director (Procurement) of our Company. He comes from a business centred background and has experience in the area of stationery trading. He has been associated with our Company since incorporation and has in-depth knowledge of the process of manufacturing Vitrified Ceramic Tiles. He has been responsible for identification of supplies, procurement, and purchase of raw materials and also looks after transport and handling. He is presently responsible for procurement, purchases and operations of our plant at Bhachau.

5. Mr. Paresh K. Shah, Whole time Director, Age: 37 years

Mr. Paresh K. Shah is the Director (Marketing) of our Company. He holds a Master Degree in Commerce from University of Bombay. He started his career as a retail trader and has more than 13 years of experience in the retail business. He was previously associated with Roopam House of Fashion, a group in retailing of readymade garments, in the marketing department and was responsible for the establishment of retail branches of Roopam in and outside India. Mr. Shah has been responsible for all marketing activities of our Company such as the identification of markets, expansion of product market, brand building, introduction of new value added products and designs etc. He also supervises export promotion for marketing of Company products.

6. Mr. Pravin D. Gala, Non Executive & Non Independent Director, Age: 39 years

Mr. Pravin D. Gala joined our Company's board on June 18, 2002. He has started his career by taking up employment in retail stores and thereafter started his own firm of plywood trading. He has more than 17 years experience in the business of plywood trade.

7. Mr. Laljibhai K. Shah, Non Executive & Non Independent Director, Age: 53 years

Mr. Laljibhai K. Shah, our Director joined our Company's board on November 2, 2005. He was initially involved in his ancestral business at Kutch, and thereafter moved to Mumbai in 1987 and started firms dealing in plywood and other allied items.

8. Mr. Shivji K. Vikamsey, Independent Director, Age: 78 years

Mr. Shivji K. Vikamsey joined our Company's board on November 2, 2005. He obtained his Bachelor's Degree in Commerce from University of Mumbai and is also a Chartered Accountant. He has been practicing as a Chartered Accountant since 1985, and is the senior partner of M/s. Khimji Kunverji & Co., Chartered Accountants firm established in the year 1936. He has been a former member of the Central Council of the Institute of Chartered Accountants of India during the year 1991 to 1994, a founder member of K. D. O. Chartered Accountants Association and Chairman of Navneet Publications (India) Limited.

9. Mr. Amit G. Shah, Independent Director, Age: 32 years

Mr. Amit G. Shah joined our Company's board on November 2, 2005. He is an architect by profession and has completed his diploma in architecture from the L. S. Raheja School of Arts in the year 1996. He has worked in M/s. D. K. Associates, architecture's firm. He is a member of Council of Architects, practicing engineers, Architects, & Town Planners Association and also a member of Indian Institute of Architecture. He has worked for Louiskhan Trophy in NASA (National Association of Students of Architecture) & was responsible for preparing the documentation of tribal settlements in respect of which he was honoured with a best citation award. He has also worked for G-Sen Trophy in NASA.

10. Mr. Anil M. Mandevia, Independent Director, Age: 55 years

Mr. Anil M. Mandevia joined our Company's board on November 2, 2005. He is a commerce graduate from Bombay University in the year, and also holds a Degree in Law from the Bombay University, and was enrolled as a member in the Bar Council of Maharashtra & Goa. Mr. Mandevia completed his solicitor ship in 1980 and is currently a practicing solicitor in M/s. Anil Mandevia & Co., Advocates & Solicitors.

11. Mr. Raichand K. Shah, Independent Director, Age: 69 years

Mr. Raichand K. Shah joined our Company's Board on November 2, 2005. He is a post-graduate in Arts and also holds a Bachelor Degree of Law from Government Law College, Mumbai and has practiced law for 2 years. He is founder member of "ROOPAM", Mumbai, which is one of the leading outlets in retail market for ready-mades garments, and also set up "Roop Milan" showroom in 1972. He has diversified his business and penetrated in to the Hotel Industry and Agriculture. He established the federation for Retails Traders Association in 1975 and is a president of the federation. He has established Kutchi Vidyarthi Mandal in Bhavan's College and also started night schools for workers & shopkeepers in different areas in Mumbai. He is also associated with the Wagad Famine Relief Committee.

BORROWING POWERS OF DIRECTORS

The borrowing powers of our Directors are regulated by **Articles 108 and 109** of the Articles of Association of our Company. For further details, please refer to section titled "Main Provisions of Articles of Association beginning on page 270 of this Red Herring Prospectus.

Further, pursuant to an ordinary resolution passed at the Extraordinary General Meeting held on January 31, 2006 of our Company, our Directors were authorized to borrow money(s) on behalf of our Company in excess of the aggregate amount of paid up share capital and free reserves of our Company from time to time subject to an amount not exceeding Rupees 50,000 Lacs pursuant to section 293(1)(d) of the Companies Act, 1956.

Details of Compensation payable to Managing Director and Whole time director

In the Extra Ordinary General Meeting of our Company held on November 30, 2005, our shareholders have approved the appointment of, Managing Director:

1. Terms of appointment and compensation of Mr. Nenshi L. Shah, Managing Director is as follows:

Mr. Nenshi Shah has been appointed as a wholetime Director at the meeting of the Board of directors held on April 01, 2003 at remuneration of Rs. 25000/- per month. Subsequently at the Meeting of Board of Directors held on May 20, 2004 the remuneration payable to him was revised from Rs. 25000/- per month to Rs. 50,000/- per month w.e.f. June 01, 2004 all other terms remaining same. Mr. Nenshi Shah was appointed as Managing Director of the

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Company for a period of five years w.e.f. December 01, 2005 and the remuneration payable to him was again revised to Rs.1,00,000/- per month on the following terms:

Remuneration:

- (1) Salary: - Salary of Rs. 1,00,000/- (Rupees One Lakh Only) per month with an annual increment of Rs. 30,000/- (Rupees Thirty Thousand only)
- (2) Commission: Commission computed in the manner laid down in Section 309 (5) of the Companies Act, 1956 and subject to a maximum as may be fixed by the Board from time to time on the basis of the performance of the Company but within the limit prescribed by the Companies Act, 1956.
- (3) Perquisites: Perquisites shall be restricted to an amount equal to the annual salary.
- (4) The Salary and perquisites as mentioned under (1), (2) and (3) above shall be exclusive of:
 - a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent they are not taxable under the Income tax Act, 1961.
 - b. Gratuity as per the rules of the company.
 - c. Leave as per the rules of the company including encashment of leave at the end of the tenure.
- (5) Apart from above mentioned remuneration, he shall be entitled to:
 - a. Medical Expenses actually and properly incurred for him and his family.
 - b. Entertainment expenses actually and properly incurred by him in the course of legitimate business of the Company.
 - c. Club Membership fees subject to a maximum of two clubs. No admission and life membership fees shall be paid.
 - d. Personal Accident Insurance Policy.
 - e. Provision for use of car with chauffeur and telephone for both official and personal use.
 - f. Group Insurance Policy as per the rules of the Company.
 - g. Company's contribution to Keyman Insurance Policy.

2. Terms of appointment and compensation of Mr. Talakshi L. Nandu, Executive Director is as follows:

Mr. Talakshi L. Nandu had been appointed as a whole time Director at the meeting of the Board of directors held on 1st April 2003 at remuneration of Rs. 25000/- per month. Subsequently the remuneration payable to him was revised from Rs. 25000/- per month to Rs. 50,000/- per month w.e.f. 1st June 2004 all other terms remaining same. The terms of remuneration was again revised from Rs. 50,000/- per month to Rs. 1,00,000/- per month w.e.f. 1st December 2005 on the following terms:

Remuneration:

- (1) Salary: Salary of Rs. 1,00,000/- (Rupees One Lakh Only) per month with an annual increment of Rs. 30,000/- (Rupees Thirty Thousand only)
- (2) Commission: Commission computed in the manner laid down in Section 309 (5) of the Companies Act, 1956 and subject to a maximum as may be fixed by the Board from time to time on the basis of the performance of the Company but within the limit prescribed by the Companies Act, 1956.
- (3) Perquisites: Perquisites shall be restricted to an amount equal to the annual salary.
- (4) The Salary and perquisites as mentioned under (1), (2) and (3) above shall be exclusive of:
 - a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent they are not taxable under the Income tax Act, 1961.
 - b) Gratuity as per the rules of the company.
 - c) Leave as per the rules of the company including encashment of leave at the end of the tenure.

- (5) Apart from above mentioned remuneration, he shall be entitled to:
- Medical Expenses actually and properly incurred for him and his family.
 - Entertainment expenses actually and properly incurred by him in the course of legitimate business of the Company.
 - Club Membership fees subject to a maximum of two clubs. No admission and life membership fees shall be paid.
 - Personal Accident Insurance Policy.
 - Provision for use of car with chauffeur and telephone for both official and personal use.
 - Group Insurance Policy as per the rules of the Company.

3. Terms of appointment and compensation of Mr. Kumar P. Shah, Whole time director is as follows:

Mr. Kumar P. Shah had been appointed as a whole time Director at the meeting of the Board of directors held on 1st April 2003 at remuneration of Rs. 25000/- per month. Subsequently the remuneration payable to him was revised from Rs. 25000/- per month to Rs. 50,000/- per month w.e.f. 1st June 2004 all other terms remaining same. The terms of remuneration was again revised from Rs. 50,000/- per month to Rs. 1,00,000/- per month w.e.f. 1st December 2005 on the following terms:

Remuneration:

- Salary: Salary of Rs. 1,00,000/- (Rupees One Lakh Only) per month with an annual increment of Rs. 30,000/- (Rupees Thirty Thousand only)
- Commission: Commission computed in the manner laid down in Section 309 (5) of the Companies Act, 1956 and subject to a maximum as may be fixed by the Board from time to time on the basis of the performance of the Company but within the limit prescribed by the Companies Act, 1956.
- Perquisites: Perquisites shall be restricted to an amount equal to the annual salary.
- The Salary and perquisites as mentioned under (1), (2) and (3) above shall be exclusive of:
 - Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent they are not taxable under the Income tax Act, 1961.
 - Gratuity as per the rules of the company.
 - Leave as per the rules of the company including encashment of leave at the end of the tenure.
- (5) Apart from above mentioned remuneration, he shall be entitled to:
 - Medical Expenses actually and properly incurred for him and his family.
 - Entertainment expenses actually and properly incurred by him in the course of legitimate business of the Company.
 - Club Membership fees subject to a maximum of two clubs. No admission and life membership fees shall be paid.
 - Personal Accident Insurance Policy.
 - Provision for use of car with chauffeur and telephone for both official and personal use.
 - Group Insurance Policy as per the rules of the Company.

4. Terms of appointment and compensation of Mr. Paresh K. Shah, Whole time director is as follows:

Mr. Paresh K. Shah has been appointed as a whole time Director at the meeting of the Board of directors held on 1st April 2003 at remuneration of Rs. 25000/- per month. Subsequently the remuneration payable to him was revised from Rs. 25000/- per month to Rs. 50,000/- per month w.e.f. 1st June 2004 all other terms remaining same.

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The terms of remuneration was again revised from Rs. 50,000/- per month to Rs. 1,00,000/- per month w.e.f. 1st December 2005 on the following terms:

Remuneration:

- (1) Salary: Salary of Rs. 1,00,000/- (Rupees One Lakh Only) per month with an annual increment of Rs. 30,000/- (Rupees Thirty Thousand only)
- (2) Commission: Commission computed in the manner laid down in Section 309 (5) of the Companies Act, 1956 and subject to a maximum as may be fixed by the Board from time to time on the basis of the performance of the Company but within the limit prescribed by the Companies Act, 1956.
- (3) Perquisites: Perquisites shall be restricted to an amount equal to the annual salary.
- (4) The Salary and perquisites as mentioned under (1), (2) and (3) above shall be exclusive of:
 - a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent they are not taxable under the Income tax Act, 1961.
 - b. Gratuity as per the rules of the company.
 - c. Leave as per the rules of the company including encashment of leave at the end of the tenure.
- (5) Apart from above mentioned remuneration, he shall be entitled to:
 - a. Medical Expenses actually and properly incurred for him and his family.
 - b. Entertainment expenses actually and properly incurred by him in the course of legitimate business of the Company.
 - c. Club Membership fees subject to a maximum of two clubs. No admission and life membership fees shall be paid.
 - d. Personal Accident Insurance Policy.
 - e. Provision for use of car with chauffeur and telephone for both official and personal use.
 - f. Group Insurance Policy as per the rules of the Company.

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with BSE and NSE with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges.

Our Company has complied with SEBI Guidelines in respect of Corporate Governance specially with respect to broad basing of board, constituting the Committees such as Share Transfer cum Investors Grievance Committee, Audit Committee and Remuneration Committee.

Our Company has complied with the corporate governance requirements as per clause 49 of the listing agreement. In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted the following Committees of the Board:

1. Audit Committee
2. Remuneration Committee
3. Shareholders/Investors Grievance Committee

Composition of Board of Directors:

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Accordingly not less than 50% of the Board of Directors comprises of non-executive Directors. The Board has eleven Directors of which four are independent directors in accordance with the requirement of clause 49 of the listing agreement of the stock exchanges. The chairman of the Board is a non-executive director.

Board structure:

Sr. No.	Name of Director	Designation	Status	Term of Directorship
1	Mr. Shantilal L. Shah	Non Executive Chairman	Non-Independent	Retirement by Rotation
2	Mr. Nenshi L. Shah	Managing Director	Non-Independent	Five Years from the date of appointment
3	Mr. Talakshi L. Nandu	Whole time Director	Non-Independent	Five Years from the date of appointment
4	Mr. Kumar P. Shah	Whole time Director	Non-Independent	Five Years from the date of appointment
5	Mr. Paresh K. Shah	Whole time Director	Non-Independent	Five Years from the date of appointment
6	Mr. Pravin D. Gala	Non Executive Director	Non-Independent	Retirement by Rotation
7	Mr. Lalji K. Shah	Non Executive Director	Non-Independent	Retirement by Rotation
8	Mr. Shivji K. Vikamsey	Non Executive Director	Independent	Retirement by Rotation
9	Mr. Amit G. Shah	Non Executive Director	Independent	Retirement by Rotation
10	Mr. Anil M. Mandevia	Non Executive Director	Independent	Retirement by Rotation
11	Mr. Raichand K. Shah	Non Executive Director	Independent	Retirement by Rotation

Note: As per the corporate governance requirements as per clause 49 of the listing agreement, if the Chairman of the Board is Non Executive Director the at least one-third of the board should be independent. We have total of eleven Directors out of which four are Independent Directors.

Audit Committee

The Audit Committee was constituted on November 7, 2005. The Audit Committee consists of the following Directors as its members:

Composition of Audit Committee:

Sr. No.	Name of Director	Designation	Nature of Directorship
1	Mr. Shivji K. Vikamsey	Chairman	Non Executive and Independent Director
2	Mr. Anil M. Mandevia	Member	Non Executive and Independent Director
3	Mr. Amit G. Shah	Member	Non Executive and Independent Director
4	Mr. Nenshi L. Shah	Member	Executive Director

The terms of reference of the Audit Committee are as follows:

- It shall have authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of our Company and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

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- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions, i.e. transaction of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of company at large.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors and significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as has post audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- 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.
- It shall have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half yearly, and annual financial statements before submission to the Board.
- It shall ensure compliance of internal control systems.

Remuneration Committee:

The Remuneration Committee was constituted on November 7, 2005. The Remuneration Committee has been formed to decide and approve the terms and conditions for appointment of executive directors and/ or whole time directors and remuneration payable to other directors and matter related thereto.

Composition of the Remuneration Committee:

Sr. No.	Name of Director	Designation	Nature of Directorship
1	Mr. Anil M. Mandevia	Chairman	Non Executive and Independent Director
2	Mr. Lalji K. Shah	Member	Non Executive
3	Mr. Amit G. Shah	Member	Non Executive and Independent Director
4	Mr. Raichand K. Shah	Member	Non Executive and Independent Director

Shareholders/Investors Grievance Committee:

The Shareholders/Investors Grievance Committee was constituted on November 7, 2005.

Composition of Shareholders/Investors Grievance Committee:

Sr. No.	Name of Director	Designation	Nature of Directorship
1	Mr. Shantilal L. Shah	Chairman	Non Executive Director
2	Mr. Kumar P. Shah	Member	Executive Director
3	Mr. Lalji K. Shah	Member	Non Executive Director
4	Mr. Paresh K. Shah	Member	Executive Director

The terms of reference of the Shareholders/Investors Grievance Committee are as follows:

- To approve the transfer of shares.
- To look after the matter relating to non-receipts of the refund orders, right entitlement, annual reports and other entitlements or any other investors grievances.
- To look after the matters relating to dematerialisation and re-materialisation of shares

IPO Committee

The IPO Committee was constituted on November 7, 2005. The IPO Committee has been formed to look into the matters relating to the proposed IPO of our Company.

Composition of the IPO Committee:

Sr. No.	Name of Person	Designation
1	Mr. Paresh K. Shah	Executive Director
2	Mr. Parag K. Shah	Vice President
3	Mr. Sushil Chudiwala	Chief Executive Officer
4	Ms. Jayshree Soni	Company Secretary

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. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed issue.

Code of Conduct for Directors and Senior Management Personnel

Our Board of Directors have approved and adopted the Code of Conduct for Directors and Senior Management Personnel in view of the proposed issue. The code of conduct is available on the website of our Company i.e. www.eurovitrified.com

SHAREHOLDING OF OUR DIRECTORS

As per our Articles, our Directors are not required to hold any Equity Shares in our Company. Save and except as below, our Directors do not hold any Equity Shares in our Company as on the date of filing of this Red Herring Prospectus.

Sr. No.	Name of the Director	No. of Shares
1.	Mr. Nenshi L. Shah	14,85,440
2.	Mr. Talakshi L. Nandu	14,23,760
3.	Mr. Kumar P. Shah	11,23,380
4.	Mr. Paresh K. Shah	11,83,360
5.	Mr. Pravin D. Gala	2,36,400
6.	Mr. Lalji K. Shah	1,51,600
	Total	56,03,940

INTEREST OF DIRECTORS

All Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them as per our Articles of Association and terms of their appointment as whole time directors, where applicable. The whole time directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of our Company. All our directors may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares and also to the extent of interest if any paid on loan advanced by our Directors to our Company.

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Directors Remuneration (including sitting fees) for the year ended March 31, 2006

Sr. No.	Name of Director	Sitting Fees	Salaries / Perquisites	Commission	Total
1.	Mr. Shantilal L. Shah	5,000	—	—	5000
2.	Mr. Nenshi L. Shah	Nil	8,50,000	—	8,50,000
3.	Mr. Talakshi L. Nandu	Nil	8,50,000	—	8,50,000
4.	Mr. Kumar P. Shah	Nil	8,50,000	—	8,50,000
5.	Mr. Paresh K. Shah	Nil	8,50,000	—	8,50,000
6.	Mr. Pravin D. Gala	10,000	—	—	10,000
7.	Mr. Shivji K. Vikamsey	Nil	—	—	Nil
8.	Mr. Laljibhai K. Shah	10,000	—	—	10,000
9.	Mr. Amit G. Shah	10,000	—	—	10,000
10.	Mr. Anil M. Mandevia	5,000	—	—	5,000
11.	Mr. Raichand K. Shah	Nil	—	—	Nil
	Total	40,000	34,00,000		34,40,000

Our Company has taken unsecured loans from Directors and the amount pending as on December 31, 2006 is as follows:

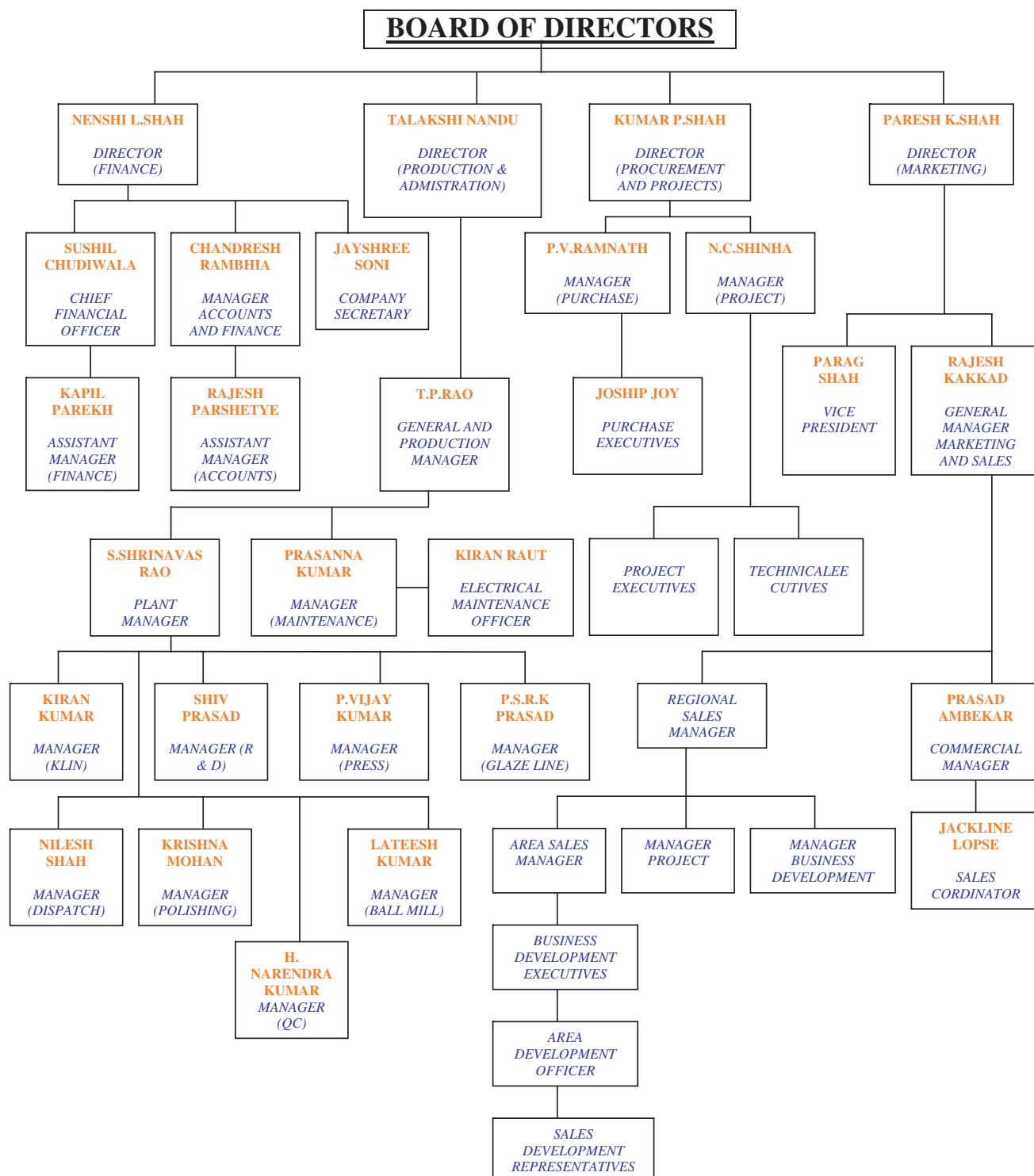
Sr. No.	Name of Directors	Amount (Rs. in Lacs)
1.	Mr. Nenshi L. Shah	536.11
2.	Mr. Talakshi L. Nandu	27.73
3.	Mr. Kumar P. Shah	320.91
4.	Mr. Paresh K. Shah	307.84
5.	Mr. Lalji K. Shah	50.00
6.	Mr. Pravin D. Gala	190.55

During the Financial year ended March 31, 2006, our Company interest at the rate of 12% per annum to the Directors on the amount of unsecured loan advanced by them to our Company.

CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Name of Director	Date of change	Reasons for change
Mr. Shantilal L. Shah	November 2, 2005	Appointed as an Additional Director
Mr. Laljibhai K. Shah	November 2, 2005	Appointed as an Additional Director
Mr. Shivji K. Vikamsey	November 2, 2005	Appointed as an Additional Director
Mr. Amit G. Shah	November 2, 2005	Appointed as an Additional Director
Mr. Anil M. Mandevia	November 2, 2005	Appointed as an Additional Director
Mr. Raichand K. Shah	November 2, 2005	Appointed as an Additional Director

ORGANISATIONAL CHART



EURO CERAMICS LIMITED

KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of our Company other than our Executive Directors are as follows:

Sr. No.	Name	Designation	Age	Qualification
1.	Mr. Parag K. Shah	Vice President (Exports)	35	Under Graduate
2.	Mr. Sushil Chudiwala	Chief Executive Officer	42	B.A. (Eco) L.L.B.
3.	Mr. T. P. Rao	General Manager (Plant)	35	Diploma in Ceramics
4.	Mr. Y. Shanmugam	Technical Advisor	63	Bachelor of Engineering (Mechanical)
5.	Mr. Rajesh Kakkad	General Manager (Sales)	42	B.Text.- VJTI
6.	Mr. Chandresh Rambhia	General Manager (Accounts & Finance)	28	B.Com., ACA
7.	Mr. Srinivasa Rao	Plant Manager	30	Diploma in Ceramics
8.	Ms. Jayshree Soni	Company Secretary	30	B.Com., ACS
9.	Mr. P. V. Ramnath	Manager (Purchase)	38	B.Com.
10.	Mr. Prasad Ambekar	Manager (Commercial)	30	B.A. also Certificate course in IBM AS / 400.

Notes:

- All the Key Managerial Personnel mentioned above are on the payrolls of our Company as the permanent employees.
- There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
- The Key Management Personnel mentioned above are not related parties as per the Accounting Standard 18.

1. Mr. Parag K. Shah

Mr. Parag K. Shah is the brother of Mr. Paresh K. Shah, Promoter of our Company. Mr. Shah joined our Company on May 1, 2004. Prior to joining our Company, he was associated with Casablanca Inc. as a partner. He also worked at Roopam readymade garment store and handled domestic as well as export sales, in addition to setting up Roopam stores both locally and internationally. Mr. Shah is responsible for all export marketing activities relating to export of our Company. The Remuneration paid to him in the financial year 2005-2006 was Rs. 1.12 Lacs.

2. Mr. Sushil Chudiwala

Mr. Sushil Chudiwala joined our Company on June 1, 2002. Mr. Chudiwala holds a Bachelor Degree of Arts (Economics) from Mumbai University, and a Bachelor Degree in law from Mumbai University in the year 1994 and a Diploma in Export-Import Management from Indo-American Society, Mumbai. He has sixteen years of work experience in different industries. In our Company, he is responsible for the financial management of our Company. The Remuneration paid to him in the financial year 2005-2006 was Rs. 3.83 lacs.

3. Mr. T. P. Rao

Mr. T. P. Rao, joined our Company in the year 2002. Mr. Rao holds a Diploma in Ceramics from Government Institute of Ceramics Technology and is an Associate Member of Indian Institute of Ceramics. Prior to joining our Company he has had 12 years experience in the field. He has worked with H & R Johnson Limited, Murudeshwar Ceramics Limited, and Regency Ceramics India Limited. He is presently working as General Manager of Plant. The Remuneration paid to him in the financial year 2005-2006 was Rs. 1.52 lacs.

4. Mr. Y. Shanmugam

Mr. Y. Shanmugam, joined our Company in April 18, 2005 as Technical Advisor. He holds a Bachelor degree in Engineering from Madras University. Prior to joining in our Company, he has worked with Atlas Copco India Ltd., where he served for 30 years in various capacities including as Product Manager, Regional Manager, and Business Manager etc. He is presently working as Technical Advisor. The Remuneration paid to him in the financial year 2005-2006 was Rs. 2.06 lacs.

5. Mr. Rajesh D. Kakkad

Mr. Rajesh Kakkad, joined our Company on October 10, 2002. Mr. Kakkad obtained his Engineering Degree from Veermata Jijabai Technological Institute (VJTI), Mumbai in the year 1984. Prior to joining our Company, he worked with the FMCG industry, including Reliance Industries Limited, Maharana Mills and Morarjee Gokuldas Mills at Mumbai. He has also been associated with Jaya Food Industries Limited as sales officer, Raj Oil Mills as an Area Sales Manager. He has 15 years experience in the field of Sales & Marketing. In our Company, he looks after appointment of sales team, co-ordinates with dealers and distributors. He has rich experience in marketing and played a major role in developing new designs and innovated products in Vitrified Ceramic Tiles. He is presently responsible for the overall Sales & Marketing activities of our Company. The Remuneration paid to him in the financial year 2005-2006 was Rs. 2.89 lacs

6. Mr. Chandresh Rambhia

Mr. Chandresh Rambhia joined our Company on July 6, 2004. Mr. Rambhia holds a Bachelor Degree in Commerce from the University of Mumbai in the year 1998, also completed his Chartered Accountancy in 2003. He is an associate member of the Institute of Chartered Accountants of India and holds a Diploma in Computer Applications from Apex Computers. Mr. Rambhia was previously associated with M/s. Rashmi Zaveri & Co., Chartered Accountants and has experience of audit of Public Companies, Banks, Insurance Companies. He is responsible for Accounts and Finance management of our Company. The Remuneration paid to him in the financial year 2005-2006 was Rs. 1.48 lacs.

7. Mr. Srinivasa Rao

Mr. Srinivasa Rao, joined our Company in the year 2003. Mr. Rao holds Diploma in Ceramics from Government Institute of Ceramics Technology and is an Associate Member of Indian Institute of Ceramics and also a master's degree in business administration in finance. Prior to joining our Company he has worked with Nitco Tiles Limited as Senior Kiln Engineer, Murudeshwar Ceramics Limited as Kiln Supervisor, under Glass division of H.M.T. Limited and Granite division of Spartek Ceramics India Limited. He is presently working as Manager of Plant. The Remuneration paid to him in the financial year 2005-2006 was Rs. 1.58 lacs.

8. Ms. Jayshree Soni

Ms. Soni joined our Company on November 24, 2005 as Deputy Company Secretary and was subsequently appointed as a Company Secretary on January 24, 2006. Ms. Soni holds a Bachelor Degree in Commerce from the University of Mumbai. She is an associate member of the Institute of Company Secretaries of India. She also has a Diploma in Computer Commercial Applications from Computer Station Inc. The Remuneration paid to her in the financial year 2005-2006 was Rs. 0.51 lacs.

9. Mr. P. V. Ramnath

Mr. P. V. Ramnath joined our Company on September 3, 2004 as Purchase Officer and was subsequently promoted to the post of Manager (Purchase) on December 1, 2005. Mr. Ramnath obtained his Graduation in Commerce from the University of Chennai. Prior to joining our Company has worked with Govind Rubber Limited as Purchase Assistant. He has 15 years experience as a Purchase officer. He is presently responsible for the entire purchase of Raw Materials, Engineering Goods, and Machinery. The Remuneration paid to him in the financial year 2005-2006 was Rs. 1.64 lacs.

10. Mr. Prasad Ambekar

Mr. Prasad Ambekar, joined our Company on 12th May, 2004 as Sales coordinator and was promoted to the post of Manager Commercial. Mr. Ambekar holds a Bachelor Degree in Arts from the Mumbai University. He has also obtained certification of IBM AS/400 from AS Syspro Info Tech Private Limited. Prior to joining our Company, he has worked with Pan Herbo Limited (division of Panoramic Group of companies) as Sales Administrative executive. He is responsible for Primary Production Planning, dispatch and co-ordination with all main dealers across the country. The Remuneration paid to him in the financial year 2005-2006 was Rs. 2.18 lacs.

We confirm that other than as mentioned above, the Promoters / Directors of our Company do not have any relationship whatsoever with any of our Key Managerial Personnel.

EURO CERAMICS LIMITED

Bonus or Profit Sharing Plan

There is no fixed or certain bonus or profit sharing plan for the key managerial personnel. The key managerial personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of benefits derived on Equity Shares held by them in our Company.

SHAREHOLDING OF OUR KEY MANAGERIAL PERSONNEL

None of our key managerial personnel in our Company holds any shares of our Company as on the date of filing of this Red Herring Prospectus with Roc (excluding allotment pursuant to this Issue, if any)

CHANGES IN OUR KEY MANAGERIAL PERSONNEL DURING THE LAST THREE YEARS

Sr. No.	Name	Designation	Date of Appointment	Date of Leaving	Reason
1	Mr. Parag K. Shah	Vice President (Exports)	May 1, 2004	–	Appointment
2	Mr. Prasad Ambekar	Manager (Commercial)	May 12, 2004	–	Appointment
3	Mr. P. V. Ramnath	Manager (Purchase)	September 3, 2004	–	Appointment
4	Mr. Y. Shanmugam	Technical Advisor	April 18, 2005	–	Appointment
5	Mr. Chandresh Rambhia	Manager (Accounts and Finance)	July 6, 2004	–	Appointment
6	Ms. Jayshree Soni	Company Secretary	November 24, 2005	–	Appointment

EMPLOYEE STOCK OPTION SCHEME/EMPLOYEE STOCK PURCHASE SCHEME TO EMPLOYEES

Presently, we do not have ESOP/ESPS scheme for employees.

PAYMENT OR BENEFIT TO OUR OFFICERS

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment or engagement, we have not paid any amount or given any benefit to any officer of our Company, nor is such amount or benefit intended to be paid or given to any officer as on the date of filing this Red Herring Prospectus with SEBI.

EMPLOYEES

Our Company provides interest-free loans and advances to employees for various purposes, in the ordinary course of business. The amounts outstanding as on September 30, 2006 on account of loans and advances to employees was Rs. 13.65 Lacs.

Our Company has in place a “Group Gratuity Cash Accumulation Scheme” with the Life Insurance Corporation of India. Our Company contributes certain sums periodically to cover liability for payment of gratuity to employees arising out of employee’s retirement, death before normal retirement, leaving service, etc., after a minimum period of service (currently five years) or to their nominees in case of death.

Further, our Company also has in place a Group Insurance Scheme with uniform graded cover with the Life Insurance Corporation of India. Our Company contributes certain sums periodically to cover liability for payment to provide benefits to their nominated beneficiaries in the event of their death.

OUR PROMOTERS AND THEIR BACKGROUND

The Promoters of our Company are Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah. The brief profiles of our Promoters are as follows:

Mr. Nenshi L. Shah



Voter ID No.	MT/08/038/468422
Driving License No.	Not available
Directors Identification Number	00006223

Mr. Nenshi L. Shah name was earlier known as Mr. Nenshi L. Gala, and he changed his name with effect from April 13, 2006. Mr. Nenshi L. Shah is the Managing Director of our Company. He is a key founder of our Company. His leadership and direction has been instrumental in the growth of our Company. He started his career as a small textile merchant at Bhachau, Kutch District, Gujarat and moved to Mumbai in the year 1987 and commenced the business of trading in plywood and other allied items. After gaining experience in marketing, he then shifted to manufacturing. In fact, Euro Ceramics Limited was his entrepreneurial vision after the devastating earthquake on January 26, 2001 at Kutch, Gujarat. He was also one of the instrumental person's involved in the setting up of our Bhachau plant for the manufacture of Vitrified Ceramic Tiles and Aluminium Extruded Sections. He has also been instrumental in diversification of our Company's business. He has more than 25 years experience in trading and manufacturing. Mr. Shah has also been the recipient of the prestigious Customer Appreciation Award from the then, Union Cabinet Minister, Hon'ble Shri Sharad Pawar, which was organised by The Cosmos Co-operative Bank Limited in the year 2000-2001. He has also been awarded the Industry Award for his exceptional achievement in the field of Tiles Industry from Bruhad Mumbai Gujarati Samaj on December 30, 2006. He is a trustee of Ladhahbai Sanganbhai Gala, Charitable Trust, Sadbhavna Medical & Education Trust, Vagad Medical Relief Trust and Vagad Sarvoday Trust, Bhachau, and Chairman and Trustee of Laxmiben Eye Hospital and Ajramar Jain Upashray.

Mr. Talakshi L. Nandu



Voter ID No.	MT/08/037/450400
Driving License No.	83/W/37252
Directors Identification Number	00009870

Mr. Talakshi L. Nandu is the Director (Operations) of our Company. He acquired experience in areas of production, development and marketing. Mr. Nandu was also actively involved in the establishment of our Company and our Bhachau plant. He was responsible for the setting up and procurement of the land, creation of infrastructure, recruitment and development of qualified technical staff for our Company. He also introduced quality standards and productivity in all aspects of manufacturing. Mr. Nandu is in-charge of the day-to-day factory operations, and looks after important aspects of liaison with Government and other affiliated bodies. He also has over two decades of experience of garment business.

EURO CERAMICS LIMITED

Mr. Kumar P. Shah



Voter ID No.	MT/04/019/300132
Driving License No.	87/C/8456
Directors Identification Number	00009787

Mr. Kumar P. Shah name was earlier known as Mr. Kunverji P. Gada and he changed his name with effect from October 5, 2000. Mr. Kumar P. Shah is the Director (Procurement) of our Company. He comes from a business centred background and has experience in the area of stationery trading. He has been associated with our Company since incorporation and has in-depth knowledge of the process of manufacturing Vitrified Ceramic Tiles. He has been responsible for identification of suppliers, procurement, and purchase of raw materials and also looks after transport and handling. He is presently responsible for procurement, purchases and operations of our plant at Bhachau.

Mr. Paresh K. Shah



Voter ID No.	MT/06/034/009383
Driving License No.	87/C/28289
Directors Identification Number	00009751

Mr. Paresh K. Shah is the Director (Marketing) of our Company. He holds a Master Degree in Commerce from University of Bombay. He started his career as a retail trader and has more than 13 years of experience in the retail business. He was previously associated with Roopam House of Fashion, a group in retailing of readymade garments, in the marketing department and was responsible for the establishment of retail branches of Roopam in and outside India. Mr. Shah has been responsible for all marketing activities of our Company such as the identification of markets, expansion of product market, brand building, introduction of new value added products and designs etc. He also supervises export promotion for marketing of Company products.

We confirm that the Permanent Account Number, Bank Account Number and Passport numbers of the Promoters are being submitted to BSE & NSE at the time of filing this Red Herring Prospectus with them.

Interest of Promoters

All our Promoters are interested in the Promotion of our Company and are also interested to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by our Company. Some of our Promoters may also be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them under the Articles. Further, the Promoters are interested to the extent of equity shares that they are holding and or allotted to them out of the present Issue, if any, in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares except as follows:

Our Promoter Mr. Nenshi L. Shah, Mr. Talakshi L. Nandu, Mr. Kumar P. Shah and Mr. Paresh K. Shah has given unsecured loans to our Company, for further details, please refer to the section titled "Our Management" under the head "Interest of Directors", beginning on page 131 of this Red Herring Prospectus.

Except as stated hereinabove and as stated in “Related Party Transactions” appearing under section titled “Financial Information” beginning on page 141 of this Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Payment or Benefit to Our Promoters

For details of payments or benefits paid to the Promoters, please refer to the head titled “Details of Compensation payable to Managing Director and Whole time director” in the section titled “Our Management” beginning on page 122 of this Red Herring Prospectus.

Except as stated otherwise in this Red Herring Prospectus, none of our Promoters has any interest in any property acquired or proposed to be acquired by our Company in last two years of the date of filing this Red Herring Prospectus.

Common Pursuits

The Promoters of our Company do not have any interest in any other venture, which is engaged in the manufacturing of similar products as that of our Company resulting in conflict of interest.

CURRENCY OF PRESENTATION

In this Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lac” means “one Hundred thousand”, the word “Crore” means “hundred lacs”, the word “million (million)” means “ten lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Red Herring Prospectus, all figures have been expressed in lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Red Herring Prospectus are to the legal currency of India.

DIVIDEND POLICY

Dividends may be declared at the Annual General Meeting of the Shareholders based on a recommendation by our Board of Directors. Our Articles of Association provide that the dividend declared by the shareholders at the Annual General Meeting shall not exceed the amount recommended by the Board of Directors. Our Board of Directors may recommend dividends, at their discretion, to be paid to the members. Generally the factors that may be considered by our Board, but not limited to, before making any recommendations for the dividend include future expansion plans and capital requirements, lenders approvals, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and money market conditions.

SECTION V - FINANCIAL INFORMATION

AUDITORS REPORT

**The Board of Directors,
EURO CERAMICS LTD.**
Boston House, Ground Floor,
Suren Road, Chakala,
Andheri – East,
Mumbai – 400 093

- I. a) We have examined the annexed financial information of **EURO CERAMICS LTD.** ("the Company"), for the year ended 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and for the period ended April 1, 2006 to September 30, 2006 being the last date to which the accounts of the Company have been made up and audited by us. The financial statements for the period ended September 30, 2006 are approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Issue of Equity Shares of the Company (referred to as 'the Issue').
- b) In accordance with the requirements of
 - (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
 - (ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and
 - (iii) Our terms of reference with the Company dated 14th January, 2006 requesting us to carry out work in connection with the Offer Document as aforesaid,

We report that the restated assets and liabilities of the Company as at, March 31, 2003, 2004, 2005, 2006 and September 30, 2006 are as set out in Annexure I to this report after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in Annexure III.

We report that the restated profits of the Company for the financial years ended 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and period ended September 30, 2006 are as set out in Annexure II to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts appearing in Annexure III to this report. The Company has not paid any dividend on equity shares in any of the years mentioned above.

- II. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report.
 - (i) Statement of Cash Flow as appearing in Annexure IV to this report;
 - (ii) Statement of Accounting Ratios enclosed as Annexure V to this report;
 - (iii) Details of Unsecured Loan as appearing in Annexure VI to this report;
 - (iv) Statement of Investment as appearing in Annexure VII to this report;
 - (v) Statement of Sundry Debtors as appearing in Annexure VIII to this report.
 - (vi) Statement of Loans and Advances as appearing in Annexure IX to this report;
 - (vii) Statement of Other Income as appearing in Annexure X to this report;
 - (viii) Statement of Tax Shelters as appearing in Annexure XI to this report;
 - (ix) Details of Secured Loans as appearing in Annexure – XII to this report;

EURO CERAMICS LIMITED

- (x) Details of Contingent Liabilities as appearing in Annexure XIII to this report;
 - (xi) Statement of Related Party transactions as appearing in Annexure XIV to this report.
 - (xii) Segment wise Financial Statements as per Annexure – XV.
 - (xiii) Capitalization Statement as at September 30, 2006 as appearing in Annexure XVI to this report;
 - (xiv) Financials of Euro Merchandise (India) Limited, Wholly owned subsidiary of Euro Ceramics Limited as on March 31, 2006 and September 30, 2006 as appearing in Annexure XVII to this report
 - (xv) Consolidated Financials of Euro Ceramics Limited and its Subsidiary as on March 31, 2006 and September 30, 2006 as appearing in Annexure XVIII to this report
- III. a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure III and Annexure XVIII to this report, after making adjustments / restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Accounts, has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
- b) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For DEEPAK MARU & CO.
Chartered Accountants

Deepak Maru
Partner
Membership No. 49347

Place: Mumbai

Date: 17th November 2006

ANNEXURE - I
Statement of Assets and Liabilities (As Restated)

(Rs. in Lacs)

Sr. No.	Particulars	31.03.03	31.03.04	31.03.05	31.03.06	30.09.2006
A	Fixed Assets					
	Gross Block	72.77	4996.14	5456.29	17048.72	17570.82
	Less: Depreciation	2.05	120.01	409.62	859.55	1365.43
	Net Block	70.72	4876.13	5046.67	16189.17	16205.39
	Capital Work In Progress	3198.34	159.24	5506.85	1292.68	2806.99
	Total	3269.06	5035.37	10553.52	17481.85	19012.38
B	Investment	1.00	1.00	1.00	146.11	146.11
C	Current Assets, Loans & Advances					
	Inventories	-	1444.76	1983.33	3180.22	4115.46
	Sundry Debtors	-	746.93	1721.11	2800.62	3620.24
	Cash and Bank Balances	1005.31	827.25	671.77	285.26	1879.31
	Loans & Advances	154.70	298.22	575.67	2461.15	2313.13
	Total	1160.01	3317.16	4951.88	8727.25	11928.14
D	Liabilities & Provisions					
	Share Application Money	95.87	2373.96	-	604.64	-
	Secured Loans	1455.09	2675.23	7122.05	14964.42	19101.49
	Unsecured Loans	1704.49	1040.82	1282.01	2080.19	2183.47
	Deferred Tax Liability	-	222.75	392.04	614.41	778.36
	Current Liabilities & Provisions	435.23	1063.50	2068.09	2026.99	1734.23
	Total	3690.68	7376.26	10864.19	20290.65	23797.55
E	Net Worth (A+B+C-D)	739.39	977.27	4642.21	6064.56	7289.08
F	Represented by					
	Share Capital	741.07	760.24	908.61	1147.85	1147.85
	Reserves & Surplus	77.52	223.64	3733.60	4916.71	6141.23
	Less: Miscellaneous Exp. (To the extent not written off)	79.20	6.61	-	-	-
	Net Worth	739.39	977.27	4642.21	6064.56	7289.08

EURO CERAMICS LIMITED

ANNEXURE - II

Statement of Profit and Loss (As Restated)

(Rs. In Lacs)

Sr. No.	Particulars	31.03.03	31.03.04	31.03.05	31.03.06	30.09.2006
A	Income					
	Sales & Income from Operation	-	2942.91	22866.20	13197.29	7809.74
	Other Income	-	0.04	3.48	27.90	10.01
	Total	-	2942.95	22869.68	13225.19	7819.75
B	Expenditure					
	(Increase)/Decrease in Stock	-	(858.00)	175.30	(410.33)	(1252.19)
	Cost of Materials	-	1677.43	15316.77	4272.56	2857.07
	Salaries, Wages and Employee Benefits	-	104.25	408.48	437.52	281.04
	Manufacturing, Selling and Other Expenses	-	1415.66	4396.23	5349.42	3188.24
	Total	-	2339.34	20296.78	9649.17	5074.16
C	Net Profit before Interest Depreciation, Tax and Extraordinary Items	-	603.61	2572.90	3576.02	2745.59
	Financial Expenses	-	186.21	444.63	632.25	615.63
	Depreciation	-	117.96	289.61	451.95	507.30
	Profit before Tax	-	299.44	1838.66	2491.82	1622.66
	Provision for Taxation	-				
	- Current Tax	-	7.25	385.00	214.44	229.19
	- Deferred Tax	-	222.75	169.29	222.36	163.95
	- Fringe Benefit Tax	-	-	-	11.00	5.00
D	Net Profit after Tax but before Extraordinary Items	-	69.44	1284.37	2044.02	1224.52
	Impact of Material Adjustments due to change in accounting policy in corresponding years					
	Add/(Less): Depreciation	-	(206.63)	206.63	-	-
	Export Incentive on Advance License	-	-	(35.90)	35.90	-
	Deferred Tax Adjustments	-	156.48	(100.28)	(56.22)	-
	Profit as per Audited P&L A/c	-	19.29	1354.82	2023.70	1224.52

NOTES TO RESTATED PROFIT AND LOSS AND RESTATED ASSETS AND LIABILITIES

1) SIGNIFICANT ACCOUNTING POLICIES

I Basis of Accounting

The Financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act.

Accounting policies

The same set of accounting policies are followed in the interim financial statements for the period ended on September 30, 2006 as those followed in the preceding financial year except otherwise stated herein this statements

II FIXED ASSETS

Fixed Assets are stated at historical cost (net of cenvat credit) less accumulated Depreciation/ amortization thereon. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use and also comprises of borrowing Costs attributable to acquisition and construction of assets up to the date when such assets is ready for its intended use.

III DEPRECIATION

- Depreciation is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956.
- The ceramic plant has been classified as a continuous process plant on technical assessment & depreciation has been provided accordingly.
- Depreciation on the Fixed Assets added/disposed off /discarded during the period has been provided on pro-rata basis with reference to the month of addition/disposal/discarding.
- Depreciation on the amounts capitalized on account of foreign exchange fluctuation is provided prospectively over residual life of the assets.

IV BORROWING COST

- Borrowing Costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such asset up to the date when such assets is ready for its intended use.
- Other borrowing costs are recognized as an expense in the period in which they are incurred.

V FOREIGN CURRENCY transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing on the date of transaction. Current assets and current liabilities in foreign currency are stated at the period ended closing rates. The resulting exchange gain/loss is recognized in the profit and loss account. Exchange differences attributable to the acquisition of the fixed assets outside India are adjusted to the cost of the respective assets.

VI INVESTMENTS

Long Term Investments are stated at cost less provision, if any, for permanent diminution in their value.

VII INVENTORIES

- Raw Materials, components, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.
- Work in Progress and finished goods are valued at lower of cost and net realizable value. Finished goods and work in progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- Cost of inventories is computed on weighted average / FIFO basis.

EURO CERAMICS LIMITED

VIII REVENUE RECOGNITION

- Sales are recorded at net of returns.
- Other income is accounted for on accrual basis.

IX RETIREMENT BENEFITS

- The Company's contributions in respect of Provident Fund are charged to the profit & loss account for each period.
- The Company's contribution to Life Insurance Corporation of India (LIC) for group gratuity policy is charged off to Profit and Loss account each period. The contribution to group gratuity policy is based on values as actuarially determined and demanded by LIC at the period ended.
- Liability for accumulated earned leave of employees is ascertained and provided for as per Company Rules.

X TAXES ON INCOME

- Provision for taxation comprises of Current Income tax, Fringe Benefit Tax and Deferred Tax. Current tax Provision has been made in accordance with the Income Tax Act, 1961.
- Deferred tax for timing differences between the book and tax profits for the period is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.
- Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.
- Deferred tax assets are recognized on unabsorbed losses only if there is virtual certainty that such deferred tax asset can be realized against future taxable profit.

2.) NOTES TO ACCOUNTS FOR THE PERIOD ENDED SEPTEMBER 30, 2006

(1) Earning Per Share

Particulars		31.03.03	31.03.04	31.03.05	31.03.06	30.09.06 (Six months)
Weighted Average Number of Equity Shares at the end of the Year	A	91,62,731	99,06,540	1,09,17,530	11,478,500	11,478,500
Net Profit after Tax available for equity shareholders (Rs. in Lacs)	B	-	69.44	1284.37	2044.02	1224.52
Earning per share (In Rs.) (annualised)	C = B/A	-	0.7	11.76	17.81	21.34

Note: Bonus Shares to the tune of 86,08,875 shares were issued on 31.01.2006, the same are considered while computing the EPS for all the previous years.

(2) Segment Information - Activity wise and Geography wise

The management has identified that the company has 3 Primary business segments i.e. Ceramic Tiles, Aluminum Section and Gold Jewellery section. The Geographical segment has domestic revenue and Export Revenue.

(3) Change in the status and Name

The status of the Company has been changed from Private Limited to Public Limited w.e.f. 16.11.04 by duly complying with the provisions of the Section 31 of the Companies Act. Consequent upon the conversion and change of the name, the Registrar of Companies has issued fresh certificate of incorporation.

- (4) In the opinion of the Board the current assets, Loans and advances are approximately of the value stated and are realizable in the ordinary course of business. The provision for all known liabilities is adequate.

-
- (5) The previous year's figure have been regrouped and rearranged, wherever necessary.
 - (6) During the Financial Year 2003-2004 the Company has changed the method of providing Depreciation from S.L.M. Method to W.D.V. Method. Subsequently from 2004-2005, the company has again changed the method of providing depreciation from W.D.V. Method to S.L.M. Method.
 - (7) Up to the financial year ended on March 31, 2005 the Company has been accounting for export incentives in the nature of Advance License Benefit on cash basis. During the financial year ended March 31, 2006, the Company has revised its accounting policy of providing the export incentives on accrual basis from cash basis.
 - (8) The company has written off the unamortized preliminary expenditure of Rs. 6,61,276 fully, during the year 2004-2005.
 - (9) The Interest Income is netted off against Interest Expenses, as both are inter-related.
 - (10) All Insurance Claims, unless directly identifiable with the respective heads of expenses are reduced from manufacturing, Selling and Other expenses.
 - (11) During the year 2005-2006 the Company has discontinued its Jewellery Division Business.

EURO CERAMICS LIMITED

ANNEXURE – IV

CASH FLOW STATEMENT AS RESTATED AS ON

(Rs. in Lacs)

Sr. No.	Particulars	31.03.03	31.03.04	31.03.05	31.03.06	30.09.2006
A	Cash Flow from Operating Activities					
	Net Profit before Tax	-	299.44	1838.66	2491.82	1622.66
	<u>Adjustment for:</u>					
	Preliminary Exp W/off	-	1.65	6.61	-	-
	Pre Operative Expenses	(79.20)	-	-	-	-
	Depreciation	2.05	117.96	289.61	451.95	507.30
	Finance Expenses (Net)	-	186.21	444.63	632.25	615.63
	Dividend & Other Income	-	(0.04)	(3.48)	(27.90)	(9.15)
	Loss on Sales of Fixed Assets	-	-	-	11.99	-
	Operating Profit before working Capital changes	(77.15)	605.22	2576.03	3560.11	2736.44
	Decrease/(Increase) in Inventories	-	(1,444.76)	(538.57)	(1196.89)	(935.24)
	Decrease/(Increase) in Sundry Debtors	-	(746.93)	(974.18)	(1079.51)	(819.62)
	Decrease/(Increase) in Other Current Assets	(154.70)	(143.52)	(277.45)	(1885.48)	148.03
	Increase/(Decrease) in Trade and Other Payables	435.23	621.02	(714.26)	1412.63	(200.91)
	Cash generated from Operations	203.38	(1108.97)	71.57	810.86	928.70
	Income Tax Paid (Net of Refund)	-	-	(36.55)	(563.04)	(82.43)
	Net Cash from Operating Activities	203.38	(1108.97)	35.02	247.82	846.27
B	Cash Flow from Investing Activities					
	(Purchase)/Sales of Fixed Assets including Capital Work In Progress	(3271.11)	(1813.33)	(5807.76)	(7380.29)	(2037.84)
	Loss on sale of F. Assets	-	-	-	(11.99)	-
	(Increase)/Decrease in Investments	(1.00)	-	-	(145.11)	-
	Interest Received	-	28.94	36.54	26.44	25.22
	Dividend & Other Income	-	0.04	3.48	27.90	9.15
	Net Cash from Investing Activities	(3272.11)	(1784.35)	(5767.74)	(7483.04)	(2003.47)

C	Cash Flow from Financing Activities					
	Share Application Money	95.87	2278.09	(2373.96)	604.64	(604.64)
	Redemption of Preference Shares	-	-	-	(621.65)	-
	Proceeds from Issue of Share Capital	818.59	95.85	2373.96	-	-
	Proceeds from Borrowings	3159.58	1220.14	7471.73	47018.24	8424.54
	Repayment of Borrowings	-	(663.67)	(2783.72)	(38377.70)	(4184.19)
	Increase/(Decrease) in payables for capital goods	-	-	1370.40	(1116.13)	(243.61)
	Finance Expenses (Net)	-	(215.15)	(481.17)	(658.69)	(640.84)
	Net Cash from Financing Activities	4074.04	2715.26	5577.24	6848.71	2751.26
D	Net Increase in Cash and Cash Equivalent	1005.31	(178.06)	(155.48)	(386.51)	1594.05
	Opening Balance Cash and Cash Equivalent	-	1005.31	827.25	671.77	285.26
	Closing Balance Cash and Cash Equivalent	1005.31	827.25	671.77	285.26	1879.31

ANNEXURE – V

Mandatory Accounting Ratios

Particulars		31.03.03	31.03.04	31.03.05	31.03.06	30.09.06
Weighted Average Number of Equity Shares at the end of the Year	A	91,62,731	99,06,540	1,09,17,530	1,14,78,500	1,14,78,500
Net Profit after Tax available for equity shareholders (Rs. in Lacs)	B	-	69.44	1284.37	2044.02	1224.52
Earning per share (In Rs.) - annualized	C = B/A	-	0.70	11.76	17.81	21.34
Net Worth		739.39	977.27	4642.21	6064.56	7289.08
Return on Net Worth (%)		-	7.11	27.67	33.70	33.60
Net Asset Value Per Share (Rs)		61.92	70.51	161.77	52.83	63.50

Notes:

- Bonus Shares to the tune of 86,08,875 shares were issued on 31.01.2006, the same are considered while computing the EPS for all the previous years.
- For the calculation of EPS and Return on Net worth, Profits for the period ended 30.09.2006 have been annualized.

Formula:

Earning per Share	=	$\frac{\text{Net Profit after tax available for equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$
Return on Net Worth	=	$\frac{\text{Net Profit after tax available for equity shareholders}}{\text{Net Worth}}$
Net Asset Value Per Share	=	$\frac{\text{Net Worth}}{\text{Number of equity shares outstanding at the end of the year}}$

EURO CERAMICS LIMITED

ANNEXURE – VI

Details of Unsecured Loan

(Rs. in Lacs)

Particulars	31.03.03	31.03.04	31.03.05	31.03.06	30.09.06
From group / associate companies / directors / promoters	474.87	0.41	31.48	1232.33	1310.64
From Others	1229.62	1040.41	1250.53	847.86	872.83
Total	1704.49	1040.82	1282.01	2080.19	2183.47

ANNEXURE – VII

Details of Investments

(Rs. in Lacs)

Particulars	31.03.03	31.03.04	31.03.05	31.03.06	30.09.06
Equity Shares Long term Unquoted					
Shares of Cosmos Co-Operative Bank Ltd.	1.0000	1.0000	1.0000	3.5075	3.5075
Shares of Sangam Arcade C. H. S. Ltd.	0.0035	0.0035	0.0035	0.0035	0.0035
Subsidiary - Equity Shares Long term Unquoted					
Shares of Euro Merchandise (India) Ltd.	-	-	-	142.5000	142.5000
National Saving Certificate	-	-	-	0.1000	0.1000
Total	1.0035	1.0035	1.0035	146.1110	146.1110

ANNEXURE – VIII

Details of Sundry Debtors

(Rs. in Lacs)

Age – wise Break-up	31.03.03	31.03.04	31.03.05	31.03.06	30.09.06
More than Six Months	-	-	120.77	72.49	369.06
Less than Six Months	-	746.93	1600.34	2728.13	3251.18
Total	-	746.93	1721.11	2800.62	3620.24
<u>Note:</u> The above figures includes amounts in respect of which the Company holds Deposits & Letter of Credit/Guarantee from Banks	-	-	4.45	155.64	-

ANNEXURE – IX

Loans and advances (Unsecured, Considered Good)

(Rs. in Lacs)

Particulars	31.03.03	31.03.04	31.03.05	31.03.06	30.09.06
Advances (Recoverable in cash or in kind or for value to be received)	153.20	37.55	400.67	2211.17	1997.12
Deposits	-	78.79	88.07	132.15	131.98
Balance with Govt. Authorities	-	181.60	86.93	117.83	184.03
Taxation (Net of Provision)	1.50	0.28	-	-	-
Total	154.70	298.22	575.67	2461.15	2313.13

ANNEXURE – X
Details of Other Income

(Rs. in Lacs)

Particulars	31.03.03	31.03.04	31.03.05	31.03.06	30.09.06
Miscellaneous Income	-	0.04	1.27	14.25	0.86
Dividend on Long Term Investment	-	-	0.10	0.15	0.15
Rent Income	-	-	2.11	13.50	9.00
Total	-	0.04	3.48	27.90	10.01

ANNEXURE – XI
Statement of Tax Shelters

(Rs. in Lacs)

Particulars		31.03.04	31.03.05	31.03.06	30.09.06
Profit before Tax as per Books	A	92.81	2009.38	2527.72	1622.66
Tax Rate					
- Normal		35.87%	36.59%	33.66%	33.66%
- MAT		7.69%	7.84%	8.42%	11.22%
Tax on Profits at Actual Rate		33.29	735.23	850.83	546.19
<u>Adjustments:</u>					
Permanent Difference					
Donation		-	12.30	24.54	31.85
Others		-	-	(4.20)	(2.70)
Total Permanent Difference	B	-	12.30	20.34	29.15
Timing Difference					
Difference between Tax Depreciation and Book Depreciation		(416.24)	(837.26)	(1876.49)	(970.90)
Others		-	86.71	(71.34)	(2.75)
Total Timing Difference	C	(416.24)	(750.55)	(1947.83)	(973.65)
Net Adjustment (B + C)		(416.24)	(738.25)	(1927.49)	(944.50)
Tax Saving thereon		(149.31)	(270.13)	(648.79)	(317.92)
Profit/(Loss) as per Income Tax (A+B+C)	D	(323.43)	1271.13	600.23	678.16
B/f Loss Adjusted	E	-	(323.43)	-	-
Profit/(Loss) as per Taxable Return	D+E	(323.43)	947.70	600.23	678.16
Taxable Income as per MAT		92.81	-	2527.72	-
Tax as per Income Tax as returned/ Provided For		7.14	346.76	212.83	229.19

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ANNEXURE – XII

Details of Secured Loan

(Rs. in Lacs)

	Particulars of Loan	31.03.03	31.03.04	31.03.05	31.03.006	30.09.06
	Term Loans from Financial Institution and Banks					
1	State Bank of India	-	-	-	6932.05	10437.37
2	State Bank of Saurashtra				1450.26	1287.91
3	Syndicate Bank	-	-	898.48	-	-
4	Bank of India	-	-	2197.84	-	-
5	Cosmos Co-op Bank Ltd	-	1264.83	1638.44	2255.29	3060.07
	Sub Total (A)	-	1264.83	4734.76	10637.60	14785.35
	Specific Term Loans from Financial Institution and Banks – Vehicle Loan					
1	ICICI Bank	11.85	17.57	41.30	77.47	62.57
2	Centurion Bank	-	-	-	13.36	11.61
3	Sundaram Finance Limited	-	2.44	1.22	0.10	-
	Sub Total (B)	11.85	20.01	42.52	90.93	74.18
	Cash Credit Accounts					
1	Cosmos Co-op Bank Limited	1443.24	1390.39	1033.44	874.91	1253.78
2	State Bank of India – Export Packing Credit	-	-	-	50.29	0.01
3	Syndicate Bank	-	-	786.88	-	-
4	Syndicate Bank – Export Packing Credit	-	-	6.50	-	-
5	State Bank of India	-	-	-	2830.89	920.23
6	State Bank of Saurashtra	-	-	-	479.96	497.34
7	Union Bank of India	-	-	517.95	(0.16)	-
8	Bank of India	-	-	-	-	129.89
9	Indian Overseas Bank	-	-	-	-	81.40
10	State Bank of India	-	-	-	-	1359.31
	Sub Total (C)	1443.24	1390.39	2344.77	4235.89	4241.96
	Total Secured Loans (A+B+C)	1455.09	2675.23	7122.05	14964.42	19101.49

Notes:

1. Term Loans: secured against the first Charge created by mortgage on all the existing and future assets situated at Bhachau (Kutch) and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and their relatives.
2. Vehicle Loans are secured against vehicle purchased & Personal Guarantee of the Directors of the company.
3. Cash Credit & Other facilities: are secured against the First Charge created by Hypothecation of Stock and Book debts & other current assets and second charge created on existing as well as future fixed assets of the company situated at Bhachau (Kutch) and against the Personal Guarantee given by the Directors and their Relatives.
4. Balance shown of Union Bank of India in Cash Credit Accounts representing Debit Balance of Rs. 16000/-, comprises of Cash Credit facility taken over by our present bankers viz. State Bank of India as at 31st March, 2006.

Details of Secured Loans outstanding as on 30th September 2006

(Rs in Lacs)

Bank /Financial Investment	Nature of Loan	Sanctioned Amount	Balance as on 30.09.06	Rate of Interest (p.a.)	Securities Offered	Fees/Pricing and Repayment Schedule
ICICI Bank Limited	Vehicle Loan	4.75	2.86	6.11%	Secured by hypothecation of specified vehicle against which finance is obtained	Repayable in 35 Monthly Installments w.e.f. 07.08.05
	Vehicle Loan	4.75	2.86	6.11%	—do—	— do — w.e.f. 07.08.2005
	Vehicle Loan	9.75	1.80	4.42%	—do—	— do — w.e.f. 07.07.2004
	Vehicle Loan	10.00	1.87	5.42%	—do—	— do — w.e.f. 01.07.2004
	Vehicle Loan	7.00	4.78	2.84%	—do—	— do — w.e.f. 01.11.2005
	Vehicle Loan	9.25	6.56	2.80%	—do—	— do — w.e.f. 01.12.2005
	Vehicle Loan	13.00	0.84	9.97%	—do—	— do — w.e.f. 31.12.2003
	Vehicle Loan	10.52	5.98	3.88%	—do—	— do — w.e.f. 07.06.2005
	Vehicle Loan	7.50	1.63	5.30%	—do—	— do — w.e.f. 01.08.2004
	Vehicle Loan	6.80	0.22	6.38%	—do—	— do — w.e.f. 01.02.2004
	Vehicle Loan	3.65	1.69	5.69%	—do—	— do — w.e.f. 07.03.2005
	Vehicle Loan	6.30	4.25	3.45%	—do—	— do — w.e.f. 22.11.2005
	Vehicle Loan	21.00	16.44	7.81%	—do—	— do — w.e.f. 29.03.2006
	Vehicle Loan	6.10	4.70	7.65%	—do—	— do — w.e.f. 17.03.2006
	Vehicle Loan	6.50	6.09	9.40%	—do—	— do — w.e.f. 05.10.2006
Centurion Bank	Vehicle Loan	7.60	6.60	9.00%	—do—	Repayable in 34 Monthly Installments w.e.f. 01.05.06
	Vehicle Loan	5.76	5.00	9.50%	—do—	— do — w.e.f. 01.05.2006
State Bank of India	Term Loan	7,000.00	6,913.10	2.5% below SBAR, minimum 7.75% p.a.	First charge on present and future fixed assets of the company and second pari passu	Interest @ 7.75% p.a. and rupee loan of Rs.35.00 Crore is repayable in 20 Quarterly installments

EURO CERAMICS LIMITED

Bank /Financial Investment	Nature of Loan	Sanctioned Amount	Balance as on 30.09.06	Rate of Interest (p.a.)	Securities Offered	Fees/Pricing and Repayment Schedule
					on the stocks, book debts and current assets of the Company and also the security of the first pari passu charge on all the immovable property of the Company situated at Bhachau (Kutch) by way of equitable mortgage and also first charge over the various personal immovable properties.	of Rs.175 Lacs w.e.f. 1st September,06 and Buyers Credit @ US Libor + .65 Basis Points with an option of every six months roll over of US \$ 7.76 Mn. Is repayable in 12 Quarterly Installments w.e.f. 01st April 2008
State Bank of India	Short Term Loan	1,500.00	1,511.48	1.75% below SBAR, minimum 9.00% p.a.	Pledge of 12.50 Lacs Shares of Euro Ceramics Limited held by Promoters.	Repayable within 9 months from the date of Disbursement. I.e. before February 13,2007.
Cosmos Co-operative Bank	Term Loan	3060.07	3060.07	10.00%	Hypothecation of Machinery and Mortgage of Factory Land & Building along with First charge on present and future fixed assets of the company and second pari passu on the stocks, book debts and current assets of the Company	Repayable in 66 Monthly Installments starting from September-2006
State Bank of Saurashtra	Term Loan	1500.00	1287.91	8%	— do —	Interest @ 8.00 % p.a. and Loan of Rs.500 Lacs is repayable in 44 monthly installments of Rs.11.36 Lacs w.e.f. January 06 and Loan of Rs.1000 Lacs is repayable in 53 Monthly installments of Rs.18.52 Lacs w.e.f. February – 2006

Details of Secured Working Capital Loans as on 30th September 2006
(Rs in Lacs)

Bank /Financial Investment	Nature of Loan	Sanctioned Amount	Balance as on 30.09.06	Rate of Interest (p.a.)	Securities Offered	
State Bank of India	Cash Credit / WCDL	2,000.00	2013.16	1.75% below SBAR, minimum 8.00% p.a.	First charge on present and future current assets of the company and second charge over the entire present and future fixed assets of the company and also first pari passu mortgage charge on various personal immovable properties.	
State Bank of India	Cash Credit / WCDL	1,000.00	920.23	1.75% below SBAR, minimum 9.00% p.a.	First charge on present and future current assets of the company and second charge over the entire present and future fixed assets of the company and also first pari passu mortgage charge on various personal immovable properties.	
State Bank of India Export packing credit	Cash Credit	Included in above	0.0055	7.35%	— do —	
Cosmos Co-operative Bank	Cash Credit /WCDL	1100.00	1253.78	10.00%	— do —	
State Bank of Saurashtra	Cash Credit /WCDL	500.00	497.34	9.00% floating	— do —	
Bank of India - London	Buyers Credit	131.85	129.89	LIBOR + 0.50 bps	Hypothecation of Stock and Book Debts and also mortgage charge on various immovable properties and Personal Guarantee of the Directors of the Company.	
Indian Overseas Bank – Singapore	Buyers Credit	82.24	81.39	LIBOR + 0.50 bps	— do —	

EURO CERAMICS LIMITED

Bank /Financial Investment	Nature of Loan	Sanctioned Amount	Balance as on 30.09.06	Rate of Interest (p.a.)	Securities Offered	
State Bank of India – London	Buyers Credit	300.75	294.60	LIBOR + 0.50 bps	100% Margin by way of Fixed Deposits of State Bank of India	
State Bank of India – London	Buyers Credit	290.90	287.46	LIBOR + 0.50 bps	— do —	
State Bank of India – Osaka	Buyers Credit	790.31	777.24	3.70 % p.a.	— do —	

ANNEXURE – XIII

Details of Contingent Liabilities

(Rs. in Lacs)

Particulars	31.03.03	31.03.04	31.03.05	31.03.06	30.09.06
1 Bill discounted with Banks	-	-	65.45	113.11	77.23
2 Guarantee Given	-	-	-	47.75	-
3 Bank Guarantee / Letters of Credit Issued by the Bank on behalf of the Company	1893.13	638.13	300.00	-	5184.67

ANNEXURE – XIV

Related Party Disclosures

For the year ended 31.03.2004

- (a) **Name of the enterprises having same Key Management Personnel and/or their relatives as the reporting enterprises with whom the company has entered in to the transactions during the year. :**

Subhnen Ply Private Limited.	Subhnen Décor Private Limited	Metro Stationery Mart
Neelam Metal – Pune	Neelam Ply & Laminates	Kanch Ghar

- (b) **Relatives/ Other Concerns of Key Management Personnel with whom the Company has entered in to the transactions. :**

Nenshi L. Shah H.U.F.	Viral T. Nandu	Hitesh H. Shah	Jayantilal Nishar
Gunvantiben N. Shah	Nitesh P. Shah	Parag K. Shah	Urmi P. Shah
Shantilal L. Shah	Dhaval L. Shah	Sushila H. Gala	Sonalben L. Shah
Shantilal L. Shah H.U.F.	Laljibhai K. Shah H.U.F.	Subhash L. Shah H.U.F.	Shantaben L. Shah
Kasturben T. Nandu	Rekhaben Nishar	Subhash L. Shah	

- (c) **Key Management Personnel**

Nenshi L. Shah	Talakshi L. Nandu	Kumar P. Shah	Paresh K. Shah
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(Rs. in Lacs)

Transaction / Nature Relationship	Refer to (a) above	Refer to (b) above	Refer to (c) above
Sales, Service and other income	139.47	-	-
Purchase of goods and services	86.91	-	-
Commission	-	-	-
Purchase of fixed assets	4.76	-	-
Remuneration	-	-	12
Interest Paid/Payable	0.02	80.84	52.92
Loans Obtained	31.2	794.45	454.25
Advance Received	-	-	-
Advance Given	-	-	-
Outstanding balance as at 31.03.2004			
Loans obtained	31.2	127.78	-
Amount receivable	20.28	-	-
Amount Payable	26.82	20.17	0.38

Information on related party transaction as required by Accounting Standard – 18

EURO CERAMICS LIMITED

For the year ended 31.03.2005

- (a) Name of the enterprises having same Key Management Personnel and/or their relatives as the reporting enterprises with whom the company has entered in to the transactions during the year. :

Eurobond Industries Pvt. Ltd	Euro Merchandise India Ltd.	Euro Multivision Ltd
Subhnen Finance & Investment Private Limited.	Tangent Furniture Private Limited	Neelam Ply & Laminates
Kanch Ghar	Metro Stationery Mart	Euro Pratik Ispat Private Limited.
Neelam Metal – Pune		

- (b) Relatives/ Other Concerns of Key Management Personnel with whom the Company has entered in to the transactions. :

Nenshi L. Shah H.U.F.	Gunvantiben N. Shah	Viral T. Nandu	Nitesh Shah
Kasturben T. Nandu.	Shantilal L. Shah	Shantilal L. Shah H.U.F.	Urmi P. Shah
Parag K. Shah			

- (c) Key Management Personnel

Nenshi L. Shah	Kumar P. Shah	Talakshi L. Nandu	Paresh K. Shah
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(Rs. in Lacs)

Transaction / Nature Relationship	Refer to (a) above	Refer to (b) above	Refer to (c) above
Sales, Service and other income	490.40	-	-
Purchase of goods and services	110.48	-	-
Commission	-	1.18	-
Purchase of fixed assets	61.67	-	-
Remuneration	-	0.77	21.98
Interest Paid/Payable	26.64	21.18	7.89
Loans Obtained	421.08	424.18	254.31
Advance Received	100.00	-	-
Advance Given	123.12	-	-
Outstanding balance as at 31.03.2005			
Loans obtained	21.17	170.51	24.44
Amount receivable	92.21	-	-
Amount Payable	1.72	18.94	7.01

For the period ended on 31.03.2006

- (a) Name of the enterprises having same Key Management Personnel and/or their relatives as the Reporting enterprises with whom the company has entered in to the transactions during the year:

Eurobond Industries Private Limited	Eurobond India	Subhnen Décor Pvt Ltd
Euro Merchandise India Ltd.	Euro Developers Ltd	Subhnen Ply Pvt Ltd.
Euro Multivision Ltd	Euro Solo Energy Ltd	Vaman International (P) Ltd.
Euro Pratik Ispat Pvt Ltd.	Kevin Impex Pvt Ltd.	Kanch Ghar
Subhnen Fin. & Invst. Pvt Ltd.	Laxmi Ply Agencies	Metro Stationery Mart

Neelam Metal – Pune Neelam Ply & Laminates Tangent Furniture Pvt Ltd	NLS Enterprise Pvt Ltd. Lyons Technologies Ltd Disti Enterprises Pvt Ltd	Gurukul Enterprises Pvt Ltd Ladhbhai Sangan Gala Charitable Trust
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(b) Relatives/ Other Concerns of Key Management Personnel with whom the Company has entered in to the transactions. :

Nenshi L. Shah H.U.F. Laljibhai K. Shah H.U.F. Shantilal L. Shah H.U.F. Subhash L. Shah H.U.F. Dhaval L. Shah Shantaben L. Shah Sonaben L. Shah	Shantilal L. Shah Gunvantiben N. Shah Hitesh S. Shah Jayantilal Nishar Subhash L. Shah Urmi P. Shah Parag K. Shah	Pravin D. Gala Laljibhai K. Shah Suhshila H. Gala Rekhaben Nishar Kasturben T. Nandu Viral T. Nandu Nitesh P. Shah
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(c) Key Management Personnel

Nenshi L. Shah	Kumar P. Shah	Talakshi L. Nandu	Paresh K. Shah
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(Rs. in Lacs)

Transaction / Nature Relationship	Refer to (a) above	Refer to (b) above	Refer to (c) above
Sales, Service and other income	2234.93	-	-
Purchase of goods and services	11.20	-	-
Purchase of fixed assets	11.08	-	-
Donation	10.00	-	-
Remuneration	-	1.12	34.00
Interest Paid/Payable	10.62	24.49	38.27
Loans Obtained	1565.61	272.35	2501.61
Advance Given	136.00	-	-
Advances Received	55.00	-	-
Outstanding balance as at 31.03.06			
Loans obtained	1331.06	229.68	1090.58
Amount receivable	597.07	-	-
Amount Payable	2.48	1.48	-

For the period ended on 30.09.2006

(a) Name of the enterprises having same Key Management Personnel and/or their relatives as the Reporting enterprises with whom the company has entered in to the transactions during the year:

Eurobond Industries Pvt. Ltd. Euro Merchandise India Ltd. Euro Multivision Ltd Euro Pratik Ispat Pvt Ltd. National Laminate Corporation Neelam Metal – Pune Neelam Ply & Laminates	Euro Mineral Corporation Euro Developers Ltd Euro Solo Energy Ltd Kevin Impex Pvt Ltd. Laxmi Ply Agencies NLS Enterprise Pvt Ltd. Lyons Technologies Ltd	Subhnen Décor Pvt Ltd Disti Enterprises Pvt Ltd Kanch Ghar Metro Stationery Mart Gurukul Enterprises Pvt Ltd Ladhbhai Sangan Gala Charitable Trust
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EURO CERAMICS LIMITED

(b) Relatives/ Other Concerns of Key Management Personnel with whom the Company has entered in to the transactions. :

Parag K. Shah	Shantilal L. Shah	Pravin D. Gala
Nitesh P. Shah	Jayantilal Nishar	Laljibhai K. Shah
Rekhaben Nishar	Kasturben T. Nandu	Suhshila H. Gala

(c) Key Management Personnel

Nenshi L. Shah	Kumar P. Shah	Talakshi L. Nandu	Paresh K. Shah
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(Rs. in Lacs)

Transaction / Nature Relationship	Refer to (a) above	Refer to (b) above	Refer to (c) above
Sales, Service and other income	2003.11	-	-
Purchase of goods and services	3.73	-	-
Commission	5.21	-	-
Purchase of fixed assets	27.00	-	-
Remuneration	-	0.67	24.00
Interest Paid/Payable	0.60	-	-
Loans Obtained	319.64	75.00	1031.30
Advance Received	296.50	-	-
Advance Given	-	-	-
Outstanding balance as at 31.03.2005			
Loans obtained	47.02	212.40	1048.48
Amount receivable	957.22	-	-
Amount Payable	0.87	0.11	4.00

ANNEXURE – XV
Segment wise financial statement for the year ended 31st March 2004

(Rs. in Lacs)

I	Primary Segment –Business	Ceramic Tile	Aluminum Section	Gold Jewellery	Inter-Segmental Elimination	Total
a)	Segmental Revenue					
	Sales to External Customers	2290.92	651.99	-	-	2942.91
	Inter Segmental Revenue	-	-	-	-	-
	Total Segmental Revenue	2290.92	651.99	-	-	2942.91
b)	Segmental Results (PBIT)	838.25	15.88	-	-	854.13
	Less: Finance Expenses (Net)	-	-	-	-	186.17
						667.96
	Less: Unallocable Expenses net of Unallocable Income					368.52
	Profit Before Tax					299.44
	Less: Provision for					
	- Current Tax					7.25
	- Deferred Tax					222.75
	Profit After Tax					69.44
c)	Carrying Amount of Segmental Assets	4862.67	356.78	-	-	5219.45
	Unallocated Assets	3134.08				
	Total Assets	8353.53				
d)	Carrying Amount of Segmental Liabilities	209.69	12.62	-	-	222.31
	Unallocated Liabilities	4780.00				
	Total Liabilities	5002.31				
e)	Cost incurred to acquire Segmental Fixed assets during the year	993.83	97.66	-	-	1091.49
	Unallocated Assets	3831.88				
f)	Depreciation / Amortization	77.69	2.57	-	-	80.26
	Unallocated Depreciation	39.75				

(Rs. in Lacs)

II)	Primary Segments – Geographical	Total
	The Company's Operating facilities are locate in India	
	Domestic Revenue	2939.80
	Export Revenue	3.11
	Total	2942.91

EURO CERAMICS LIMITED

Segment wise financial statement for the year ended 31st March 2005

(Rs. in Lacs)

I	Primary Segment –Business	Ceramic Tile	Aluminum Section	Gold Jewellery	Inter-Segmental Elimination	Total
a)	Segmental Revenue					
	Sales to External Customers	9461.29	1798.03	11606.88	-	22866.20
	Inter Segmental Revenue	-	-	-	-	-
	Total Segmental Revenue	9461.29	1798.03	11606.88	-	22866.20
b)	Segmental Results (PBIT)	2599.30	247.74	130.92	-	2977.96
	Less: Finance Expenses (Net)	-	-	-	-	444.63
						2533.33
	Less: Un allocable Expenses net of Un allocable Income	694.67				
	Profit Before Tax	1838.66				
	Less: Provision for					
	- Current Tax	385.00				
	- Deferred Tax	169.29				
	Profit After Tax	1284.37				
c)	Carrying Amount of Segmental Assets	10719.61	468.15	621.12	-	11808.88
	Unallocated Assets	-	-	-	-	3697.52
	Total Assets	15506.40				
d)	Carrying Amount of Segmental Liabilities	967.77	44.79	310.92	-	1323.48
	Unallocated Liabilities	-	-	-	-	9540.71
	Total Liabilities	10864.19				
e)	Cost incurred to acquire Segmental Fixed assets during the year	229.21	0.45	14.07	-	243.73
	Unallocated Assets	-	-	-	-	216.42
f)	Depreciation / Amortization	245.23	13.95	0.02	-	259.20
	Unallocated Depreciation	-	-	-	-	150.42

(Rs. in Lacs)

II)	Primary Segments – Geographical	Total
	The Company's Operating facilities are locate in India	
	Domestic Revenue	12904.94
	Export Revenue	9961.26
	Total	22866.20

Segment wise Financial statement for the year ended 31st March 2006

(Rs. in Lacs)

I	Primary Segment –Business	Ceramic Tile	Aluminum Section	Gold Jewellery	Inter-Segmental Elimination	Total
a)	Segmental Revenue					
	Sales to External Customers	11145.80	1846.93	204.56	-	13197.29
	Inter Segmental Revenue	-	-	-	-	-
	Total Segmental Revenue	11145.80	1846.93	204.56	-	13197.29
b)	Segmental Results (PBIT)	3560.32	297.16	13.45	-	3870.93
	Less: Finance Expenses (Net)	-	-	-	-	632.25
						3238.68
	Less: Un allocable Expenses net of Un allocable Income					746.86
	Profit Before Tax					2491.82
	Less: Provision for					
	- Current Tax					214.44
	- Deferred Tax					222.36
	- Fringe Benefit Tax					11.00
	Profit After Tax					2044.02
c)	Carrying Amount of Segmental Assets	15373.16	565.99	4.52	-	15943.67
	Unallocated Assets	-	-	-	-	10411.54
	Total Assets					26355.21
d)	Carrying Amount of Segmental Liabilities	6251.53	6.82	-	-	6258.35
	Unallocated Liabilities	-	-	-	-	13427.66
	Total Liabilities					19686.01
e)	Cost incurred to acquire Segmental Fixed assets during the year	6117.87	16.60	-	-	6134.47
	Unallocated Assets	-	-	-	-	5478.90
f)	Depreciation / Amortization	523.75	25.67	-	-	549.42
	Unallocated Depreciation	-	-	-	-	310.13

(Rs. in Lacs)

II)	Primary Segments – Geographical	Total
	The Company's Operating facilities are locate in India	
	Domestic Revenue	12652.56
	Export Revenue	544.73
	Total	13197.29

EURO CERAMICS LIMITED

Segment wise financial statement for the period ended 30th September 2006

(Rs. in Lacs)

I	Primary Segment –Business	Ceramic Tile	Aluminum Section	Inter-Segmental Elimination	Total
a)	Segmental Revenue				
	Sales to External Customers	6869.28	940.46	-	7809.74
	Inter Segmental Revenue	-	-	-	-
	Total Segmental Revenue	6869.28	940.46	-	7809.74
b)	Segmental Results (PBIT)	3114.82	222.91	-	3337.73
	Less: Finance Expenses (Net)	-	-	-	615.63
					2722.10
	Less: Un allocable Expenses net of Un allocable Income				1099.44
	Profit Before Tax				1622.66
	Less: Provision for				
	- Current Tax				229.19
	- Deferred Tax				163.95
	- Fringe Benefit Tax				5.00
	Profit After Tax				1224.52
c)	Carrying Amount of Segmental Assets	21734.19	386.78	-	22120.98
	Unallocated Assets	-	-	-	8965.65
	Total Assets				31086.63
d)	Carrying Amount of Segmental Liabilities	1204.94	53.26	-	1258.20
	Unallocated Liabilities	-	-	-	22539.35
	Total Liabilities				23797.55
e)	Cost incurred to acquire Segmental Fixed assets during the year	954.20	34.26	-	988.46
	Unallocated Assets	-	-	-	1728.34
f)	Depreciation / Amortization	778.19	32.51	-	810.70
	Unallocated Depreciation	-	-	-	554.73

(Rs. in Lacs)

II)	Primary Segments – Geographical	Total
	The Company's Operating facilities are locate in India	
	Domestic Revenue	7582.94
	Export Revenue	226.80
	Total	7809.74

ANNEXURE – XVI

Capitalisation Statement

(Rs. in Lacs)

Particulars		Pre Issue as at 30.09.06	Post Issue (Refer Note 1)
Debt			
Secured		19101.49	(*)
Unsecured		2183.47	(*)
Total Debt	A	21284.96	(*)
Shareholder's Funds			
Equity Share Capital		1147.85	(*)
Reserves & Surplus		6141.23	(*)
Less: Miscellaneous Expenditure to the extent not written off		-	(*)
Total Shareholder's Funds	B	7289.08	(*)
Debt – Equity Ratio	A/B	2.92	(*)

Notes:

- Issue price will be decided in consultation with the Merchant Bankers to the Issue. Therefore these figures will be worked out later on.

ANNEXURE – XVII

Financials of Euro Merchandise (India) Limited

Statement of Assets and Liabilities (As Restated)

(Rs. in Lacs)

Sr. No.	Particulars	31.03.06	30.09.06
A	Fixed Assets		
	Gross Block	13.55	34.09
	Less: Depreciation	0.74	1.70
	Net Block	12.81	32.39
	Total	12.81	32.39
B	Investment	1.00	1.00
C	Current Assets, Loans & Advances		
	Inventories	1305.37	2011.11
	Sundry Debtors	503.83	773.35
	Cash and Bank Balances	54.36	86.15
	Loans & Advances	44.68	31.59
	Total	1908.24	2902.20
D	Liabilities & Provisions		
	Share Application Money	88.00	-
	Secured Loans	436.69	737.25
	Unsecured Loans	618.58	654.47
	Deferred Tax Liability	1.38	5.66
	Current Liabilities & Provisions	601.73	1256.11
	Total	1746.38	2653.49

EURO CERAMICS LIMITED

(Rs. in Lacs)

Sr. No.	Particulars	31.03.06	30.09.06
E	Net Worth (A+B+C-D)	175.67	282.10
F	Represented by		
	Equity Share Capital	19.00	19.00
	Reserves & Surplus	156.67	263.10
	Less: Miscellaneous Exp.(To the extent not written off)	-	-
	Net Worth	175.67	282.10

Statement of Profit and Loss (As Restated)

(Rs. in Lacs)

Sr. No.	Particulars	31.03.06	30.09.06 (6 months)
A	Income		
	Sales & Income from Operation	1458.13	1715.09
	Total	1458.13	1715.09
B	Expenditure		
	(Increase)/Decrease in Stock	(1190.13)	(705.74)
	Cost of Materials	2107.02	1849.21
	Salaries and Employee Benefits	29.32	20.06
	Admin. Selling and Other Expenses	353.19	323.27
	Total	1299.40	1486.80
C	Net Profit before Interest Depreciation, Tax and Extraordinary Items	158.73	228.29
	Finance Expenses (Net)	82.19	64.90
	Depreciation	0.68	0.96
	Profit before Tax	75.86	162.43
	Provision for Taxation		
	- Current Tax	24.34	51.03
	- Deferred Tax	1.24	4.28
	- Fringe Benefit Tax	1.13	0.68
D	Net Profit after Tax but before Extraordinary Items	49.15	106.43
	Impact of Material Adjustments due to change in accounting policy in corresponding years		
	Add/(Less): Depreciation	-	-
	Export Incentive on Advance License	-	-
	Deferred Tax Adjustments	-	-
	Profit as per Audited P&L A/c	49.15	106.43

1) SIGNIFICANT ACCOUNTING POLICIES

I BASIS OF ACCOUNTING

The Financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act.

ACCOUNTING POLICIES

The same set of accounting policies are followed in this interim financial statements for the period ended on September 30, 2006 as those followed in the preceding financial year except otherwise stated herein this statements

II FIXED ASSETS

Fixed Assets are stated at historical cost less accumulated Depreciation/ amortization thereon. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

III DEPRECIATION

Depreciation is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956.

IV FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing on the date of transaction. Current assets and current liabilities in foreign currency are stated at the year ended closing rates. The resulting exchange gain/loss is recognized in the profit and loss account.

V INVESTMENTS

Long Term Investments are stated at cost less provision, if any, for permanent diminution in their value.

VI INVENTORIES

Inventories are valued at cost or realizable value whichever is lower.

VII REVENUE RECOGNITION

Sales are recorded at net of returns.

Other income is accounted for on accrual basis.

VIII TAXES ON INCOME

- Provision for taxation comprises of Current Income tax, Fringe Benefit Tax and Deferred Tax. Current tax Provision has been made in accordance with the Income Tax Act, 1961.
- Deferred tax for timing differences between the book and tax profits for the period is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.
- Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.
- Deferred tax assets are recognized on unabsorbed losses only if there is virtual certainty that such deferred tax asset can be realized against future taxable profit.

2) NOTES TO ACCOUNTS FOR THE PERIOD ENDED SEPTEMBER 30, 2006

1. Earning Per Share

Particulars		31.03.06	30.09.06
Weighted Average Number of Equity Shares at the end of the Year	A	1,14,932	190,000
Net Profit after Tax available for equity shareholders (Rs. in Lacs)	B	49.15	106.43
Earning per share (In Rs.) - annualised	C = B/A	42.76	112.03

EURO CERAMICS LIMITED

2. In the opinion of the Board the current assets, Loans and advances are approximately of the value stated and are realizable in the ordinary course of business. The provision for all known liabilities is adequate.
3. The previous year's figure have been regrouped and rearranged, wherever necessary.
4. The company has written off the unamortized preliminary expenditure of Rs.6,607 fully, during the year 2005-2006.
5. The Interest Income is netted off against Interest Expenses, as both are inter-related.
6. All Insurance Claims, unless directly identifiable with the respective heads of expenses are reduced from manufacturing, Selling and Other expenses.

CASH FLOW STATEMENT AS RESTATED AS ON

(Rs. in Lacs)

	Particulars	31.03.06	30.09.06
A	Cash Flow from Operating Activities		
	Net Profit before Tax	75.86	162.43
	<u>Adjustment for:</u>		
	Preliminary Exp W/off	0.07	-
	Depreciation	0.68	0.96
	Finance Expenses (Net)	82.19	64.90
	Operating Profit before working Capital changes	158.80	228.29
	Decrease/(Increase) in Inventories	(1177.79)	(705.74)
	Decrease/(Increase) in Sundry Debtors	(308.09)	(269.53)
	Decrease/(Increase) in Other Current Assets	37.83	13.09
	Increase/(Decrease) in Trade and Other Payables	526.92	612.87
	Cash generated from Operations	(762.33)	(121.02)
	Income Tax Paid (Net of Refund)	-	(10.20)
	Net Cash from Operating Activities	(762.33)	(131.22)
B	Cash Flow from Investing Activities		
	(Purchase)/Sales of Fixed Assets including Capital Work In Progress	(11.16)	(20.53)
	Interest Received	2.02	1.35
	Net Cash from Investing Activities	(9.14)	(19.18)
C	Cash Flow from Financing Activities		
	Share Application Money	27.00	(88.00)
	Rejection Of Share Application Money	-	-
	Proceeds from Issue of Share Capital	75.00	-
	Proceeds from Borrowings	788.46	348.08
	Repayment of Borrowings	-	(11.64)
	Finance Expenses (Net)	(84.21)	(66.25)
	Net Cash from Financing Activities	806.25	182.19
D	Net Increase in Cash and Cash Equivalent	34.78	31.79
	Opening Balance Cash and Cash Equivalent	19.59	54.36
	Closing Balance Cash and Cash Equivalent	54.36	86.15

Mandatory Accounting Ratios

(Rs. in Lacs)

Particulars		31.03.06	30.09.06
Weighted Average Number of Equity Shares at the end of the Period	A	1,14,932	190,000
Net Profit after Tax available for equity shareholders (Rs. in Lacs)	B	49.15	106.43
Earning per share (In Rs.) - annualised	C = B/A	42.76	112.03
Net Worth		175.67	282.10
Return on Net Worth (In %)		27.97	75.46
Net Asset Value Per Share (In Rs.)		92.46	148.47

Note: For the calculation of EPS and Return on Network, Profits for the period ended 30.09.2006 have been annualised.

Formula:

Earning per Share	=	$\frac{\text{Net Profit after tax available for equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$
Return on Net Worth	=	$\frac{\text{Net Profit after tax available for equity shareholders}}{\text{Net Worth}}$
Net Asset Value Per Share	=	$\frac{\text{Net Worth}}{\text{Number of equity shares outstanding at the end of the year}}$

Details of Unsecured Loan

(Rs. in Lacs)

Particulars	31.03.06	30.09.06
From group / associate companies / directors / promoters	495.43	505.25
From Others	123.15	149.21
Total	618.58	654.46

Details of Investments

(Rs. in Lacs)

Particulars	31.03.06	30.09.06
<u>Equity Shares Long term Unquoted</u>		
Shares of Cosmos Co-Operative Bank Ltd.	1.00	1.00
Total	1.00	1.00

Details of Sundry Debtors

(Rs. in Lacs)

Age – wise Break-up	31.03.06	30.09.06
More than Six Months	46.38	55.88
Less than Six Months	457.45	717.47
Total	503.83	773.35

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Loans and advances (Unsecured, Considered Good)

(Rs. in Lacs)

Particulars	31.03.06	30.09.06
Advances (Recoverable in cash or in kind or for value to be received)	29.23	19.22
Deposits	15.45	12.37
Total	44.68	31.59

Details of Secured Loan

(Rs. in Lacs)

	Particulars of Loan	31.03.06	30.09.06
	Buyers Credit Account		
1	Indian Overseas Bank Secured against Stock	51.68	40.04
2	Bank of India (Secured against stock)	-	159.25
	Sub Total	51.68	199.29
	Cash Credit Accounts		
1	Cosmos Co-op Bank Limited	385.01	537.96
	Sub Total	385.01	537.96
	Total Secured Loans	436.69	737.25

Details of Secured Working Capital Loans as on 30th September 2006

(Rs. in Lacs)

Bank / Financial Institution	Nature of Loan	Sanctioned Amount	Balance as On 31.03.06	Rate of Interest (p.a.)	Securities Offered
Cosmos Co-operative Bank Ltd.	Cash Credit/ WCDL	400.00	537.87	10.00%	Hypothecation of Stock and Book Debts and also mortgage charge on various immovable properties and Personal Guarantee of the Directors of the Company.
Bank of India,	Buyers Credit	162.30	159.25	LIBOR + 0.50 bps	Hypothecation of Stock and Book Debts and also mortgage charge on various immovable properties and Personal Guarantee of the Directors of the Company.
Indian Overseas Bank	Buyers Credit	39.97	40.04	LIBOR + 0.50 bps	Hypothecation of Stock and Book Debts and also mortgage charge on various immovable properties and Personal Guarantee of the Directors of the Company.

Details of Contingent Liabilities

(Rs. in Lacs)

Particulars	31.03.06	30.09.06
Bank Guarantee / Letters of Credit Issued by the Bank on behalf of the Company	3.24	-
Custom Duty	-	27.56
Statement of Tax Shelters		

(Rs. in Lacs)

Particulars		31.03.06	30.09.06
Profit before Tax as per Books	A	75.86	162.43
Tax Rate		33.66%	33.66%
Tax on Profits at Actual Rate		25.53	54.67
<u>Adjustments:</u>			
Permanent Difference			
Donation		-	0.75
Total Permanent Difference	B	0.00	0.75
Timing Difference			
Difference between Tax Depreciation and Book Depreciation		(1.49)	(3.81)
Others		52.56	(7.03)
Total Timing Difference	C	51.07	(10.84)
Net Adjustment (B + C)		51.07	(10.09)
Tax Saving thereon		17.19	(3.40)
Profit/(Loss) as per Income Tax (A+B+C)		126.93	152.34
Profit/(Loss) as per Taxable Return		126.93	152.34
Tax as per Income Tax as returned		42.72	51.03

Related Party Disclosures

For the year ended 31.03.2006

- (a) Name of the enterprises having same Key Management Personnel and/or their relatives as the reporting enterprises with whom the company has entered in to the transactions during the year. :

Ladhbhai Sanganbhai Charitable Trust	Subhnen Finance & Investment Pvt. Ltd.	Subhnen Ply Pvt. Ltd.
Euro Developers Pvt. Ltd.	Mirage International	Janta Industry
Euro Ceramics Ltd.	Gurukul Enterprises Pvt. Ltd.	Euro Multivision Ltd.
NLS Enterprises Pvt. Ltd.	Dhaval Corporation	Kevin Impex Pvt. Ltd.
Neelam Ply & Laminates	Subhnen Décor Pvt Ltd.	Euro Bond (I) Pvt. Ltd.

- (b) Relatives/ Other Concerns of Key Management Personnel with whom the Company has entered in to the transactions. :

- (c) Key Management Personnel

Nenshi L. Shah	Talakshi L. Nandu	Paresh K. Shah	Nitesh P. Shah
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EURO CERAMICS LIMITED

(Rs. in Lacs)

Transaction / Nature Relationship	Refer to (a) above	Refer to (c) above
Sales, Service and other income	100.15	-
Purchase of goods and services	138.74	0.97
Rent Paid	18.80	-
Reimbursement of Expenses	49.50	-
Remuneration	-	7.00
Interest Paid/Payable	3.09	15.24
Interest Received / Receivable	0.43	-
Loans Obtained	597.63	327.00
Loans Granted	215.00	-
Advance Given	0.20	-
Outstanding balance as at 31.03.2006		
Loans obtained	350.00	139.00
Interest Payable	2.39	13.53
Interest Receivable	0.34	-
Amount Payable	90.06	0.73

For the period ended 30.09.2006

- (a) Name of the enterprises having same Key Management Personnel and/or their relatives as the reporting enterprises with whom the company has entered in to the transactions during the year. :

Subhnen Finance & Investment Pvt. Ltd.	Janata Industries	Disti Enterprises Pvt. Ltd.
Gurukul Enterprises Pvt. Ltd.	NLS Enterprises Pvt. Ltd.	Euro Ceramics Ltd.
National Ply & Laminate	Subhnen Ply Pvt. Ltd.	Subhnen Decore Pvt. Ltd.

- (b) Relatives/ Other Concerns of Key Management Personnel with whom the Company has entered in to the transactions. :

Jayantilal Nishar

- (c) Key Management Personnel

Nenshi L. Shah	Talakshi L. Nandu	Paresh K. Shah	Nitesh P. Shah
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Transaction / Nature Relationship	Refer to (a) above	Refer to (b) above	Refer to (c) above
Sales, Service and other income	114.15	-	-
Purchase of goods and services	1146.84	0.75	-
Purchase of Fixed Assets	-	-	-
Donation -	-	-	-
Remuneration	-	-	-
Interest Paid/Payable	1.95	1.77	9.88
Loans Obtained	-	-	-
Advance Given	13.00	-	-
Advance Received	206.00	-	29.00
Outstanding balance as at 31.03.2006			
Loans obtained	364.84	-	185.41
Amount Receivable	82.98	-	-
Amount Payable	682.47	53.22	1.47

ANNEXURE – XVIII
Consolidated Financials of Euro Ceramics Limited and its Subsidiary
Statement of Consolidated Assets and Liabilities (As Restated)
(Rs. in Lacs)

Sr. No.	Particulars	31.03.06	30.09.06
A	Fixed Assets		
	Gross Block	17062.28	17604.91
	Less: Depreciation	860.29	1367.14
	Net Block	16201.99	16237.78
	Capital Work In Progress	1292.68	2806.99
	Total	17494.67	19044.77
B	Investment	4.61	4.61
C	Current Assets, Loans & Advances		
	Inventories	4480.80	6103.30
	Sundry Debtors	3268.56	4026.63
	Cash and Bank Balances	339.62	1965.46
	Loans & Advances	2447.94	2283.93
	Total	10536.92	14379.32
D	Liabilities & Provisions		
	Share Application Money	692.64	-
	Secured Loans	15401.11	19838.74
	Unsecured Loans	2698.77	2837.94
	Deferred Tax Liability	615.79	784.02
	Current Liabilities & Provisions	2534.95	2562.59
	Total	21943.26	26023.29
E	Net Worth (A+B+C-D)	6092.94	7405.41
F	Represented by		
	Equity Share Capital	1147.85	1147.85
	Reserves & Surplus	4945.09	6257.56
	Less: Miscellaneous Exp. (To the extent not written off)	-	-
	Net Worth	6092.94	7405.41

EURO CERAMICS LIMITED

Consolidated Statement of Profit and Loss (As Restated)

(Rs. in Lacs)

Sr. No.	Particulars	31.03.06	30.09.06
A	Income		
	Sales & Income from Operation		
	- Of goods Manufactured	13032.70	7809.74
	- Of goods Traded	766.99	1359.47
	Other Income	15.90	4.01
	Total	13815.59	9173.22
B	Expenditure		
	(Increase)/Decrease in Stock	(586.78)	(1939.45)
	Cost of Materials	4812.22	4350.66
	Salaries, Wages and Employee Benefits	447.54	301.10
	Manufacturing, Selling and Other Expenses	5528.99	3505.74
	Total	10201.97	6218.05
C	Net Profit before Interest Depreciation, Tax and Extraordinary Items	3613.62	2955.17
	Finance Expenses (Net)	655.16	680.31
	Depreciation	452.25	508.26
	Profit before Tax	2506.21	1766.60
	Provision for Taxation		
	- Current Tax	219.78	280.22
	- Deferred Tax	223.17	168.23
	- Fringe Benefit Tax	11.85	5.68
D	Net Profit after Tax but before Extraordinary Items	2051.41	1312.47
	Impact of Material Adjustments due to change in accounting policy in corresponding years		
	Add/(Less): Depreciation	-	-
	Export Incentive on Advance License	35.90	-
	Deferred Tax Adjustments	(56.22)	-
	Profit as per Audited P&L A/c	2031.09	1312.47

CONSOLIDATED CASH FLOW STATEMENT AS RESTATED AS ON

(Rs. in Lacs)

Sr. No.	Particulars	31.03.06	30.09.06
A	Cash Flow from Operating Activities		
	Net Profit before Tax	2506.21	1766.60
	Adjustment for:		
	Preliminary Exp W/off	0.07	-
	Pre Operative Expenses	-	0.00
	Depreciation	452.25	508.26
	Finance Expenses (Net)	655.16	680.31
	Dividend & Other Income	(15.90)	(3.15)
	Loss on Sales of Fixed Assets	11.99	-
	Operating Profit before working Capital changes	3609.79	2952.02
	Decrease/(Increase) in Inventories	(1373.34)	(1622.50)
	Decrease/(Increase) in Sundry Debtors	(1216.38)	(758.07)
	Decrease/(Increase) in Other Current Assets	(1846.94)	164.01
	Increase/(Decrease) in Trade and Other Payables	1654.91	77.98
	Cash generated from Operations	828.04	813.44
	Income Tax Paid (Net of Refund)	(578.73)	(92.63)
	Net Cash from Operating Activities	249.31	720.81
B	Cash Flow from Investing Activities		
	(Purchase)/Sales of Fixed Assets including Capital Work In Progress	(7381.45)	(2058.37)
	Loss on sale of Fixed Assets	(11.99)	-
	Acquisition of Subsidiary	(142.50)	-
	(Increase)/Decrease in Investments	(2.61)	-
	Interest Received	27.82	26.56
	Dividend & Other Income	15.90	3.15
	Net Cash from Investing Activities	(7494.83)	(2028.66)
C	Cash Flow from Financing Activities		
	Share Application Money	379.64	(692.64)
	Proceeds from Issue of Share Capital	-	0.00
	Redemption of Preference Shares	(621.65)	0.00
	Proceeds from Borrowings	8913.11	8772.63
	Repayment of Borrowings	-	(4195.83)
	Finance Expenses (Net)	(682.98)	(243.61)
	Increase/(Decrease) in payables for Capital Goods	(1116.13)	(706.87)
	Net Cash from Financing Activities	6871.99	2933.68
D	Net Increase in Cash and Cash Equivalent	(373.53)	1625.85
	Opening Balance Cash and Cash Equivalent	671.77	339.61
	Cash taken over from Subsidiary	41.38	0.00
	Closing Balance Cash and Cash Equivalent	339.62	1965.46

EURO CERAMICS LIMITED

Mandatory Accounting Ratios

Particulars		31.03.06	30.09.06
Weighted Average Number of Equity Shares at the end of the Year	A	11,478,500	11,478,500
Net Profit after Tax available for equity shareholders (Rs. in Lacs)	B	2051.41	1312.47
Earning per share (In Rs.) – annualised	C = B/A	17.87	22.87
Net Worth		6092.94	7405.41
Return on Net Worth (%)		33.67	35.45
Net Asset Value Per Share (Rs.)		53.08	64.52

Note:

- Bonus Shares to the tune of 86,08,875 shares were issued on 31.01.2006, the same are considered while computing the EPS for all the previous years.
- For the calculation of EPS and Return on Networth, Profits for the period ended 30.09.2006 have been annualised.

Formula:

Earning per Share	=	$\frac{\text{Net Profit after tax available for equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$
Return on Net Worth	=	$\frac{\text{Net Profit after tax available for equity shareholders}}{\text{Net Worth}}$
Net Asset Value Per Share	=	$\frac{\text{Net Worth}}{\text{Number of equity shares outstanding at the end of the year}}$

Details of Consolidated Unsecured Loan

(Rs. in Lacs)

Particulars	31.03.06	30.09.06
From group / associate companies / directors / promoters	1727.76	1815.89
From Others	971.01	1022.04
Total	2698.77	2837.93

Details of Consolidated Investments

(Rs. in Lacs)

Particulars	31.03.06	30.09.06
Equity Shares Long term Unquoted		
Shares of Cosmos Co-Operative Bank Ltd.	4.5075	4.5075
Shares of Sangam Arcade C. H. S. Ltd.	0.0035	0.0035
National Saving Certificate	0.1000	0.1000
Total	4.6110	4.6110

Details of Consolidated Sundry Debtors

(Rs. in Lacs)

Age – wise Break-up	31.03.2006	30.09.06
More than Six Months	118.87	416.80
Less than Six Months	3149.69	3609.83
Total	3268.56	4026.63
Note: The above figures includes amounts in respect of which the Company holds Deposits & Letter of Credit/Guarantee from Banks	155.64	-

Consolidated Loans and advances (Unsecured, Considered Good)

	(Rs. in Lacs)	
Particulars	31.03.06	30.09.06
Advances (Recoverable in cash or in kind or for value to be received)	2182.51	1955.56
Deposits	147.60	144.35
Balance with Govt. Authorities	117.83	184.03
Taxation (Net of Provision)	-	-
Total	2447.94	2283.93

Consolidated Other Income

	(Rs. in Lacs)	
Particulars	31.03.06	30.09.06
Miscellaneous Income	14.25	0.86
Dividend on Long Term Investment	0.15	0.15
Rent Income	1.50	3.00
Total	15.90	4.01

Details of Consolidated Secured Loan

		(Rs. in Lacs)	
	Particulars of Loan	31.03.06	30.09.06
	Term Loans from Financial Institution and Banks		
1	State Bank of India	6932.05	10437.37
2	State Bank of Saurashtra	1450.26	1287.91
3	Syndicate Bank	-	-
4	Bank of India	-	-
5	Cosmos Co-op Bank Ltd	2255.29	3060.07
	Sub Total (A)	10637.60	14785.35
	Specific Term Loans from Financial Institution and Banks – Vehicle Loan		
1	ICICI Bank	77.47	62.57
2	Centurion Bank	13.36	11.61
3	Sundaram Finance Limited	0.10	-
	Sub Total (B)	90.93	74.18
	Cash Credit Accounts		
1	Cosmos Co-op Bank Limited	1259.93	1791.74
2	State Bank of India – Export Packing Credit	50.29	0.005
3	Syndicate Bank	-	-
4	Syndicate Bank – Export Packing Credit	-	-
5	State Bank of India	2830.89	920.23
6	State Bank of Saurashtra	479.96	497.34
7	Union Bank of India	(0.16)	-
8	Bank of India	-	129.89
9	Indian Overseas Bank	-	81.40
10	State Bank of India	-	1359.31
11	Indian Overseas Bank	51.68	40.04
12	Bank of India – London	-	159.25
	Sub Total (C)	4672.59	4979.21
	Total Secured Loans (A + B + C)	15401.11	19838.74

EURO CERAMICS LIMITED

Notes :

1. Term Loans: secured against the first Charge created by mortgage on all the existing and future assets situated at Bhachau (Kutch) and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and their relatives.
2. Vehicle Loans are secured against vehicle purchased & Personal Guarantee of the Directors of the company.
3. Cash Credit & Other facilities: are secured against the First Charge created by Hypothecation of Stock and Book debts & other current assets and second charge created on existing as well as future fixed assets of the company situated at Bhachau (Kutch) and against the Personal Guarantee given by the Directors and their Relatives.

Details of Consolidated Contingent Liabilities

		(Rs. in Lacs)	
Particulars		31.03.06	30.09.06
1	Bill discounted with Banks	113.11	77.23
2	Guarantee Given	47.75	-
3	Bank Guarantee/Letters of Credit Issued by the Bank on behalf of the Company	3.24	5184.67
4.	Custom Duty	-	27.56

Consolidated Capitalization Statement

		(Rs. in Lacs)	
Particulars		31.03.06	30.09.06
Debt			
Secured		19838.74	(*)
Unsecured		2837.94	(*)
Total Borrowings	A	22676.68	(*)
Shareholder's Funds			
Equity Share Capital		1147.85	(*)
Reserves & Surplus		6257.56	(*)
Less: Miscellaneous Expenditure to the extent not written off		-	(*)
Total Shareholder's Funds	B	7405.41	(*)
Debt – Equity Ratio	A/B	3.06	(*)

Notes:

1. Issue price will be decided in consultation with the Merchant Bankers to the Issue. Therefore these figures will be worked out later on.

NOTES TO CONSOLIDATED RESTATED PROFIT AND LOSS AND RESTATED ASSETS AND LIABILITIES

(A) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Euro Ceramics Limited and its subsidiary Euro Merchandise India Limited. The consolidated financial statements have been prepared on the following basis:

1. The financial statements of the Company and its subsidiary companies are combined on line by line basis by adding together book values of the like items of the assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS-21) on consolidated financial statement issued by the Institute of Chartered Accountants of India.
2. The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as goodwill or capital reserve as the case may be.

3. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in the similar circumstances and are presented in the same manner as the Company's separate financial statements.

Consolidated Segment wise financial statement for the year ended 31st March 2006

(Rs. in Lacs)

I	Primary Segment –Business	Ceramic Tile	Aluminum Section	Gold Jewellery	Inter-Segmental Elimination	Total
a)	Segmental Revenue					
	Sales to External Customers	11784.10	1846.93	204.56	-	13835.59
	Inter Segmental Revenue	-	-	-	-	-
	Total Segmental Revenue	11784.10	1846.93	204.56	-	13835.59
b)	Segmental Results (PBIT)	3633.82	297.16	13.45	-	3944.44
	Less: Finance Expenses (Net)	-	-	-	-	655.16
						3289.27
	Less: Un allocable Expenses net of Un allocable Income					747.16
	Profit Before Tax					2542.12
	Less: Provision for					
	- Current Tax					219.79
	- Deferred Tax					279.39
	- Fringe Benefit Tax					11.85
	Profit After Tax					2031.09
c)	Carrying Amount of Segmental Assets	17196.65	565.99	4.52	-	17767.15
	Unallocated Assets				-	10269.05
	Total Assets					28036.20
d)	Carrying Amount of Segmental Liabilities	7816.13	6.82	-	-	7822.95
	Unallocated Liabilities				-	13427.67
	Total Liabilities					21250.62
e)	Cost incurred to acquire Segmental Fixed assets during the year	6129.03	16.60	-	-	6145.63
	Unallocated Assets	-	5478.90			
f)	Depreciation / Amortization	524.49	25.67	-	-	550.16
	Unallocated Depreciation	-	310.13			

(Rs. in Lacs)

II)	Primary Segments – Geographical	Total
	The Company's Operating facilities are locate in India	
	Domestic Revenue	13290.86
	Export Revenue	544.73
	Total	13835.59

EURO CERAMICS LIMITED

Consolidated Segment wise Financial statement for the year ended 30th September 2006

(Rs. in Lacs)

I	Primary Segment –Business	Ceramic Tile	Aluminum Section	Inter-Segmental Elimination	Total
a)	Segmental Revenue				
	Sales to External Customers	8228.75	940.46	-	9169.21
	Inter Segmental Revenue	-	-	-	-
	Total Segmental Revenue	8228.75	940.46	-	9169.21
b)	Segmental Results (PBIT)	3323.66	222.91	-	3546.57
	Less: Finance Expenses (Net)	-	-	-	680.53
					2866.04
	Less: Un allocable Expenses net of Un allocable Income				1099.44
	Profit Before Tax				1766.60
	Less: Provision for				
	- Current Tax				280.22
	- Deferred Tax				168.23
	- Fringe Benefit Tax				5.68
	Profit After Tax				1312.46
c)	Carrying Amount of Segmental Assets	24076.26	386.78	-	24463.04
	Unallocated Assets			-	8965.65
	Total Assets				33428.70
d)	Carrying Amount of Segmental Liabilities	3430.68	53.26	-	3483.94
	Unallocated Liabilities			-	22539.35
	Total Liabilities				26023.29
e)	Cost incurred to acquire Segmental Fixed assets during the year	295.77	34.26	-	330.03
	Unallocated Assets			-	1728.34
f)	Depreciation / Amortization	779.90	32.51	-	812.40
	Unallocated Depreciation			-	554.73

(Rs. in Lacs)

II)	Primary Segments – Geographical	Total
	The Company's Operating facilities are locate in India	
	Domestic Revenue	8942.41
	Export Revenue	226.80
	Total	9169.21

Declaration:

Except as stated hereinabove, there are no other material notes to the auditor's report, which have bearing on the financial status of our Company. Further, all notes to the accounts, significant accounting policies as well as the auditor's qualifications, if any, have been incorporated in the Red Herring Prospectus.

It is confirmed that the financials of our Company and the consolidated financial statements have been disclosed as per SEBI (DIP) Guidelines.

OTHER GROUP COMPANIES / VENTURES OF THE PROMOTERS

1. EURO MULTIVISION LIMITED

Euro Multivision Limited was incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated April 29, 2004 having Registration No. U 32300 MH 2004 PLC 145995, having registered office at Boston House, Ground Floor, Suren Road, Chakala, Andheri (East), Mumbai- 400 093, Maharashtra. Company Identification Number of Euro Multivision Limited is U32300MH2004PTC145995.

Euro Multivision Limited is engaged inter alia in the business of manufacture of Compact Disc, DVDs and such other optical/magnetic media available in the market and carrying on trading in the same.

Board of Directors:

As on January 10, 2007, the Board of Directors of Euro Multivision Limited comprises the following:

1. Mr. Nenshi L. Shah
2. Mr. Rayshi L. Shah
3. Mr. Chirag R. Shah
4. Mr. Hitesh S. Shah
5. Mr. Suresh L. Shah

Shareholding Pattern:

The Shareholding pattern of the Company is as follows:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1	Shantilal L. Shah	6,000	0.07%
2	Nenshi L. Shah	5,10,300	6.26%
3	Rayshi L. Shah	27,07,970	33.23%
4	Suresh Shah	27,16,300	33.33%
5	Hitesh Shah	4,00,000	4.91%
6	Chirag Shah	8,330	0.10%
7	Aruna D Shah	140	0.00%
8	Damji K Shah	120	0.00%
9	Jayantilal L Nishar	120	0.00%
10	Laljibhai K. Shah	120	0.00%
11	Shantaben L Shah	120	0.00%
12	Shantaben V Shah	120	0.00%
13	Unity International	120	0.00%
14	Vanita D Shah	120	0.00%
15	Velji Vanvir Shah	120	0.00%
16	Gunvantiben N Shah	5,00,000	6.13%
17	Ladhabahi S Shah (HUF)	1,50,000	1.84%
18	Daksha S Shah	2,00,000	2.45%
19	Lyons Technologies Ltd	5,00,000	6.13%
20	Sonalben S Shah	3,00,000	3.68%
21	Subhash L Shah	1,00,000	1.23%
22	Dhaval S Shah	50,000	0.61%
	Total	81,50,000	100.00%

EURO CERAMICS LIMITED

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31, 2006	As of March 31, 2005*
Equity share capital	815.00	815.00
Reserves and surplus	(128.68)	Nil
Total income	4161.29	Nil
Profit after tax/(Loss)	(128.69)	Nil
Earnings/(Loss) per share (face value Rs. 10/-) (Rs.)	(1.58)	Nil
Net Asset Value per share (Rs.)	7.99	9.46

* First year of incorporation and company was in the process of capitalization.

Euro Multivision Limited has not paid dividend on 1,85,000 5% cumulative redeemable preference shares of Rs. 100/- each amounting to Rs. 4,62,500/- for the year ended March 31, 2006, since it made a loss of Rs.128.69 lacs in the said year. No provision has been made in the EML's accounts.

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

2. EURO-SOLO ENERGY SYSTEMS LIMITED.

Euro-Solo Energy Systems Limited was incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated October 29, 2004 having Registration No. U 31400 MH 2004 PLC 149319, having registered office at 301, Magor Arcade, M. G. Road, Ghatkopar (East) Mumbai – 400 077, Maharashtra. Company Identification Number of Euro-Solo Energy Systems Limited is U 31400MH2004PLC149319.

Euro-Solo Energy Systems Limited is engaged inter alia in the business of manufacturing, producing, processing, purchase, sale, import, export and to act as a wholesaler, retailer, manufacturer dealer, broker, commission agents in all kinds of battery cells and battery.

Board of Directors:

As on January 10, 2007, the board of directors of Euro-Solo Energy Systems Ltd. comprises the following:

1. Nikhil L. Chheda
2. Shailesh L. Chheda
3. Dhaval S. Shah
4. Shantilal L. Shah
5. Subhash L. Shah
6. Laljibhai K. Shah

Shareholding Pattern:

The Shareholding pattern of the company is as follows:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1	Lakhamshi N. Chheda	10,000	14.29
2.	Shailesh L. Chheda	10,000	14.29
3.	Nikhil L. Chheda	10,000	14.29
4.	Shantilal L. Shah	10,000	14.29
5.	Nenshi L. Shah	10,000	14.28
6.	Dhaval S. Shah	10,000	14.28
7.	Laljibhai K. Shah	10,000	14.28
	Total	70,000	100

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31, 2006*	As of March 31, 2005*
Equity share capital	7.00	7.00
Reserves and surplus	Nil	Nil
Total income	Nil	Nil
Profit/(Loss) after tax	Nil	Nil
Earnings per share (face value Rs. 10) (Rs.)	Nil	Nil
Net Asset Value per share (Rs.)	(137.83)	(46.10)

* First year of incorporation and company was in the process of capitalization. No business was carried out till March 31, 2006.

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

3. EURO BOND INDUSTRIES PRIVATE LIMITED

Euro Bond Industries Private Limited was incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated August 13, 2004 having Registration No. U 27203 MH 2004 PTC 147987, having registered office at Boston House, Ground Floor, Suren Road, Chakala, Andheri (East), Mumbai- 400 093, Maharashtra. Company Identification Number of Euro Bond Industries Private Limited is U 27203MH2004PTC147987.

Eurobond Industries Private Limited is engaged inter alia in the business of manufacturing and dealing in all kinds of aluminium composite panels, architectural fittings, ornaments and jewellery.

Board of Directors:

As on January 10, 2007, the board of directors of Euro Bond Industries Pvt Ltd. comprises the following:

1. Mr. Suresh D. Gala
2. Mr. Hiren R. Nandu
3. Mr. Dhiraj D. Gala
4. Mr. Chintan S. Gada

Shareholding Pattern:

The Shareholding pattern of the company is as follows:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1.	Suresh Gala	3,97,750	33.36
2.	Hiren Nandu	2,500	0.21
3.	Dhiraj D Gala	3,78,750	31.77
4.	Chintan Gada	68,000	5.70
5.	Bharat Gala	50	0.004
6.	Rahul Gada	550	0.04
7.	Devji Gala	50	0.004
8.	Shibu H. Bose	50	0.004
9.	Nenshi L. Shah	10,050	0.84
10.	Global Films & Broadcasting Limited.	67,600	5.67

EURO CERAMICS LIMITED

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
11.	Shalimar Agro Products Ltd.	30,000	2.52
12.	Kapish Packaging Pvt. Ltd.	43,200	3.62
13.	Explicit Finance Ltd.	40,000	3.36
14.	Rashel Agrotech Ltd.	39,600	3.32
15.	Sil Leasing & Ind. Finance Ltd.	22,000	1.85
16.	Adinath Bio Lab Ltd.	8,400	0.70
17.	Diamonds Touch Trading Co. Pvt. Ltd.	12,000	1.00
18.	INCA Finlease Ltd.	12,000	1.00
19.	Jinprabhu Securities Pvt. Ltd.	10,000	0.84
20.	Maharashtra Ind. Leasing & Investments Ltd.	22,800	1.91
21.	Shree Tulshi Online Communication Ltd.	3,600	0.30
22.	Sunil Export Pvt. Ltd.	8,000	0.68
23.	T.I. Pharma Ltd.	7,200	0.60
24.	Barasia Holding & Trading Co. Ltd.	8,000	0.67
	Total	11,92,150	100

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31, 2006	As of March 31, 2005*
Equity share capital	119.22	14.01
Reserves and surplus	685.07	52.02
Total income	698.14	Nil
Profit after tax	34.72	Nil
Earnings per share (face value Rs. 10) (Rs.)	2.91	Nil
Net Asset Value Per Share (Rs.)	67.46	45.77

* First year of incorporation and company was in the process of capitalization.

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

4. EURO DEVELOPERS PRIVATE LIMITED

Euro Developers Private Limited was incorporated on April 30, 2004 as "Euro Developers Limited" at Mumbai under the Companies Act, 1956, with Registration No. U 45200 MH 2004 PLC 146047 and subsequently changed to "Euro Developers Private Limited" on October 10, 2005 having registered office at A/4-6, Durian Estate, Goregaon Mulund Link Road, Goregaon (East), Mumbai 400 063, Maharashtra. Company Identification Number of Euro Developers Private Limited is U 45200MH2004PTC146047.

Euro Developers Pvt. Ltd. is engaged inter alia in the business of construction and development of properties.

Board of Directors:

As on January 10, 2007, the board of directors of Euro Developers Private Limited comprises the following:

1. Mr. Nenshi L. Shah
2. Mr. Mahesh M. Doshi
3. Mr. Bhagwanji M. Patel

Shareholding Pattern:

The Shareholding pattern of the company is as follows:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1.	Mr. Nenshi L. Shah	2,500	3.81
2.	Mr. Mahesh M. Doshi	2,500	3.81
3.	Mr. Kanaiyalal R. Patel	700	1.07
4.	Mr. Dhaval S. Shah	500	0.76
5.	Mr. Hitesh S. Shah	500	0.76
6.	Mr. Chintan M. Doshi	1,000	1.53
7.	Mrs. Jyoti M. Doshi	2,500	3.81
8.	Mr. Ashok H. Bisani & Mrs. Pushpa A. Bisani	6,900	10.53
9.	Ms. Nikita Ashok Bisani & Ms. Ruchika A. Bisani	2,000	3.05
10.	Mr. Roshan Ramesh Bisani	1,000	1.53
11.	Mrs. Gunvantiben Nenshi Shah	1,000	1.53
12.	Mr. Shantibhai L. Shah & Mrs. Sonalben Shantilal Shah	2,000	3.05
13.	Mr. Laljibhai K. Shah & Mrs. Shantaben Laljibhai Shah & Subhash Laljibhai Shah & Daksha Subhash Shah	4,000	6.11
14.	Ratanshi Khimji Patel (HUF)	800	1.22
15.	Chandrakant R. Patel (HUF)	700	1.07
16.	Mr. Chandrakant Ratanshi Patel	900	1.37
17.	Mr. Vimalkumar Rathie & Mrs. Manorama Vimalkumar Rathie	2,500	3.81
18.	Mr. Sharad Vimalkumar Rathie & Mrs. Sonal Sharad Rathie	2,500	3.81
19.	Mahesh M. Doshi (HUF)	2,000	3.05
20.	Ms. Hetal M. Doshi	1,000	1.53
21.	Mr. Gaurishankar Shyamsunderlal Chandak & Geetadevi Chandak	2,000	3.05
22.	Mr. Shivkumar Gaurishankar Chandak Mrs. Ranjana S. Chandak Mr. Raunak S. Chandak	3,000	4.58
23.	Ms. Sarla L. Chandak Mr. Pavan Chandak	5,000	7.63
24.	Mrs. Nandini K. Patel	700	1.07
25.	Ms. Renuka C. Patel	700	1.07
26.	Ms. Bhakti H. Patel Ms. Mitali H. Patel	1,400	2.14
27.	Mr. Hemang K. Khetani Mr. Chintan K. Khetani	1,400	2.14

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Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
28.	Himmat Ratanshi Patel (HUF)	700	1.07
29.	Mr. Himmat R. Patel Mrs. Damyanti H. Patel	1,400	2.14
30.	Kaniyalal R. Patel (HUF)	600	0.92
31.	Mrs. Mamta K. Gosaliya	1,000	1.53
32.	Mr. Valji M. Patel	1,000	1.53
33.	Mr. Jagdish K. Patel	1,000	1.53
34.	Mr. Jayesh V. Patel	1,000	1.53
35.	Mr. Khimji B. Patel	1,000	1.53
36.	Mr. Bhavanji M. Patel Mrs. Manjula B. Patel	2,000	3.05
37.	Mr. Ranchod M. Patel	1,000	1.53
38.	Jayesh H. Gothi (HUF)	1,000	1.53
39.	Mr. Ramesh H. Patel	1,000	1.53
40.	Mr. Parbat M. Patel	1,000	1.53
41.	Ashok H. Bisani (HUF)	100	0.15
42.	Pravin H. Doshi & Munshi P Doshi	10	0.02
	TOTAL	65,510	100

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31, 2006	As of March 31, 2005*
Equity share capital	6.55	6.05
Reserves and surplus	(19.28)	(5.15)
Total income	6.01	Nil
Profit/(Loss) after tax	(14.13)	(5.15)
Earnings/(Loss) per share (face value Rs. 10) (Rs.)	(21.58)	(8.51)
Net Asset Value per share (Rs.)	(19.43)	1.49

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

5. EURO FLOORING PRIVATE LIMITED

Euro Flooring Private Limited was incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated November 9, 2005 with Company Identification Number U51430 MH2005 PTC 157221, having registered office at Boston House, Ground Floor, Suren Road, Chakala, Andheri (East), Mumbai- 400 093, Maharashtra.

Euro Flooring Private Limited is engaged inter alia in the business of dealing in all kind of flooring materials made up of wood, stone, marble, granite etc.

Board of Directors:

As on January 10, 2007, the board of directors of Euro Flooring Private Limited comprises the following:

1. Mr. Mahesh M. Doshi,
2. Ms. Hetal M. Doshi,
3. Mr. Nenshi L. Shah

Shareholding Pattern:

The Shareholding pattern of the company is as follows:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1.	Mr. Mahesh M. Doshi	2,500	25
2.	Ms. Hetal M. Doshi	2,500	25
3.	Mr. Nenshi L. Shah	5,000	50
	TOTAL	10,000	100

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31, 2006*
Equity share capital	1.00
Reserves and surplus	(6.43)
Total income	Nil
Profit/(Loss) after tax	(6.43)
Earnings/(Loss) per share (face value Rs. 10) (Rs.)	(64.31)
Net Asset Value per share (Rs.)	(54.31)

* First year of incorporation

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

6. EURO PRATIK ISPAT PRIVATE LIMITED

Euro Pratik Ispat Private Limited was incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated May 25, 2004 having Registration No. U27100 MH 2004 PTC 146542 having registered office at 4, Ushaniketan, Mahant Road, Vile Parle (East), Mumbai – 400 057, Maharashtra. Company Identification Number of Euro Pratik Ispat Private Limited is U27100MH2004PTC146542.

Euro Pratik Ispat Private Limited is engaged interalia in the business of setting up plants for manufacturing and processing and dealing of all types of ferrous and non-ferrous metals.

Board of Directors:

As on January 10, 2007, the Board of Directors of Euro Pratik Ispat Private Limited comprises the following:

1. Nenshi L. Shah
2. Suresh Gala
3. Jaswant M. Singhvi
4. Pratik G. Singhvi
5. Guvantiben N. Shah

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Shareholding Pattern:

The Shareholding pattern of the company is as follows:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1	Nenshi L. Shah	2,620	0.55
2	Gunvanti N. Shah	81,250	17.06
3	Subhnen Finance & Investment Pvt. Ltd.	1,84,810	38.81
4	Suresh D. Gala	62,500	13.13
5	Sonal S. Shah	10,000	2.10
6	Rahul J. Singhvi	4,500	0.95
7	Jaywanti G. Singhvi	1,960	0.42
8	Gaurav J. Singhvi	1,500	0.31
9	Nidhi G. Singhvi	1,000	0.21
10	Shakuntala J. Singhvi	1,000	0.21
11	Anilkant R. Hotha	5	0.001
12	Kirit R. Shah	5	0.001
13	Harshad Vadilal Shah	1	0.00
14	Jugdesh Vadilal Shah	1	0.00
15	Harish Bhogilal Shah	1	0.00
16	Ajit Bhogilal Shah	2	0.00
17	Jaswant M. Singhvi	2,000	0.42
18	Pratik G. Singhvi	500	0.10
19	Mahendra C. Nishar	2,500	0.52
20	Shantaben L. Shah	45,000	9.45
21	Lalajibhai K. Shah	10	0.002
22	Dhiraj D. Gala	10	0.002
23	Dhaval S. Shah	10	0.002
24	Daksha S. Shah	10	0.002
25	Gurukul Enterprises Private Limited	75000	15.75
	TOTAL	4,76,195	100

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31, 2006	As of March 31, 2005*
Equity share capital	47.62	47.62
Reserves and surplus	419.58	419.58
Total income	116.48	Nil
Profit/(Loss) after tax	(4.30)	Nil
Earnings per share (face value Rs. 10) (Rs.)	(0.90)	-
Net Asset Value per share (Rs.)	96.90	97.73

* First year of incorporation and company was in the process of capitalization.

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

7. SUBHNEN DECOR PRIVATE LIMITED

Subhnen Decor Private Limited was incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated June 30, 1997 having Registration No. 11-109078 of 1997 having registered office at Boston House, Ground Floor, Suren Road, Chakala, Andheri (East), Mumbai- 400 093, Maharashtra,. Company Identification Number of Subhnen Decor Private Limited is U 20200MH1997PTC109078

Subhnen Decor Private Limited is engaged inter alia in the business of manufacturing, selling, exporting, importing and dealing with all kinds and size of pre-laminated board, MDF board, medium density fiber board, chip board, or particle board or any quality of board, laminated sheets including decorative and industrial laminates, plywood, wallpapers, furnishing and furniture.

Board of Directors:

As on January 10, 2007, the board of directors of Subhnen Décor Pvt. Ltd. comprises the following:

1. Mr. Hansraj K. Gala
2. Mr. Laljibhai K. Shah
3. Mr. Jitendra P. Nandu

Shareholding Pattern:

The Shareholding pattern of the company is as follows:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1.	Nenshi L. Shah and Gunvantiben N. Shah	10,000	4.13
2.	Subhash Laljibhai Shah and Daksha S. Shah	15,000	6.20
3.	Nenshi L. Shah (HUF)	10,000	4.13
4.	Shantilal L. Shah and Sonalben S. Shah	12,000	4.96
5.	Shantilal L. Shah (HUF)	500	0.21
6.	Hitesh S. Shah and Sonalben S. Shah	13,000	5.37
7.	Laljibhai K. Shah and Shantaben L. Shah	20,000	8.27
8.	Laljibhai K. Shah (HUF)	10,000	4.13
9.	Hansraj K. Gala and Sushila H. Gala	600	0.25
10.	Sushila H. Gala and Hansraj K. Gala	500	0.21
11.	Jayantilal L. Nishar and Rekha J. Nishar	500	0.21
12.	Daksha S. Shah	10,700	4.42
13.	Sonalben Shantilal Shah	10,000	4.13
14.	Mrs. Rekha J. Nishar	500	0.21
15.	Kirti D. Shah	500	0.21
16.	Subhash L. Shah (HUF)	500	0.21
17.	Dhaval S. Shah	1,10,000	45.47
18.	Meghiben L. Shah	1,900	0.79
19.	Dhiraj P. Nandu & Jyoti D. Nandu	10	0.004
20.	Kokila L. Shah	7,200	2.98

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Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
21.	Rinkal S. Shah	8,150	3.37
22.	Shantaben L. Shah	100	0.04
23.	Paras Plastics	10	0.004
24.	Lakhamshi Bharmal Nishar (HUF)	100	0.04
25.	Gunvantiben N. Shah	100	0.04
26.	Nimesh D. Gada	10	0.004
27.	Nimesh S. Kanjibhai	10	0.004
28.	Priti H. Shah	10	0.004
29.	Ladhabahi S. Shah (HUF)	10	0.004
30.	Popatlal B. Nandu and Shantaben P. Nandu	10	0.004
	Total	2,41,920	100

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31,		
	2006	2005	2004
Equity share capital	24.19	24.19	24.19
Reserves and surplus	99.46	(101.56)	(114.87)
Total income	3361.48	2144.77	1778.04
Profit/(Loss) after tax	201.02	13.32	8.94
Earnings/(Loss) per share (face value Rs. 10) (Rs.)	83.09	5.50	3.70
Net Asset Value per share (Rs.)	51.07	(32.03)	(37.55)

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

8. SUBHNEN PLY PRIVATE LIMITED

Subhnen Ply Private Limited was incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated March 15, 1995 having Registration No. 11-86503 having registered office at 209, Sangam Arcade, Vallabhkhai Road, Vile Parle (West), Mumbai – 400 056, Maharashtra. Company Identification Number of Subhnen Ply Private Limited is U99999MH1995PTC086503.

Subhnen Ply Private Limited is engaged inter alia in the business of manufacturing, selling, exporting, importing and dealing with all kinds and sizes of laminated sheets including decorative and industrial laminates, wood, plywood, boards, wallpapers, furnishings and furniture.

Board of Directors:

As on January 10, 2007, the Board of Directors of Subhnen Ply Private Limited comprises the following:

1. Mr. Nenshi L. Shah
2. Mrs. Gunvanti N. Shah

Shareholding Pattern:

The Shareholding pattern of the company is as follows:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1	Mr. Nenshi L. Shah	50,000	16.50
2	Mr. Subhash L. Shah	50,000	16.50
3	Mr. Shantilal L. Shah	45,000	14.85
4	Mr. Laljibhai K. Shah	20,000	6.60
5	Mr. Hitesh S. Shah	100	0.03
6	Ladhabhai Shah (HUF)	100	0.03
7	Nenshi L. Shah (HUF)	500	0.17
8	Mrs. Gunvantiben N. Shah	45,000	14.85
9	Mrs. Sonalben S. Shah	45,000	14.85
10	Mrs. Shantaben L. Shah	45,000	14.85
11	Mrs. Daksha S, Shah	100	0.03
12	Shantilal L. Shah (HUF)	200	0.07
13	Laljibhai K. Shah (HUF)	1,010	0.33
14	Mrs. Sushila H. Gala	500	0.17
15	Subhash L. Shah (HUF)	400	0.13
16	Rahul Hire Purchase Co.	10	0.00
17	Mr. Dhaval Shah and Mrs. Forum Shah	110	0.04
	Total	3,03,030	100

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31,		
	2006	2005	2004
Equity share capital	30.30	30.30	30.30
Reserves and surplus	77.97	70.02	52.95
Total income	1540.50	690.17	1073.89
Profit/(Loss) after tax	7.95	17.07	31.47
Earnings per share (face value Rs. 10) (Rs.)	2.62	5.63	10.39
Net Asset Value per share (Rs.)	35.73	33.11	27.45

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

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9. SUBHNEN VENEERS PRIVATE LIMITED

Subhnen Veneers Private Limited was originally incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated August 7, 1996, under the name of "Angel Filaments Private Limited" vide Registration No. 11-101695, subsequently the name was changed to "Subhnen Veneers Private Limited" on April 24, 1998 having Registered office at Boston House, Ground Floor, Suren Road, Chakala, Andheri (East), Mumbai- 400 093, Maharashtra. Company Identification Number of Subhnen Veneers Ply Private Limited is U25200MH1996PTC101695.

Subhnen Veneers Private Limited is engaged inter alia in the business of manufacture, process, import, export, buy, sell, and deal in all type of plastic goods, fibre, fibrous materials, compounds and all other types of plastic articles, goods etc.,

Board of Directors:

As on January 10, 2007, the Board of Directors of Subhnen Veneers Pvt. Ltd. comprises the following:

1. Mr. Popatlal Bhachubhai Nandu
2. Mr. Subhash Laljibhai Shah
3. Mr. Dhiraj Popatlal Nandu
4. Mr. Lalji Khirabhai Shah

Shareholding Pattern:

The Shareholding pattern of the company is as follows:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1	Bhachu Rina Nandu	40,000	5.05
2	Bhachu Rina Nandu – (HUF)	40,000	5.05
3	Dhiraj P. Nandu	50,200	6.33
4	Dhiraj P. Nandu - (HUF)	20,000	2.52
5	Gomaben B. Nandu	40,000	5.05
6	Jitendra P. Nandu	60,120	7.58
7	Popatlal B. Nandu	50,100	6.32
8	Jyoti Dhiraj Nandu	50,100	6.32
9	Popatlal B. Nandu - (HUF)	20,000	2.52
10	Santaben P. Nandu	50,100	6.32
11	Hetal Jitendra Nandu	100	0.01
12	Daksha S. Shah	21,520	2.72
13	Hitesh S. Shah	20,000	2.52
14	Gunvantiben N. Shah	20,000	2.52
15	Laljibhai K. Shah (HUF)	600	0.08
16	Laljibhai K. Shah	50,000	6.30
17	Nenshi L. Shah	50,000	6.30
18	Nenshi L. Shah (HUF)	30,000	3.78
19	Shantaben L. Shah	30,000	3.78
20	Shantilal L. Shah (HUF)	30,000	3.78
21	Sonalben S. Shah	20,000	2.52
22	Shantilal L. Shah	50,000	6.30

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
23	Subhash L. Shah	50,000	6.30
24	Subhash L. Shah (HUF)	180	0.02
25	Shobha Kubadia & Ramechchandra Kubadia	10	0.001
26	Sureshchandra Kubadia & Shantilal Kubadia	10	0.001
27	Kinachand Kubadia	10	0.001
	Total	7,93,050	100

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31,		
	2006	2005	2004
Equity share capital	79.31	79.30	79.30
Reserves and surplus	63.43	(11.50)	(45.64)
Total income	1198.63	678.25	520.77
Profit/(Loss) after tax	74.97	34.09	13.69
Earnings per share (face value Rs. 10) (Rs.)	9.45	4.30	1.73
Net Asset Value per share (Rs.)	18.00	8.54	4.23

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

10. TANGENT FURNITURE PRIVATE LIMITED

Tangent Furniture Private Limited was incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated November 13, 2002 having Registration No. U 36100MH2002PTC137849 having registered office at "Tangent House" Chincholi Bunder Road, Off. Link Road, Malad (West), Mumbai – 400 064, Maharashtra. . Company Identification Number of Tangent Furniture Private Limited is U36100MH2002PTC137849.

Tangent Furniture Private Limited is engaged inter alia in the business of trading, manufacture, deal, buy, sell, exchange, distribute, import, conduct research in or otherwise deal in all kinds of household office furniture's, accessories, components types of furnitures whether imported or local.

Board of Directors:

As on January 10, 2007, the board of directors of Tangent Furniture Pvt. Ltd. comprises the following:

1. Mr. Shantilal L. Shah
2. Mr. Shailesh L. Chheda
3. Mr. Mahesh M. Doshi
4. Mr. Devji T. Nishar
5. Mr. Vimal K. Rathi

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Shareholding Pattern:

The Shareholding pattern of the company is as follows:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1	Shantilal L. Shah	60,000	30.00
2	Chintan M. Doshi	27,000	13.50
3	Nitin Devji Nishar	40,000	20.00
4	Mahesh M. Doshi	5,000	2.50
5	Mahesh M. Doshi (HUF)	3,000	1.50
6	Lakhamshi N. Chheda	40,000	20.00
7	Vimal K. Rath	20,000	10.00
8	Jyoti M. Doshi	5,000	2.50
	Total	200,000	100.00

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31,		
	2006	2005	2004
Equity share capital	20.00	20.00	20.00
Reserves and surplus	45.05	32.95	11.35
Total income	1061.78	725.28	496.83
Profit/(Loss) after tax	14.71	21.60	12.54
Earnings per share (face value Rs. 10) (Rs.)	7.35	10.80	6.27
Net Asset Value per share (Rs.)	32.52	26.35	15.48

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

11. VAMAN INTERNATIONAL PRIVATE LIMITED

Vaman International Private Limited was incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated November 13, 2002 having Registration No. U 36100MH2002PTC137848 having registered office at unit No. 119/120, Durian Estate, CTS No. 40, Goregaon Mulund Link Road, Goregaon (East), Mumbai 400 063, Maharashtra Company Identification Number of Vaman International Private Limited is U 36100MH2002PTC137848.

Vaman International Private Limited is engaged inter alia in the business of manufacture, trade, deal, buy, sell, exchange, distribute, import, conduct research in or otherwise deal in all types of furniture's, fixtures and materials pertaining to manufacture of the same.

Board of Directors:

As on January 10, 2007, the board of directors of Vaman International Pvt. Ltd comprises the following:

1. Mr. Vimal K. Rath
2. Mr. Laljibhai K. Shah
3. Mr. Nilesh L. Chheda
4. Mr. Chintan M. Doshi
5. Mr. Nitin D. Nishar

Shareholding Pattern:

The Shareholding pattern of the company is as follows:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1	Mr. Mahesh M. Doshi, Mrs. Jyoti M. Doshi	17,000	18.89
2	Mr. Mahesh M. Doshi (HUF)	1000	1.11
3	Mr. Laljibhai K. Shah, Mr. Subhash L. Shah & Mrs. Shantaben L. Shah	27,000	30.00
4	Mr. Vimal K. Rathi	9,000	10.00
5	Mr. Nilesh L. Chheda & Mrs. Vaishali N. Chheda	18,000	20.00
6	Mr. Devji T. Nishar & Mrs. Kesarben D. Nishar	18,000	20.00
	Total	90,000	100

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31,		
	2006	2005	2004
Equity share capital	9.00	9.00	9.00
Reserves and surplus	22.73	15.35	(6.23)
Total income	676.92	531.77	361.74
Profit/(Loss) after tax	7.38	21.58	(0.18)
Earnings/(Loss) per share (face value Rs. 10) (Rs.)	8.20	23.98	(0.20)
Net Asset Value per share (Rs.)	35.25	26.26	1.89

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

12. KEVIN IMPEX PRIVATE LIMITED

Kevin Impex Private Limited was incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated August 3, 2005 having Registration No. U51909MH2005PTC155113 having registered office at Shop No. 4, Smag House, Sarojini Road, Behind Nanavati School, Vile Parle – West, Mumbai – 400 056 Maharashtra. Company Identification Number of Kevin Impex Private Limited is U 51909MH2005PTC155113

Kevin Impex Private Limited is engaged inter alia in the business of buying, selling, dealing, importing, exporting etc in all sorts of goods, articles, items, merchandise, chattels, commodities, etc.

Board of Directors:

As on January 10, 2007, the board of directors of Kevin Impex Private Limited comprises:

1. Mr. Bharat D. Gala
2. Mr. Rahul S. Gada

EURO CERAMICS LIMITED

Shareholding Pattern:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1.	Shantilal L. Shah	4,000	2.00
2.	Daksha S. Shah	1,93,000	96.50
3.	Jayantilal L. Nishar	3,000	1.50
	Total	2,00,000	100

Financial Performance:

The Company was incorporated on August 3, 2005

(Rs. in Lacs, except per share data)

Particulars	As of March 31, 2006
Equity share capital	20.00
Reserves and surplus	6.54
Total income	1102.19
Profit/(Loss) after tax	6.54
Earnings/(Loss) per share (face value Rs. 10) (Rs.)	3.27
Net Asset Value per share (Rs.)	13.27

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

13. GURUKUL ENTERPRISES PRIVATE LIMITED

Gurukul Enterprises Private Limited was incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated June 28, 2005 having Registration No. U 51909MH2005PTC154308 having registered office at F. M. House No. 20, Vallabhghai Road, Near Railway Cross Lane, Vile Parle (West), Mumbai 400056, Maharashtra. Company Identification Number of Gurukul Enterprises Private Limited is U 51909MH2005PTC154308

Gurukul Enterprises Private Limited is engaged inter alia in the business of buying, selling, dealing, importing, exporting etc in all sorts of goods, articles, items, merchandise, chattels, commodities, etc.

Board of Directors:

As on January 10, 2007, the board of directors of Gurukul Enterprises Private Limited comprises the following:

1. Mr. Hansraj K. Gala,
2. Mrs. Manjari H. Shah,
3. Mr. Laljibhai K. Shah

Shareholding Pattern:

The Shareholding pattern of the company is as follows:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1.	Mr. Hansraj K. Gala	4,000	2.00
2.	Mrs. Manjari H. Shah	3,000	1.50
3.	Mr. Laljibhai K. Shah	18,000	9.00
4.	Dhaval Shantilal Shah, Hitesh Shantilal Shah & Forum Dhaval Shah	20,000	10.00

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
5.	Nenshi L. Shah, Gunvanti N. Shah & Sushila Hansraj Gala	60,000	30.00
6.	Shantilal L. Shah & Sonalben Shantilal Shah	45,000	22.50
7.	Subhash L. Shah, Daksha Subhash Shah & Shantaben L. Shah	15,000	7.50
8.	Nenshi L. Shah – (HUF)	35,000	17.50
	Total	2,00,000	100

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31, 2006
Equity share capital	20.00
Reserves and surplus	31.09
Total income	856.54
Profit/(Loss) after tax	31.09
Earnings/(Loss) per share (face value Rs. 10) (Rs.)	15.54
Net Asset Value per share (Rs.)	25.54

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

14. NLS ENTERPRISES PRIVATE LIMITED

NLS Enterprises Private Limited was incorporated under the Companies Act, 1956 vide Certificate of Incorporation dated August 3, 2005 having Registration No. U51909MH2005PTC155105 having registered office at 75, Oldnagardas Road, Near Chinai College, Andheri East, Mumbai – 400 093 Maharashtra. Company Identification Number of NLS Enterprises Private Limited is U51909MH2005PTC155105

NLS Enterprises Private Limited is engaged inter alia in the business of buying, selling, dealing, importing, exporting etc in all sorts of goods, articles, items, merchandise, chattels, commodities, etc.

Board of Directors:

As on January 10, 2007, the board of directors of NLS Enterprises Pvt. Ltd. comprises the following:

1. Mrs. Gunvantiben N. Shah
2. Mr. Subhash L. Shah
3. Mr. Dhaval S. Shah

Shareholding Pattern:

The Shareholding pattern of the company:

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1	Mrs. Gunvantiben N. Shah	3,000	1.62
2	Mr. Subhash L. Shah	1,78,000	96.22
3	Mr. Dhaval S. Shah	4,000	2.16
	TOTAL	1,85,000	100.00

EURO CERAMICS LIMITED

Financial Performance:

(Rs. in Lacs, except per share data)

Particulars	As of March 31, 2006
Equity share capital	18.50
Reserves and surplus	17.77
Total income	539.70
Profit/(Loss) after tax	17.77
Earnings/(Loss) per share (face value Rs. 10) (Rs.)	9.61
Net Asset Value per share (Rs.)	19.61

The company is not listed and has not made any public issue of its shares, Further, no actions has been taken against the company by Stock Exchanges or SEBI. The company does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

PARTNERSHIP FIRMS

1. M/S. EURO MINERALS CORPORATION

M/s. Euro Minerals Corporation is a registered partnership firm, which is formed vide Partnership Deed dated May 27, 2005, having its office at 4, Usha Niketan, Ground Floor, Mahant Road, Vile Parle (East), Mumbai – 400 057, Maharashtra.

M/s. Euro Mineral Corporation is engaged inter alia in the business of prospecting, extracting, dealing, manufacturing in all kinds of ores and minerals and to carry on business as importers and dealers in plywood, veneer, MDF, timber and timber products.

M/s. Euro Minerals Corporation has five partners and their profit sharing ratios are as under:

Sr. No	Name of Partners	Percentage (%)
1.	Mr. Gaurav Jaswantraj Singhvi	11
2.	Mrs. Jaywanti Gunwantraj Singhvi	14
3.	Mr. Nenshi L. Shah	25
4.	Mr. Laljibhai K. Shah	25
5.	Mr. Dhiraj Dharamshi Gala	25
	Total	100

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31, 2006**
Partnership capital*	35.40
Total income	15.40
Net(loss) Profit after tax	(15.74)

**Including Current Account; **Audited.*

2. EURO AGRO

M/s. Euro Agro is a registered partnership firm, which is formed vide Partnership Deed dated July 27, 2006, having its office at Survey No.510, Bhachau Dudhai Road, Bhachau – Kutch – 370 140, Gujarat.

M/s. Euro Agro is engaged inter alia in the business of Agriculture and selling of Agriculture product.

Partners of Euro Agro and their profit and loss sharing ratio is as under:

Sr. No	Name of Partners	Percentage (%)
1.	Nenshi L. Shah	5
2.	Talakshi L. Nandu	5
3.	Kumar P. Shah	5
4.	Paresh K. Shah	5
5.	Shantilal L. Shah	5
6.	Lalajibhai K. Shah	5
7.	Subhash L. Shah	5
8.	Hitesh S. Shah	5
9.	Dhaval S. Shah	5
10.	Nitesh P. Shah	5
11.	Rahul S. Gada	5
12.	Hansraj K. Gala	5
13.	Jayantilal L. Nishar	5
14.	Nimesh D. Gada	5
15.	Nilesh L. Chheda	5
16.	Nikhil L. Chheda	5
17.	Pinak N. Shah	5
18.	Viral T. Nandu	5
19.	Pratik K. Shah	5
20.	Amish K. Shah	5
		100

Financial Performance:

The Partnership firm was established on July 27, 2006.

3. EURO PRATIK SALES CORPORATION

M/s. Euro Pratik Sales Corporation is a registered partnership firm, which is formed vide Partnership Deed dated 15th March, 2005. , having its office at shop no. 12, Usha Niketan, Mahant Road, Vile Parle – East, Mumbai – 400 057, Maharashtra.

M/s. Euro Pratik Sales Corporation is engaged inter alia in the business as importers and dealers in plywood, veneer, MDF, timber and timber products.

M/s. Euro Pratik Sales Corporation has four partners and their profit sharing ratios are as under:

Sr. No	Name of Partners	Percentage (%)
1.	Mr. Suresh D. Gala as Karta of Suresh D. Gala - (HUF)	25
2.	Mr. Dhaval S. Shah	25
3.	Mrs. Daksha S. Shah	25
4.	Mr. Pratik G. Singhvi	25
Grand Total		100

EURO CERAMICS LIMITED

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31, 2006**
Partnership capital*	44.76
Total income	149.19
Net Profit after tax	2.04

**Including Current Account; **Audited.*

4. M/S. JAINY GLASS & VENEERS

M/s. Jainy Glass & Veneers is a registered partnership firm, which is formed vide Partnership Deed dated June 15, 1999, and also a supplementary partnership deed was executed on November 25, 2002 by which rate of interest was modified. M/s. Jainy Glass & Veneers having its office at shop no. 5/6/7, Chandan Bala Terrace, 26, Mukund Nagar, Gultekdi Pune – 411 037, Maharashtra.

M/s. Jainy Glass & Veneers is engaged inter alia in the business of wholesale trading in all types of glass and veneers.

M/s. Jainy Glass & Veneers has two partners and their profit sharing ratios are as under:

Sr. No	Name of Partners	Percentage (%)
1.	Mrs. Gunvantiben Nenshi Shah	60.00
2.	Mr. Wadilal Malashi Gada	40.00
	Total	100.00

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31,		
	2006**	2005**	2004**
Partnership capital*	43.77	43.77	52.77
Total income	146.53	181.26	298.57
Net Profit after Tax	0.39	0.08	0.63
*Including Current Account	** Audited		

5. M/S. KANCH GHAR

M/s. Kanch Ghar is a registered partnership firm, which is formed vide partnership deed dated January 1, 1999 and subsequently by an deed dated April 1, 1999 Mr. Nenshi L. Shah and Mr. Subhash L. Shah have retired from the partnership firm and new partners Mr. Shantilal L. Shah (representing as Karta of Ladhahbai Shah (HUF) and Mrs. Sonalben Shantilal Shah were added. M/s. Kanch Ghar having its office at shop no. 1, Abhishek, Vallabhghai Road, Vile Parle (West), Mumbai – 400 056, Maharashtra.

M/s. Kanch Ghar is engaged inter alia in the business of dealing in glass and glass products of all kinds and also of dealing in non-ferrous metals etc.

M/s. Kanch Ghar has effected the change in the partner's w.e.f. April 1, 2006, the details of the partners and their profit sharing ratios are as under:

Partners of M/s. Kanch Ghar and their profit sharing ratio as on April 1, 2006 :

Sr. No.	Name of Partners	Percentage(%)
1.	Mrs. Sonalben S. Shah	40.00
2.	Mr. Shantilal L. Shah	10.00
3.	Mr. Hitesh Shantilal Shah	10.00
4.	Mrs. Forum Dhaval Shah	40.00
	Total	100.00

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31,		
	2006**	2005**	2004**
Partnership capital*	137.34	11.10	111.58
Total income	3203.03	2600.22	2227.41
Net Profit after Tax	49.16	10.01	13.23

**Including Current Account

**Audited

6. DEZI'H INTERNATIONAL

M/s. Dezi'h International is a registered partnership firm, which is formed vide partnership deed dated September 3, 2001 and modified by Codicil to Partnership dated November 6, 2001 which was subsequently changed by a Partnership Deed dated December 1, 2001, by which Mr. Amritlal Asdhir Savla and Mrs. Usha Amritlal Savla have retired. M/s. Dezi'h International having its office at Plot No. 1406, Chincholi Bunder Road, Off. Link Road, Malad (West), Mumbai – 400 064, Maharashtra.

M/s. Dezi'h International is engaged inter alia in the business of manufacturing of Computer furniture and fixtures etc.

Partners of M/s. Dezi'h International and their profit sharing ratios are as under:

Sr. No	Name of Partners	Percentage (%)
1.	Mr. Dhaval Shantilal. Shah	50.00
2.	Mrs. Manjari Hitesh Shah	50.00
	Total	100.00

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31,		
	2006*	2005*	2004*
Partnership capital*	33.97	70.11	37.64
Total income	71.87	352.85	28.11
Net Profit after tax	1.01	9.45	0.72

*Including Current Account; **Audited; ***Unaudited.

EURO CERAMICS LIMITED

7. M/S. LAXMI PLY AGENCY

M/s. Laxmi Ply Agency is a registered partnership firm, which is formed vide Partnership Deed dated April 9, 1987, subsequently it was modified on April 1, 1989, by which Ms. Sonalben Shantilal Shah was admitted as and subsequently was changed by a Partnership Deed dated January 9, 2006 by which Ms. Sonalben Shantilal Shah has retired and Mr. Shantilal L. Shah, Mr. Subhash Laljibhai Shah were admitted as partners. M/s. Laxmi Ply Agency having its office at Shop no. 6, Abhishek, Vallabhbhai Road, Vile Parle (West) Mumbai 400 056. Maharashtra.

M/s. Laxmi Ply Agency is engaged inter alia in the business of dealing in plywood and laminates.

Partners of M/s. Laxmi Ply Agency and their profit sharing ratios are as under:

Sr. No	Name of Partners	Percentage (%)
1.	Mr. Nenshi L. Shah	25
2.	Mr. Laljibhai K. Shah	25
3.	Mr. Shantilal L. Shah	25
4.	Mr. Subhash Laljibhai Shah	25
	Total	100

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31,		
	2006***	2005***	2004***
Partnership capital*	56.96	33.17	30.70
Total income	232.91	3.00	3.00
Net Profit/(Loss) after tax	21.00	0.95	1.04

*Including Current Account; **Audited; ***Unaudited

8. M/S. METRO STATIONERY MART

M/s. Metro Stationery Mart is a registered partnership firm, which is formed vide Partnership Deed dated April 3, 1992, which was subsequently changed by a Partnership Deed dated July 1, 2003 adding a new partner Mr. Pratik Kumar Shah. M/s. Metro Stationery Mart having its office at Shop No. 6, Dossa House, 5, Gunbow Street, Fort, Mumbai – 400 001, Maharashtra

M/s. Metro Stationery Mart is engaged inter alia in the business of resellers in papers, board, stationery.

M/s. Metro Stationery Mart has three partners and their profit sharing ratios are as under:

Sr. No	Name of Partners	Percentage (%)
1.	Kumar P. Shah	10
2.	Hirji Panchalal Shah	50
3.	Pratik Kumar Shah	40
	Total	100

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31,		
	2006*	2005*	2004*
Partnership capital*	9.33	13.18	15.46
Total income	127.19	139.06	112.13
Net Profit/(Loss) after tax	0.00	0.62	(0.05)
*Including Current Account	**Audited		

9. MONEX STATIONERS

M/s. Monex Stationers is a registered partnership firm, which is formed vide Partnership Deed dated July 5, 1987, subsequently it was modified by a Partnership Deed dated March 20, 1993. M/s. Monex Stationers having its office at Shop no.3, Ground Floor, Fairy Manor, 13-D, Gunbow Street, Fort, Mumbai – 400 001, Maharashtra.

M/s. Monex Stationers is engaged inter alia in the business of trading in stationary items.

Partners of M/s. Monex Stationers and their profit sharing ratios are as under:

Sr. No	Name of Partners	Percentage (%)
1.	Mr. Nitesh Panchalal Shah	50
2.	Mrs. Gomitiben Panchalal Shah	50
	Total	100

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31,		
	2006*	2005*	2004*
Partnership capital	20.24	30.20	26.45
Total income	145.39	157.45	66.81
Net Profit after tax	1.49	1.28	Nil

* Audited

10. NATIONAL PLY & LAMINATES

M/s. National Ply & Laminates is a registered partnership firm, which is formed vide Partnership Deed dated January 1, 1999, which was subsequently modified vide partnership deed dated April 1, 1999 wherein Mr. Nenshi L. Shah and Mr. Subhash L. Shah has retired and Mr. Manilal M. Shah (Alias Mr. Manilal M. Gada) and Mrs. Shantaben L. Shah were admitted as partners. M/s. National Ply & Laminates having its office at shop no. 101, New Timber Market, Bhawani Peth, Pune –411 042, Pune, Maharashtra.

M/s. National Ply & Laminates is engaged inter alia in the business of dealing in plywood & laminates.

M/s. National Ply & Laminates has two partners and their profit sharing ratios are as under:

Sr. No	Name of Partners	Percentage (%)
1.	Mr. Manilal M. Shah (Alias Manilal M. Gada)	30
2.	Mrs. Shantaben L. Shah	70
	Total	100

EURO CERAMICS LIMITED

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31,		
	2006*	2005*	2004*
Partnership capital	75.88	83.57	61.99
Total income	718.34	230.66	280.59
Net Profit after Tax	5.70	2.57	1.16

* Audited

11. NEELAM METAL

M/s. Neelam Metal is a registered partnership firm, which is formed vide Partnership Deed dated June 1, 1996, which was subsequently changed by a Partnership Deed dated August 30, 2004 wherein Mr. Hitesh S. Shah has retired and Mr. Shantilal L. Shah is admitted as partner. M/s. Neelam Metal having its office at shop no.4 & 5, Bhagirathi Apartments, 321, Shukrawar Peth, Pune – 411 028, Maharashtra.

M/s. Neelam Metal is engaged inter alia in the business of Resale of Aluminium, fabrication, grill, extrudation and allied goods.

M/s. Neelam Metal has two partners and their profit sharing ratios are as under:

Sr. No	Name of Partners	Percentage (%)
1.	Mr. Shantilal L. Shah	60
2.	Mr. Vinod M. Gada	40
	Total	100

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31,		
	2006*	2005*	2004*
Partnership capital*	80.22	63.12	100.62
Total income	1899.45	1560.24	1307.56
Net Profit after tax	8.50	4.11	48.65
*includes current account	**Audited		

12. GALA ENTERPRISES

M/s. Gala Enterprises is a registered partnership firm, which is formed vide Partnership Deed dated February 14, 2006, having its office at 339/2, Ananth Ramaiah Wollen Factory Compound, Bapujinagar, Opp. Mosque, Mysore Road, Bangalore – 560 026, Karnataka.

M/s. Gala Enterprises is engaged inter alia in the business of dealing in Veneers, Decorative Laminates, Deco – Plywood, Inlays, Marquetry etc.

M/s. Gala Enterprises has five partners and their profit sharing ratios are as under:

Sr. No	Name of Partners	Percentage (%)
1.	Dimple Gala	8
2.	Paresh K. Shah	23
3.	Kumar P. Shah	23
4.	Nitesh P. Shah	23
5.	Talakshi L. Nandu	23
	Total	100

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31, 2006**
Partnership capital*	0.42
Total income	0.42
Net Profit after tax	0.01

*Including Current Account; **Audited.

PROPRIETARY CONCERNS

1. NEELAM PLY & LAMINATES

Neelam Ply & Laminates is a proprietary concern of Mr. Shantilal L. Shah. M/s. Neelam Ply & Laminates having its address at shop at 6, Abhishek, Vallabhkhair Road, Vile Parle – West, Mumbai – 400 056, Maharashtra.

Neelam Ply & Laminates is engaged inter alia in the business of dealing in plywood and laminates.

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31,		
	2006*	2005*	2004*
Proprietor's Capital	51.37	60.63	35.85
Total income	787.72	627.32	309.74
Net Profit/(Loss)	49.75	28.19	3.95

*Audited

2. ZENITH CORPORATION

Zenith Corporation is a proprietary concern of Mrs. Bharti K. Shah. Zenith Corporation having its address at Fairy Manor, Gunbow Street, Fort, Mumbai – 400 001, Maharashtra.

Zenith Corporation is engaged inter alia in the business of dealing in Stationery and paper.

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31,		
	2006*	2005*	2004*
Proprietor's Capital	33.28	32.42	31.43
Total income	24.94	21.99	15.20
Net Profit/(Loss)	1.47	1.27	1.23

*Unaudited

3. NOVA ENTERPRISES

Nova Enterprises is a proprietary concern of Mrs. Heena Nitesh Shah. Nova Enterprises having its address at 53, Vakharia Niwas, Bora Bazar Street, Fort, Mumbai – 400 001, Maharashtra.

M/s. Nova Enterprises is engaged inter alia in the business of dealing in paper, stationery and general merchant.

EURO CERAMICS LIMITED

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31,		
	2006*	2005*	2004*
Proprietor's Capital	19.51	18.46	17.33
Total income	88.30	181.63	137.44
Net Profit/(Loss)	1.66	1.75	1.45

*Audited

CHARITABLE TRUST

1. LADHABHAI SANGANBHAI GALA CHARITABLE TRUST

Ladhabhai Sanganbhai Charitable Trust, is a trust, which is formed vide trust deed dated April 24, 1995 under the Bombay Public Charitable Trust Act, 1950 bearing registration no. E. 15856 (Mumbai) dated August 14, 1995 and having its address at Shop No. 6, Abhishek Building, A- Wing, Vallabhnbhai Patel Road, Vile Parle (West), Mumbai – 400 056

The Trustees of the said trust as on August 31, 2006 are as follows:

1. Mr. Nenshi L. Shah
2. Mr. Shantilal L. Shah
3. Mrs. Sonalben Shantilal Shah
4. Mrs. Gunvantiben Nenshi Shah.

Financial Performance:

(Rs. in Lacs)

Particulars	As of March 31,		
	2006*	2005*	2004*
Trust Corpus	0.04	0.04	0.04
Total income	401.77	228.31	66.99
Excess of Income over Expenditure	17.84	8.09	3.45

*Audited

None of the above companies have made any public/right issue in the preceding three years.

Further, none of the above companies are sick Companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor under winding up.

Common Pursuits

None of our Promoters Group entities are engaged in similar businesses as our Company.

Disassociation Details

None of our Promoters have disassociated themselves from any of the companies/partnership firms during preceding three years except as follows:

1. Mr. Nenshi L. Shah, our Promoter has disassociated from M/s. Flower Home, a partnership firm with effect from April 1, 2006 due to dissolution of partnership firm by a deed of dissolution dated April 1, 2006.
2. Mr. Talakshi L. Nandu, our Promoter has disassociated from:
 - a. M/s. Indiana Apparel, a partnership firm with effect from February 28, 2004 due to dissolution of partnership firm by a deed of dissolution dated February 28, 2004.
 - b. M/s. Virdhan Impex, a partnership firm with effect from April 1, 2005 due to dissolution of partnership firm by a deed of dissolution dated April 1, 2005.

Related Party Transactions

There are no related party transactions with any of the above companies except as mentioned under the section titled "Financial Information" beginning on page 141 of this Red Herring Prospectus.

There have been no sales or purchases between entities in the Promoters Group of our Company exceeding in value in the aggregate 10% of the total sales or purchases of the Company.

Our Promoters, Promoters Group entities or our Subsidiary have not been restrained or prohibited by SEBI or any other regulatory authority from accessing the capital markets for any reason.

None of the above companies promoted by our Promoters have been struck off from the records of the Registrar of Companies

Except as mentioned in this section, none of the above companies have made any defaults in meeting any statutory/bank/institutional dues/obligations. No proceedings have been initiated for economic offences against these companies.

There are no pending litigations, defaults, etc against above given companies, its Promoters and/or its Directors except as given under section titled "Outstanding Litigations & Material Developments" beginning on page 219 of this Red Herring Prospectus".

None of the above companies are listed in any stock exchange in India.

EURO CERAMICS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Red Herring Prospectus. You should also read the section titled "Risk Factors" beginning on page 11 of this Red Herring Prospectus, which enumerates number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company on a standalone basis, and, unless otherwise stated, is based on our restated unconsolidated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act, 1956, and the SEBI guidelines. Our Financial year ends on March 31 of each year.

OVERVIEW

Our Company is currently engaged in manufacturing of Vitrified Ceramic Tiles and Aluminum Extruded Sections. Our manufacturing facilities are located at Taluka Bhachau, District Kutch, Gujarat. Currently, we have two lines for manufacturing Vitrified Ceramic Tiles with total installed capacity of 79,971 MTPA, whereas for Aluminum Extruded Sections total installed capacity is of 1,800 MTPA. The first line for manufacturing Vitrified Ceramic Tiles with an installed capacity of 35,880 MTPA commenced operations in October 2003 along with manufacturing Aluminium Extruded Sections with installed capacity of 1,800 MTPA. The second line for manufacturing Vitrified Ceramic Tiles with an installed capacity of 44,091 MTPA commenced operations in December 2005.

Vitrified Ceramic Tiles

The Vitrified Ceramic Tiles manufactured by us are of International Standard ISO 13006/EN 176 Group B1a. Our manufacturing facilities for Vitrified Ceramic Tiles are fully automated with least human intervention, which ensures international quality standards with optimum utilization of installed capacity. The major parts of the said manufacturing facilities are procured from SACMI, Italy, which is one of the leading suppliers of Ceramic Manufacturing Technology. We believe that our Company is one of the leading exporters of Vitrified Ceramic Tiles. We export Vitrified Ceramic Tiles and have embarked our presence in countries like South Africa, United States of America, and the countries of Middle East like United Arab Emirates, Bahrain, etc.

Our Vitrified Ceramic Tiles are available in various series like Mono Colours, Marble, Matt (Oxidised), Rustics, Granite (Salt & Pepper), Full Body (Multicharge), Royal, Pearl, Bianco, Snow, ACD, Topaz, Super White, Mega White, Honed, Silky Matt and MDR. Each of these categories of Vitrified tiles is available in different shades, patterns and sizes suiting to the requirements of various categories of customers. These Vitrified Ceramic Tiles are used for Flooring, Wall Fixing, Steppers, Skirtings, Risers and Bullnose.

The Vitrified Ceramic Tiles segment contributes a substantial portion to our total sales. For the six months ended September 30, 2006, this segment contributed about 88% of our total sales.

Aluminium Extruded Sections

We also manufacture Aluminum Extruded Sections, which are used in construction and industrial applications. The Aluminum Extruded Sections manufactured by us includes tubes, frames for doors and windows, panels and strips etc. For manufacturing Aluminium Extruded Sections, we are mainly using indigenous plant and machineries. The Aluminium Extruded Sections manufactured by us are sold in domestic market.

Since, one of the major manufacturing cost components is power and fuel, our Company has installed a lignite based 10 MW Captive Power Plant, which provides cost effective and uninterrupted power supply. The Captive Power Plant commenced generation of power from March, 2006. The abundant availability of lignite in Kutch District, Gujarat is advantageous for our raw materials requirement for our Captive Power Plant. Our current cost of power generation is about Rs. 2.50 per unit against per unit average actual cost of Rs. 4.19 paid to GEB during FY 2006. Our Company has also installed Gasifier for generating gas in order to reduce fuel costs and to achieve self Sufficiency for gas.

Sanitary Ware Products

Due to the growing demand in the housing & construction sector coupled with increased concentration of the government on the improvement of infrastructure and sanitation facilities in India, there has been a corresponding rise in the demand

for the ceramics products. To tap the abundant business opportunities so created, we have also planned to diversify our business into Sanitary Ware segment. This diversification will enable us to add more products of our brand to the ceramics industry and bridge the gap of demand and supply of ceramics products in our country.

Calcareous Tiles

Our Company is setting-up manufacturing facilities for the production of Calcareous Tiles, at Bhachau, Kutch District in Gujarat, at our existing land, which will cater to the requirements of upper end segment of the tiles market, where competing products are natural marble and natural granite.

Our Subsidiary

Our wholly owned subsidiary, Euro Merchandise (India) Limited (EMIL) is engaged in the business of trading of wall and floor tiles, which include varieties like ceramic, glazed porcelain and rustic tiles. It is engaged in trading of tiles, which are as per the international standards.

Further, to build up a marketing base and to develop a brand presence for Sanitary Ware Products, EMIL has recently started trading of Sanitary Ware Products in the domestic market.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

Except as otherwise stated in this Red Herring Prospectus and as stated herein below, the Directors of our Company confirm that in their opinion, no circumstances have arisen since the date of the last financial statements as disclosed in this Red Herring Prospectus, which materially and adversely affects or is likely to affect the business or profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months:

A search under the Income Tax Act, 1961 has been carried out on our Company, our promoters and other group concerns in August 2006. Further, State Bank of India has sanctioned a term loan of Rs. 7,000 Lacs vide their sanction letter no. CFB.A/AMT-II/313 dated October 5, 2006 and State Bank of Saurashtra has sanctioned a term loan of Rs. 3,200 Lacs vide their sanction letter no. FB/C&I/BL/ dated November 1, 2006. Further, our Company has made progress in the implementation of the Project, which has been detailed under section titled "Objects of the Issue" beginning on page 58 of this Red Herring Prospectus. Our Company has also made progress in setting-up manufacturing facilities for the production of Calcareous Tiles.

Factors Affecting our Results of Operations

Our results of operations could potentially be affected by the following factors:

General economic and business conditions in India: We derive a substantial portion of our revenues from the Indian market. We shall therefore be affected by general economic and business conditions in the country, particularly that in the Construction sector. India's GDP growth and its industrial growth and development will be important factors, which determine our operating results and future growth.

Government Policy including taxes and duties: A part of our operations are dependent on import of certain raw materials and export of Vitrified Ceramic Tiles, and any changes in taxes and duties pertaining to these products will impact their respective supply and/or demand, and subsequent cost of or revenues from these products.

Demand: The demand for our products is mainly from the construction sector (Malls, Hospitals, BPO call centers, ATM centers, Housing sector etc). We have expanded our customer base in domestic as well as global market. The prospects and earnings growth of the customers and industries to which we serve, will have an impact on our sales.

Competition: Selling prices of our products may be affected if competition intensifies. Further, as a result of increased capacity of Vitrified Ceramic Tiles and diversification into Sanitary Ware Products & Calcareous Tiles, adoption of aggressive pricing strategies by our competitors in order to gain market share or new competitors entering the markets, may adversely affect our operations and financial results.

Capacity: Our expanded capacity of Vitrified Ceramic Tiles gives us economies of scale. And now, we are also expanding into Sanitary Ware Products & Calcareous Tiles. Our ability to fulfill larger orders will depend upon our ability to complete our diversification/ expansion plans as scheduled. We believe that the scale of our production, will give us an edge over our competitors.

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Raw Materials Prices: Raw materials constitute a major portion of our total expenses. Any adverse variation in the prices or availability of raw materials, which is dependent upon the market conditions, may affect us. With the use of effective raw material procurement and storage policy, we should be able to mitigate price fluctuations and availability of raw materials.

Our ability to achieve operational efficiency and low cost of production: Our cost of production is dependent on the efficiency of the operations of our various units, independently as well as jointly, which can improve specific consumption of energy, raw materials and manpower, each of which is a significant factor influencing the cost of production, and thereby affecting our operational and financial performance.

Changes in consumer preferences: The industry segment we cater to is highly sensitive in terms of design and overall appearance. Changes in trends and taste of the consumers may adversely affect our operations. However, we are committed to update and upgrade our products in line with the latest trends.

Fluctuations in exchange rate and interest rates: Since a part of our sales revenues and costs of imported raw materials and capital equipment shall be in foreign currency, the fluctuation in exchange rate of foreign currency like US Dollar and Euro will affect our operating results to the extent that these costs are not passed on to our customer or supplier by commensurate adjustment in our prices.

OUR SIGNIFICANT ACCOUNTING POLICIES

Preparation of financial statements in accordance with generally accepted accounting principles in India, the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in the Auditor's Report. Certain accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. We refer to these accounting policies as our "critical accounting policies". While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following critical accounting policies warrant additional attention.

I BASIS OF ACCOUNTING

The Financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act.

II ACCOUNTING POLICIES

Accounting Policies, not specifically referred to, are consistent with generally accepted accounting principles.

III FIXED ASSETS

Fixed Assets are stated at historical cost (net of cenvat credit) less accumulated Depreciation/ amortization thereon. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use and also comprises of borrowing Costs attributable to acquisition and construction of assets up to the date when such asset is ready for its intended use.

IV DEPRECIATION

Depreciation is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956.

The ceramic plant has been classified as a continuous process plant on technical assessment & depreciation has been provided accordingly.

Depreciation on the Fixed Assets added/disposed off /discarded during the period has been provided on pro-rata basis with reference to the month of addition/disposal/discarding.

Depreciation on the amounts capitalized on account of foreign exchange fluctuation is provided prospectively over residual life of the assets.

V BORROWING COST

Borrowing Costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such asset up to the date when such assets is ready for its intended use.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

VI FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing on the date of transaction. Current assets and current liabilities in foreign currency are stated at the period ended closing rates. The resulting exchange gain/loss is recognized in the profit and loss account. Exchange Rate differences attributable to the acquisition of the fixed assets acquired from outside India are adjusted to the cost of the respective assets.

VII INVESTMENTS

Long Term Investments are stated at cost less provision, if any, for permanent diminution in their value.

VIII INVENTORIES

Raw Materials, components, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.

Work in Progress and finished goods are valued at lower of cost and net realizable value. Finished goods and work in progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost of inventories is computed on weighted average / FIFO basis.

IX REVENUE RECOGNITION

Sales represent Sales & Operational Income and are recorded at net of returns. Other income is accounted for on accrual basis.

IX RETIREMENT BENEFITS

Our Company's contributions in respect of Provident Fund are charged to the profit & loss account of each period. Our Company's contribution to Life Insurance Corporation of India (LIC) for group gratuity policy is charged off to Profit and Loss account for each period. The contribution to group gratuity policy is based on values as actuarially determined and demanded by LIC at the period ended. Liability for accumulated earned leave of employees is ascertained and provided for as per Company Rules.

XI TAXES ON INCOME

Provision for taxation comprises of Current Tax, Fringe Benefit Tax and Deferred Tax. Current Tax and Fringe Benefit Tax Provision has been made in accordance with the Income Tax Act, 1961.

Deferred tax for timing differences between the book and tax profits for the period is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.

Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

Deferred tax assets are recognized on unabsorbed losses only if there is virtual certainty that such deferred tax asset can be realized against future taxable profit.

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OUR RESULTS OF OPERATIONS

Our Company was undergoing and implementing its major expansion and developmental plans in FY 06, hence the Fixed Assets showed a sharp increase, whereby Second Line of production was installed. Similarly there were improvements and expansions on the existing Blocks of Fixed Assets. The increase in Debt in the form of Secured and Unsecured Loans was the result of the above implementations. The increase in current assets such as debtors, stock in trade and loans & advances and current liabilities such as creditors is the result of growing size and business of our Company.

Particulars	31-Mar-04	31-Mar-05	31-Mar-06	6 Months Ended September 2006
INCOME				
SALES	2942.91	22866.20	13197.29	7809.74
% Growth		777%	58%	59%
Other Income	0.04	3.48	27.90	10.01
Total Income	2942.95	11,087.00	13225.19	7819.75
increase/ decrease in inventory	(858.00)	175.30	(410.33)	(1252.19)
As %age to Total Income	-29.15%	1.58%	-3.10%	-16.01%
Raw Materials Consumed	1677.43	15316.77	4272.56	2857.07
As %age to Total Income	57.00%	138.15%	32.31%	36.54%
Manufacturing Expenses	1415.66	4396.23	5349.42	3188.24
As %age to Total Income	48.10%	39.65%	40.45%	40.77%
Expenses on Employees	104.25	408.48	437.52	281.04
As %age to Total Income	3.54%	3.68%	3.31%	3.59%
Total Expenses	2339.34	20296.78	9649.17	5074.16
As %age to Total Income	79.49%	183.07%	72.96%	64.89%
Profit before Interest, Depreciation and Tax	603.61	2572.90	3576.02	2745.59
As %age to Total Income	20.51%	23.21%	27.04%	35.11%
Depreciation	117.96	289.61	451.95	507.30
As %age to Total Income	4.01%	2.61%	3.42%	6.49%
Financial Expenses	186.21	444.63	632.25	615.63
As %age to Total Income	6.33%	4.01%	4.78%	7.87%
Net Profit Before Tax	299.44	1838.66	2491.82	1622.66
As %age to Total Income	10.17%	16.58%	18.84%	20.75%
Net Profit After Tax	69.44	1284.37	2044.02	1224.52
As %age to Total Income	2.36%	11.58%	15.46%	15.66%

The break-up of Domestic and Export Sales for Ceramic & Aluminium and Jewellery Division is mentioned hereunder:

(Rs. in Lacs)

Particulars	Financials Year Ended											
	30th September, 2006 (6 Months Ended)			31 st March, 2006 (12 Months Ended)			31 st March, 2005 (12 Months Ended)			31 st March, 2004 (6 Months Ended)		
	Ceramic & Aluminium	Jewellery	Total	Ceramic & Aluminium	Jewellery	Total	Ceramic & Aluminium	Jewellery	Total	Ceramic & Aluminium	Jewellery	Total
Domestic	7582.94	-	7582.94	12448.00	204.56	12652.56	11025.91	1879.03	12904.94	2939.80	-	2939.80
Export	226.80	-	226.80	544.73	-	544.73	233.41	9727.85	9961.26	3.11	-	3.11
Total	7809.74	-	7809.74	12992.73	204.56	13197.29	11259.32	11606.88	22866.20	2942.91	-	2942.91
% of Total Sales	100%	-	100%	98.45%	1.55%	100%	49.24%	50.76%	100%	100%	-	100%

For Half year ended September 2006:

Income for half year ended September 2006 was Rs. 7819.45 lacs consisting of export income of Rs.226.80 lacs and domestic income of Rs. 7592.94 lacs. The income was from only Ceramic and Aluminum division as jewellery division was closed in fiscal 2006.

Expenditure

Expenditure for half year ended September 2006 was Rs. 5074.16 lacs. As percentage of income expenditure for half year ended September 2006 was 64.89%.

Raw material Consumed

Raw material Consumed for half year ended September 2006 was Rs. 2857.07 lacs. As percentage of income, Raw material Consumed for half year ended September 2006 was 36.54%.

Employees cost

Employees cost for half year ended September 2006 was Rs. 281.04 lacs. As percentage of income Employees cost for half year ended September 2006 was 3.59%.

Manufacturing Expenses

Manufacturing Expenses for half year ended September 2006 was Rs. 3188.24 lacs. As percentage of income Manufacturing Expenses for half year ended September 2006 was 40.77%

EBIDTA

EBIDTA for half year ended September 2006 was Rs. 2745.59 lacs. EBIDTA margin for half year ended September 2006 was 35.11%.

Financial cost:

Financial cost for half year ended September 2006 was Rs. 615.63 lacs. As percentage of income Financial cost for half year ended September 2006 was 7.87%

Depreciation:

Depreciation for half year ended September 2006 was Rs. 507.30 lacs. As percentage of income Depreciation for half year ended September 2006 was 6.49%

Taxes

Taxes for half year ended September 2006 was Rs. 398.14 lacs. As percentage of income Taxes for half year ended September 2006 was 5.09%

Profit after Tax (PAT)

PAT for half year ended September 2006 was Rs. 1224.52 lacs. PAT Margin for half year ended September 2006 was 15.66%.

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Fiscal 2005 Vs 2006

Income:

The income from Ceramic and Aluminum division increased from Rs. 11259.32 lacs in fiscal 2005 to Rs. 12992.73 lacs for fiscal 2006 mainly on account of increased sales of the vitrified tiles in India as well as overseas market. The domestic sales from Ceramic and Aluminum division increased from Rs. 11025.91 lacs in fiscal 2005 to Rs. 12448.00 lacs in fiscal 2006 showing a growth of approximately 13%. The export turnover of Ceramic and Aluminum division more than doubled from Rs. 233.41 lacs for fiscal 2005 to Rs. 544.73 lacs for fiscal 2006. Production of ceramic tiles increased from 39374 metric tons for fiscal 2005 to 53765 metric ton for the fiscal 2006 showing a growth approximately 36% due to increase in production capacity on account of commercial production from second line of Vitrified tiles.

In spite of increase in income from Ceramic and Aluminum division, Total income decreased to Rs.13197.29 lacs in fiscal 2006 from Rs. 22866.20 lacs in fiscal 2005 mainly on account of closure of Jewellery division in fiscal 2006. Income from jewellery division decreased from Rs. 11259.32 lacs in fiscal 2005 to Rs. 204.56 lacs in fiscal 2006.

The income from Ceramic and Aluminum division for fiscal 2006 was 98.45% of total income for fiscal 2006 compared to 49.24% for fiscal 2005. The income from jewellery division was 1.55% of total income for fiscal 2006 compared to 50.76% for fiscal 2005.

Expenditure

Expenses as percentage of income decreased from 88.75% in fiscal 2005 to 72.96% for fiscal 2006. Total expenditure decreased from Rs. 20296.78 lacs for fiscal 2005 to Rs. 9649.17 lacs showing a reduction of approximately 52%, the decrease in expenditure was mainly on account of reduction in expenses in jewellery division on account closure of this division. Expenditure in Jewellery division decreased to Rs. 191.68 lacs in fiscal 2006 from Rs. 11475.92 lacs in fiscal 2005. This reduction was on account of closure of jewellery division in fiscal 2006. The expenses for ceramics and aluminum division increased from Rs. 8645.56 lacs in fiscal 2005 to Rs. 9867.85 lac in fiscal 2006 showing an increase of approximately 14%. The increase in expenses in ceramics and aluminum division was mainly on account of higher manufacturing selling and other expenses and raw material expenses due to increase in production capacity on account of commercial production from second line of Vitrified tiles. As a percentage of income from ceramics and aluminum division, expenses in ceramics and aluminum division reduced from 77.97% for fiscal 2005 to 73.47% for fiscal 2006 mainly on account reduction cost of raw materials.

Raw material Consumed

As a percentage of income raw material consumed decreased from 66.97% for fiscal 2005 to 32.31% for fiscal 2006 mainly on account closure of jewellery division. Raw material consumed decreased from Rs. 15316.77 lacs in fiscal 2005 to Rs. 4272.56 lacs for fiscal 2006 showing a reduction of approximately 72%. The reduction on the expenses on raw material consumed was on account of closure of jewellery division, which resulted in decrease in raw material consumed by this division. The raw material consumed by jewellery division decreased from Rs. 11606.88 lacs in fiscal 2005 to Rs. 204.56 lacs for the fiscal 2006 showing a reduction of approximately 98%. The raw material consumption by ceramics and aluminum division increased from Rs. 3854.48 lacs in fiscal 2005 to Rs. 4094.99 lacs in fiscal 2006 showing increase of 6%.

Employees cost

Employee cost increased from Rs. 408.35 lacs in fiscal 2005 to Rs. 437.52 lacs for fiscal 2006 showing a increase of approximately 6%. The increase in employees cost was on account of increase in employee compensation and increase in number of employees for both manufacturing and other staff required for increased operations. As a percentage of income employee cost increased from 1.79% for fiscal 2005 to 3.31% for fiscal 2006 on account of reduction in income from jewellery.

Manufacturing Expenses

Manufacturing expenses increased from Rs. 4396.23 lacs for fiscal 2005 to Rs. 5349.42 lacs for fiscal 2006 showing an increase of approximately 21% due to increase in production capacity on account of commercial production from second line of Vitrified tiles. Manufacturing expenses as percentage of income increased from 19.22% for fiscal 2005 to 40.45% for fiscal 2006 mainly on account of reduction of income from jewellery division.

EBIDTA

EBIDTA increased from Rs. 2572.90 lacs for fiscal 2005 to Rs. 3576.02 lacs for fiscal 2006 showing a growth of approximately of 38%. EBIDTA Margin increased from 11.25% for fiscal 2005 to 27.04% for fiscal 2006. The increase in EBIDTA margin was on account of closure of low margin Jewellery Division in fiscal 2006 and due to increase in production capacity on account of commercial production from second line of Vitrified tiles

Financial cost:

Financial expenses increased Rs.444.63 lacs for fiscal 2005 to Rs. 632.25 lacs for fiscal 2006. The increase in financial expenses was on account additional working capital requirement due to increased sales and term loans taken for second line of production for vitrified tiles

Depreciation:

Depreciation increased from Rs. 289.61 lacs from 2005 Rs. 451.95 lacs for fiscal 2006 mainly on account of depreciation on Plant and Machinery and other assets of second line of vitrified tiles and Captive Power Plant.

Taxes:

Taxes decreased from Rs. 554.29 lacs in fiscal 2005 to Rs. 447.8 lacs in fiscal 2006. The reduction in tax expenses was on account of increased depreciation on Plant and Machinery and other assets of second line of vitrified tiles and Captive Power Plant

Profit After Tax (PAT):

In spite of decrease in income, PAT increased from Rs. 1284.37 lacs in fiscal 2005 to Rs. 2044.02 lacs in fiscal 2006. PAT margin increased from 5.92% for fiscal 2005 to 15.30% for fiscal 2006. The increase in PAT and PAT margin due to factors mentioned above.

Fiscal 2004 Vs 2005

Note:

The commercial production started from October, 2004. Hence the operation were only for the period of six months in fiscal 2004 where as the fiscal 2005 was having operation for whole year.

Income:

The income from Ceramic and Aluminum division increased from Rs. 2942.91 lacs in fiscal 2004 to Rs. 11259.53 lacs for fiscal 2005. The domestic sales from Ceramic and Aluminum division increased from Rs.2939.80 lacs in fiscal 2004 to Rs. 11025.91 lacs in fiscal 2005. The export turnover increased from Rs. 3.11 lacs for fiscal 2004 to Rs. 233.41 lacs 2005. Production of ceramic tiles increased from 15067 metric tons for fiscal 2004 to 39374 metric ton for the fiscal 2005.

During Fiscal 2005 company ventured into Jewellery business. Income from jewellery division was Rs. 11259.32 lacs in fiscal 2005 of which Rs. 9961.21 lacs was export income. Jewellery division accounted for approximately 50% of sales.

Total income to Rs. 22866.20 lacs in fiscal 2005 from Rs. 3800.95 lacs in fiscal 2004 mainly on account of increase in sales from Ceramic and Aluminum division and sales Jewellery division in fiscal 2005.

Expenditure

Expenses as percentage of income increased from 79.49% in fiscal 2004 to 88.75% for fiscal 2005. The said increase was mainly on account of starting of jewellery Division. Total expenditure increased from Rs. 2339.34 lacs for fiscal 2004 to Rs. 20296.78 lacs for fiscal 2005. The increase in expenditure was mainly on account of expenses in jewellery division on account starting of this division and increase expenses in ceramics and aluminum division for increased production. Expenditure in Jewellery division was Rs. 11475.92 lacs. The expenses for ceramics and aluminum division increased to Rs. 8645.56 lacs in fiscal 2005 from Rs. 3197.34 lacs in fiscal 2005. The increase expenses in ceramics and aluminum division was mainly on account of higher manufacturing selling and other expenses and raw material expenses.

Raw material Consumed

As a percentage of income raw material consumed increased to 66.97% for fiscal 2005 from 57.00% for fiscal 2004

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mainly on account starting of jewellery division. Raw material consumed increased to Rs. 15316.77 lacs in fiscal 2005 from Rs. 1677.43 lacs for fiscal 2004. The increase on the expenses on raw material consumed was on account of starting of jewellery division, which resulted in increase in raw material consumed by this division as well as increase in raw material consumption by ceramics and aluminum division for increased production. The raw material consumed by jewellery division was Rs. 11606.88 lacs in fiscal 2005. The raw material by ceramics and aluminum division increased to Rs. 3854.48 lacs in fiscal 2005 from Rs. 1677.43 lacs in fiscal 2004.

Employees cost

Employee cost increased to Rs. 408.35 lacs in fiscal 2005 from Rs. 104.35 lacs for fiscal 2004. The increase in employees cost was on account of increase in employee strength for both production and manufacturing staff.

Manufacturing Expenses

Manufacturing expenses increased to Rs. 4396.23 lacs for fiscal 2005 from Rs. 1415.66 lacs for fiscal 2004. Manufacturing expenses as percentage of income decreased to 19.22% for fiscal 2005 from 48.10% for fiscal 2004 mainly on account rise in the income on account of jewellery business. Manufacturing expenses for ceramics and aluminum division increased to Rs. 4382.6 lacs for fiscal 2005 from Rs. 1415.66 lacs for fiscal 2004.

EBIDTA

EBIDTA Margin decreased to 11.25% for fiscal 2005 to 20.51% for fiscal 2004. The decrease in EBIDTA margin was on account of low margin in Jewellery Division for fiscal 2005.

Financial cost:

Financial expenses increased to Rs. 444.63 lacs for fiscal 2005 from Rs. 186.21 lacs for fiscal 2004. This increase was on account of term loan taken for second line of production for vitrified tiles.

Depreciation:

Depreciation increased to Rs. 289.61 lacs in fiscal 2005 from Rs. 117.96 lacs for fiscal 2004. This increase was on account of addition in gross block for second line of production for vitrified tiles.

Taxes:

Tax increased to Rs. 554.29 lacs in fiscal 2005 from Rs. 230.00 lacs in fiscal 2004. This increase in tax expenses was account of higher taxes on account of higher income.

Profit After Tax (PAT):

PAT increase to Rs. 1284.37 lacs in fiscal 2005 from Rs. 69.44 lacs in fiscal 2004. PAT margin increased to 5.92% for fiscal 2005 from 2.36 % for fiscal 2004. The increase PAT and PAT margin are due factors mentioned above.

Cash Flows

(Rs. in lacs)

Particulars	Fiscal 2004	Fiscal 2005	Fiscal 2006
Net cash from operating activities	(1108.97)	35.02	247.82
Cash flow from Investing activities	(1784.35)	(5767.74)	(7483.04)
Cash flow from financing activity	2715.26	5577.24	6848.71
Cash & Cash equivalent at the end of the year	827.25	671.77	285.26

OPERATING ACTIVITIES

Net cash released from operating activities in fiscal 2006 was Rs. 247.82 lacs whereas our Net Profit before tax was Rs. 2491.82 lacs. The difference is primarily on account of, increase in inventory of Rs. 1196.89 lacs, increase in sundry debtors of Rs. 1079.51 lacs and increase in other current assets. Increase in inventory is mainly on account of higher raw material inventory. Increase in sundry debtors is on account of increase debtors cycle and increased sales. Increase in loans and advance is mainly on account of advance given for Palnt and Machinery required for our expansion of second

line of Vitrified Ceramic Tiles.

Net cash released from operating activities in fiscal 2005 was Rs. 35.02 lacs whereas our Net Profit before tax was Rs. 1838.66 lacs. The difference is primarily on account of increase in sundry debtors of Rs. 974.18 lacs, decrease in trade and other payable of Rs. 714.26 lacs.

Net cash used in operating activities in fiscal 2004 was Rs. 1108.97 lacs although our Profit before depreciation interest and taxation was Rs. 299.44 lacs. The difference is primarily on account of increase in inventory of Rs. 1444.76 lacs and increase in sundry creditors. The higher inventory was on account of higher raw material stock.

INVESTING ACTIVITIES

Our expenditure for investing activities primarily relates to the purchase of fixed assets comprising property, plants and equipment used in our manufacturing facilities, and investments interest received, dividend & other Income. Net cash used in investing activities for fiscal 2004, 2005 and 2006 were Rs. 1784.35 lacs, Rs. 5767.74 lacs and Rs. 7483.04 lacs respectively which was mainly on account of investment in fixed asset for increasing capacity of vitrified tiles.

The higher gross block for fiscal 2006 was on account of completion of on going expansion of our Vitrified tiles unit and also installation captive power unit.

FINANCING ACTIVITIES

Net cash provided by financing activities amounted to Rs. 6848 lacs in Fiscal 2006, comprising Rs. 47018.24 lacs of fresh borrowings (secured loans and unsecured loan) and repayment of borrowing of Rs. 38377.70 lacs, offset by the payment of interest thereon amounting to Rs. 658.69 lacs. The increase in secured and unsecured loan for fiscal 2006 was to meet the ongoing capital expenditure and meet the higher working capital requirement.

The secured loan as on March 31, 2006 was Rs. 14964.42 lacs consisting of new term loans of Rs. 6932.05 lacs from State Bank of India. The increases in unsecured loans for Fiscal 2006 was on account of unsecured loan from group / associate company/directors/ promoters. The unsecured loans were taken to fund the ongoing expansion.

Net cash provided by financing activities amounted to Rs. 5577.24 lacs in Fiscal 2005, comprising Rs. 7471.73 lacs of proceeds from borrowings, Rs. 2373.96 lacs from issuance of share capital and offset by the payment of interest thereon amounting to Rs. 481.17 lacs and repayment of borrowing Rs. 2783.72 lacs.

Net cash provided by financing activities amounted to Rs. 2715.26 lacs in Fiscal 2004, comprising Rs. 1220.14 lacs of proceeds from borrowings, offset by the payment of interest thereon amounting to Rs. 215.15 lacs and repayment of borrowings of Rs. 663.67 lacs.

Planned Capital Expenditures

Our capital expenses for Fiscal 2004, 2005, 2006 was Rs. 1813.33 lacs, Rs. 5807.76 lacs and Rs. 7380.29 lacs respectively. The increase in capital expenditure was on account of capital expenses incurred on plant and machinery for increase in capacity.

We intend to increase our Capacity by adding additional Capacity at our unit. We anticipate that we will incur capital expenditure of approximately Rs.8196 lacs for calcareous tiles and Rs.7693.37 lacs for sanitary ware product. For more information on our proposed capital expenditure, see "Objects of the Issue" beginning on page 58 of this Red Herring Prospectus. In addition to the net proceeds of this Issue and our internally generated cash flow, we may need other sources of financing to meet our capital expenditure and working capital requirements, which may include entering into new debt facilities with lending institutions or raising additional debt in the capital markets.

RELATED PARTY TRANSACTIONS

For details of related party transactions, please refer to the section titled "Related Party Disclosures" beginning on page 157 of this Red Herring Prospectus.

FINANCIAL MARKET RISKS

We are exposed to financial market risks from changes in interest rates and inflation.

Interest Rate Risk

Our interest rate risk results from changes in interest rates, which may affect our finance expenses. We bear interest rate risk with respect to the debts, which we have for the period ended 30th September, 2006 since the interest rates could

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fluctuate in the near future. Though all our loans are currently linked with Prime Lending Rates of respective Banks, any rise in interest rates would result in higher interest bearing debts.

Effect of Inflation

We are affected by inflation as it has an impact on the raw material cost, wages, fuel cost etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE IS GIVEN BELOW:

Unusual or infrequent events or transactions

There have been no unusual or infrequent events or transactions except that we have discontinued our Jewellery Division from November 2005.

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

Government's focus on the Construction Sector will have a major bearing on the companies involved in the Ceramics Industry & Aluminium Extruded Sections Industry. Accordingly, any major changes in the policies of the Government could have an impact on the profitability of our Company.

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 as disclosed under heading "Risk Factors" beginning on page 11 in this Red Herring Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Except as otherwise stated in this Red Herring Prospectus, in our opinion there are no such known changes in relationship between costs and revenues.

Total turnover of each major industry segment in which our Company operated.

For details, please refer to Segment wise Financial Statements in the Auditor's report beginning on page 141 of this Red Herring Prospectus.

Status of any publicly announced new products or business segment.

Our Company has not publicly announced any new products or segments except Sanitary Ware Products and Calcareous Tiles, details of which have been disclosed in this Red Herring Prospectus.

The extent to which the business is seasonal.

Our Company's business is not seasonal.

Any significant dependence on a single or few suppliers or customers.

Currently, we procure our raw materials and consumables from few suppliers, with no significant dependence on any one supplier. Our top ten suppliers contributed approximately 59.23% of our purchases during FY 2005-06. Similarly, our products are sold either through direct marketing or through a network of distributors across India. Hence, there is no significant dependence on any single distributor. Our top ten customers contributed approximately 33.69% of our sales during FY 2005-06.

Competitive Conditions

For details of competitive conditions, please refer to the section titled "Competition" beginning on page 103 of this Red Herring Prospectus.

SECTION VI – LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS & MATERIAL DEVELOPMENTS

There are no outstanding litigations against our Company, our Subsidiary, our Directors, our Promoters and our Promoters Group or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Subsidiary, our Directors, our Promoters and our Promoters Group, except the following:

This section has been divided into 7 parts:

Part Particulars

- I Litigations relating to our Company and contingent liabilities of our Company
- II Litigations relating to our Directors
- III Litigations relating to our Promoter
- IV Litigations relating to our Group companies / ventures of Promoters
- V Litigations relating to our Subsidiaries
- VI Penalties imposed in the past cases
- VII Potential Litigation

Part I - Litigations relating to our Company and contingent liabilities of our Company

Contingent liabilities as on September 30, 2006, which are not provided for are as follows:

Sr. No.	Particulars	Amount (Rs. in Lacs)
1.	Bills Discounted with Banks	77.23
2.	Bank Guarantees/Letters of Credit	5,184.67

Litigations by our Company

1. Case under section 138 of the Negotiable Instruments Act 1881

Our Company has filed a criminal complaint bearing number 2438/SS/05 under section 138 of the Negotiable Instruments Act 1881 against M/s. Sri Shirdi Sai Ceramics in the Metropolitan Magistrate's 44th Court at Andheri, Mumbai in respect of dishonour of cheque amounting to Rs.1,70,000/- issued in favour of our Company. The case is currently pending before the Metropolitan Magistrate's 44th Court at Andheri, Mumbai.

2. Case under the Income Tax Act, 1961

Our Company has filed an Appeal before the Commissioner of Income Tax (Appeals) against assessment order dated December 30, 2005 for assessment year 2003 – 2004. Our Company has challenged the disallowance of interest of Rs. 8,94,596 on fixed deposits and the same being treated as a revenue receipt and being subjected to tax. The additional income tax demand raised of Rs. 4,17, 620 has been paid by our Company.

3. Case under the Maharashtra Regional & Town Planning Act, 1966

Our Company, through our Promoter Director Mr. Kumar P. Shah has received a notice dated October 30 2002 from the Office of Assistant Municipal Commissioner, Brihanmumbai Mahanagarpalika, K/West Ward in respect of our premises No. 208, 2nd Floor, Sangam Arcade Building, CTS No. 1236, F.P. No. 11, T.P.S. III, Vallabhabhai Road, Vile Parle (West), Mumbai- 400 056 for alleged unauthorized commercial use of a residential premises in contravention of the provisions of the Maharashtra Regional & Town Planning Act , 1966 ("MRTP"). Our Company along with other

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residents of the building who had received similar notices, submitted proposal for the necessary approval of Executive Engineer, Building Proposals K/West Ward for change of user from residential to commercial, which was refused vide order dated March 28, 2003. An appeal has been filed by our Promoter Director, Mr. Kumar P. Shah, along with other inhabitants of the building, against the aforesaid notice dated October 30, 2002 and order dated March 28, 2003 before the Urban Development Minister, Maharashtra and is currently pending. The Assistant Municipal Commissioner, M.C.G.M, K-West Ward Office, Andheri (West), Mumbai has also filed a complaint before the Senior Inspector of Police, Juhu Police Station, Mumbai against the building residents including our Company through our Promoter Director Mr. Kumar P. Shah. The building residents have submitted a joint reply vide letter dated February 15, 2005 to the Senior Inspector of Police, Juhu Police Station, Mumbai. The matter is pending before the Urban Development Minister, Maharashtra.

Litigation against our Company

1. Case under the Income Tax Act, 1961

Our Company has been served a notice under section 274 read with section 271 of the Income Tax Act 1961 dated December 30, 2005 asking to show cause why penalty should not be imposed on our Company under section 271(1) of the Income Tax Act 1961 for Assessment year 2003-2004. This notice has been replied to by our letter dated February 13, 2006 and the matter is pending

2. Case under the Standards of Weights and Measures Act, 1976

A show cause notice no. 50 dated January 20, 2004 was issued to our Company from the Senior Inspecting Officer, Department of Weights and Measures Sciences, Alambaug, Lucknow, Uttar Pradesh under the Standards of Weights and Measures Act, 1976 for the alleged violation of the provision of Section 33 of the Standards of Weights and Measures Act, 1976 in respect of an advertisement published by our Company in the newspaper edition dated January 16, 2004 of the Times of India. Our Company, by a letter addressed to Senior Inspecting Officer, has requested pardon of the oversight, and is awaiting further reply from the concerned officer.

Part II - Litigations relating to our Directors

Litigations by our Directors

1. Mr. Raichand K. Shah – Case under the Income Tax Act, 1961

For the Assessment Year 2001-2002, our director Mr. Raichand K. Shah has preferred an appeal before the Commissioner of Income Tax (Appeals), Mumbai against the order dated February 8, 2006 (“**Order**”) of the Income Tax Officer 4(3)(2), Mumbai. This appeal has been preferred against the aforesaid Order to the extent that the aforesaid order imposes a penalty of Rs. 40,000/- for claiming an excess amount of expenditure on account of advertisement expenses with an alleged intention to evade taxes within the meaning of section 271 (1) (c) of the Income Tax Act, 1961

Litigations against our Directors

There are no cases filed against our Directors.

Part III - Litigations relating to our Promoters

Litigations by our Promoters

There are no cases filed by our Promoters.

Litigations against our Promoters

There are no cases filed against our Promoters.

Part IV - Litigations relating to our group companies / ventures of Promoters

Litigations by our group companies / ventures of Promoters

1. Subhnen Ply Private Limited – Case under the Income Tax Act, 1961

For Assessment Year 2003-2004, Subhnen Ply Private Limited has preferred an appeal before the Income Tax

Appellate Tribunal against the order of the CIT (Appeals) Mumbai dated October 27, 2005. This appeal has been preferred against the aforesaid order of the CIT (Appeals), to the extent that the aforesaid order disallowed key man insurance premium of Rs 55, 782/- and director's traveling expenses of Rs. 34,900/- as business expenditures.

2. Subhnen Veneers Private Limited

i. Case under the Kerala General Sales Tax Act 1963 ("KGST")

For the Assessment Year 1999-2000, Subhnen Veneers Private Limited has preferred an appeal before the Deputy Commissioner (Appeals), Commercial Taxes, Ernakulam against the order dated November 18, 2003 issued by the Additional Sales Tax Officer, Commercial Taxes, Ernakulam. The appeal has been preferred against the aforesaid order challenging the assessment of sales tax as Rs.1,26,792/- and interest thereon being Rs.1,19,336/-. During the pendency of the appeal, the Naib Tahsildar, Recovery of Government Dues, Mumbai initiated the collection proceedings for the Assessment Year 1999 – 2000 under KGST and for the Assessment Year 2000-2001 under Central Sales Tax Act (Please refer to the below mentioned paragraph ii for the details for the case under the Central Sales Tax Act for the Assessment Year 2000-2001) at the behest of the Additional Sales Tax Officer, Commercial Taxes, Ernakulam. In order to stay the recovery proceedings, Subhnen Veneers Private Limited filed a writ petition WP(C) No. 25173 of 2004 in the High Court of Kerala. The High Court of Kerala by its judgment dated August 23, 2004 directed all recovery proceedings to be stopped and directed Subhnen Veneers Private Limited to deposit one third of the arrears of tax under the KGST for the Assessment Year 1999-2000 and 25% of the tax dues under the Central Sales Tax Act for the Assessment Year 2000-2001 within one month of the judgement and only then shall the appeals be taken up by the Deputy Commissioner (Appeals), Commercial Taxes, Ernakulam. Both dues have been deposited by the Subhnen Veneers Private Limited. The matter is pending before the Deputy Commissioner (Appeals), Commercial Taxes, Ernakulam

ii. Case under the Central Sales Tax Act 1963

For the Assessment Year 2000-01, Subhnen Veneers Private Limited has preferred an appeal before the Deputy Commissioner (Appeals), Commercial Taxes, Ernakulam against the order dated December 19, 2003 issued by the Additional Sales Tax Officer, Commercial Taxes, Ernakulam.

The appeal has been preferred against the aforesaid order challenging the assessment of sales tax as Rs. 2,17,242/- and interest thereon being Rs. 1,36,862. During the pendency of the appeal, the Naib Tahsildar, Recovery of Government Dues, Mumbai initiated the collection proceedings for the Assessment Year 1999 – 2000 under the Kerala General Sales Tax Act 1963 ("KGST") (Please refer to the above mentioned paragraph i for the details for the case under the KGST for the Assessment Year 1999-00) and for the Assessment Year 2000-2001 under Central Sales Tax Act ("CST") at the behest of the Additional Sales Tax Officer, Commercial Taxes, Ernakulam. In order to stay the recovery proceedings, Subhnen Veneers Private Limited filed a writ petition WP(C) No. 25173 of 2004 in the High Court of Kerala. The High Court of Kerala by its judgment dated August 23, 2004 directed all recovery proceedings to be stopped and directed Subhnen Veneers Private Limited to deposit one third of the arrears of tax under the KGST for the Assessment Year 1999-2000 and 25% of the tax dues under the CST for the Assessment Year 2000-2001 within one month of the judgement and only then shall the appeals be taken up by the Deputy Commissioner (Appeals), Commercial Taxes, Ernakulam. Both dues have been deposited by the Subhnen Veneers Private Limited. The matter is pending before the Deputy Commissioner (Appeals), Commercial Taxes, Ernakulam

3. Kevin Impex Private Limited

Litigation filed by Kevin Impex Private Limited.

- a) Kevin Impex Private Limited has filed a criminal complaint bearing number 709/SS/06 dated September 7, 2006 under section 138 of Negotiable Instruments Act, 1881 against M/s. Sphinx Infrastructures and Mr. Cibi S Data in the Metropolitan Magistrate's 44th Court at Andheri, Mumbai in respect of dishonour of cheque amounting to Rs.54,984/- issued in favour of Kevin Impex Private Limited. The case is currently pending before the Metropolitan Magistrate's 44th Court at Andheri, Mumbai.
- b) Kevin Impex Private Limited filed a criminal complaint dated November 29, 2006 under section 138 of Negotiable Instruments Act, 1881 against M/s. Vishal Impact, M/s Ritika Enterprises and Mr. Rajesh Shanker

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Joshi in the Metropolitan Magistrate's 44th Court at Andheri, Mumbai in respect of dishonour of two cheques amounting to Rs.3,23,594/- and Rs. 3,77,821/- issued in favour of Kevin Impex Private Limited. The case is currently pending before the Metropolitan Magistrate's 44th Court at Andheri, Mumbai.

- c) Kevin Impex Private Limited filed a criminal complaint under section 138 of Negotiable Instruments Act, 1881 against M/s Deep Fabrication Work and Mr. Sanjay Dedhia in the Metropolitan Magistrates 30th Court at Kurla, Mumbai in respect of dishonour of two cheques amounting to Rs.20,000/- each issued in favour of Kevin Impex Private Limited. The case is currently pending before the Metropolitan Magistrates 30th Court at Kurla, Mumbai.
- d) Kevin Impex Private Limited filed a criminal complaint bearing number 12271/SS/06 dated November 28, 2006 under section 138 of Negotiable Instruments Act, 1881 against M/s Deep Fabrication Work and Mr. Samjay Dedhia in the Metropolitan Magistrates 30th Court at Kurla, Mumbai in respect of dishonour of two cheques amounting to Rs.20,000/- and Rs. 22,000/- issued in favour of Kevin Impex Private Limited. The court has issued summons against M/s Deep Fabrication Work and Mr. Samjay Dedhia . The case is currently pending before the Metropolitan Magistrate's 44th Court at Andheri, Mumbai.

4. M/s. Kanch Ghar

- a. M/s. Kanch Ghar filed a criminal complaint bearing number 771/SS/06 dated September 28, 2006 under section 138 of Negotiable Instruments Act, 1881 against M/s Hari Om Glass and Mr. Gullu Gurunani in the Metropolitan Magistrates 44th Court, at Andheri, Mumbai in respect of dishonour of two cheques amounting to Rs. 25,000 and Rs. 50,000 each issued in favour of M/s. Kanch Ghar. The case is currently pending before the Metropolitan Magistrates 44th Court, at Andheri, Mumbai.
- b. M/s. Kanch Ghar filed a criminal complaint bearing number 768/SS/06 28/9/06 dated September 28, 2006 under section 138 of Negotiable Instruments Act, 1881 against M/s Hari Om Glass and Mr. Gullu Gurunani in the Metropolitan Magistrates 44th Court, at Andheri in respect of dishonour of three cheques amounting to Rs. 25,000 each issued in favour of M/s. Kanch Ghar . The case is currently pending before the Metropolitan Magistrates 44th Court, at Andheri, Mumbai.
- c. M/s. Kanch Ghar filed a criminal complaint bearing number 770/SS/06 dated September 28, 2006 under section 138 of Negotiable Instruments Act, 1881 against M/s Hari Om Glass and Mr. Gullu Gurunani in the Metropolitan Magistrates 44th Court, at Andheri in respect of dishonour of three cheques amounting to Rs. 25,000 each issued in favour of M/s. Kanch Ghar . The case is currently pending before the Metropolitan Magistrates 44th Court, at Andheri, Mumbai.
- d. M/s. Kanch Ghar filed a criminal complaint bearing number 769/SS/06 28/9/06 dated September 28, 2006 under section 138 of Negotiable Instruments Act, 1881 against M/s Hari Om Glass and Mr. Gullu Gurunani in the Metropolitan Magistrates 44th Court, at Andheri in respect of dishonour of three cheques amounting to Rs. 25,000 each issued in favour of M/s. Kanch Ghar. The case is currently pending before the Metropolitan Magistrates 44th Court, at Andheri, Mumbai.

Litigations against our group companies / ventures of Promoters

1. Subhnen Veneers Private Limited – Case under the Service Tax

Subhnen Veneers Private Limited has been served with Show Cause cum Demand Notice F. No. V(Ch 44)3-1/Dem/06 dated March 10, 2006 by the Additional Commissioner of Central Excise and Customs, Div-I, Silvassa. It is alleged that the activities of commission agent as undertaken by Subhnen Veneers Private Limited fall under the category of clearing and forwarding agents and hence Subhnen Veneers Private Limited is liable to pay service tax dues amounting to 17,90,219/-. The matter is pending before the Joint Commissioner, Vapi.

2. Subhnen Décor Private Limited – Case under the Service Tax

Subhnen Décor Private Limited has also been served with Show Cause cum Demand Notice F. No. V(Ch 44)3-10/Dem/06 dated March 23, 2006 by the Assistant Commissioner of Central Excise and Customs, Div-I, Silvassa. The dispute relates to whether receiving commission for procuring export orders falls under the category of management consultancy. As per said notice it is alleged that service tax dues amounting to 1,06,955/- on the ground that Subhnen Décor Private Limited:-

- had received the income under the head "Management Fees" amounting to Rs. 21,39,094/- for the year 2001-2002 towards the procurement of export orders;

- failed to pay the Service Tax on Management Consultancy Fees
- has not got registered with the Central Excise Department as a Service provider;
- failed to furnish returns.

By order no. 06/AC/ADJ/06 dated October 19, 2006, the Assistant Commissioner, Central Excise and Customs, Div-I, Silvassa held that our Company was liable to pay Rs. 1,06,955/- as Service Tax, and also imposed a penalty of Rs. 1,06,955/- and interest at an appropriate rate on the total Service Tax. Subhnen Décor Private Limited has preferred an appeal before the Commissioner of Central Excise (Appeals) against the order no. 06/AC/ADJ/06 dated October 19, 2006. The appeal is pending before the Commissioner of Central Excise (Appeals).

3. Euro Multivision Limited

a. Case under the Service Tax

Euro Multivision Limited has been served with Summons issued under Section 83 of the Finance Act, 1994 read with section 14 of the Central Excise Act, 1944 bearing F No. DGCEI/MZU/I&IS 'C'/12(3)71/2005/2334 dated March 8, 2006 issued by the Directorate General of Central Excise Intelligence, Mumbai Zonal Unit ("DGCEI"), to tender evidence regarding payment of service tax on foreign remittance towards royalty on DVDR sales, on March 14, 2006. Our representatives attended the summons and were informed by the Superintendent that service tax would be applicable on foreign currency remittances. Euro Multivision Limited has on March 30, 2006 made payment of Rs. 69233/- towards service tax dues under protest. The matter is pending before the Directorate General of Central Excise Intelligence, Mumbai Zonal Unit

b. Dues in respect to preference shares holders of Euro Multivision Limited

Euro Multivision Limited has not paid dividend on cumulative redeemable preference shares of Rs. 100 each in Financial Year 2006. For details please refer to the section titled "Other group companies/ventures of the Promoters" beginning on page 181 of this Red Herring Prospectus

4. Tangent Furniture Private Limited – Case under the Bombay Sales Tax Act, 1959

Tangent Furniture Private Limited had been served with Notice dated January 5, 2006 under section 49 of the Bombay Sales Tax Act, 1959 by Assistant Commissioner of Sales Tax, Enforcement Branch, Mumbai, in relation to its premises situated at Malad. Vide the said notice it was stated that inspection would be carried on January 16, 2006 at the Malad premises and requiring all relevant books and registers to be present at the aforesaid premises for the periods 2002-2003, 2003-2004 and 2004-2005. The matter is currently pending.

5. M/s Kanch Ghar – Case under Maharashtra Value Added Tax Act, 2002

Mr. Shantilal L. Shah, in his capacity as partner of M/s. Kanch Ghar, has been served with a summons bearing no. AC (E-244)/EN17/NV 06/07/B-Mumbai dated January 17, 2007 issued by Assistant Commissioner of Sales Tax, Enforcement Department, Mumbai to appear on January 18, 2007 for giving evidence and to produce the necessary books of accounts and other relevant records for the period from April 1, 2005 to January 17, 2007. The representative of M/s. Kanch Ghar appeared on January 18, 2007 before the Assistant Commissioner of Sales Tax Enforcement Department, Mumbai. The matter is pending before the Assistant Commissioner of Sales Tax Enforcement Department, Mumbai.

Part V –Litigations relating to our subsidiary Euro Merchandise (India) Limited

Litigations by Euro Merchandise (India) Limited

There are no litigations by Euro Merchandise (India) Limited.

Litigations against Euro Merchandise (India) Limited.

1. Cases under the Customs Act, 1962

- Euro Merchandise (India) Limited had been served with summons No. DRI/MZU/D/ENQ-19/2005-06 dated March 1, 2006 issued under section 108 of the Customs Act, 1962 from the Office of the Directorate of Revenue Intelligence, Gandhidham. The said summons had been issued in connection with the enquiry being conducted by the intelligence authorities in connection with the import of tiles by the company at Kandla,

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Mundra, Chennai and Nhava Sheva. Certain directors and officers of EMIL, were also issued summons to appear before the relevant authorities in this regard. A search of the company's premises at Bhachau and Mumbai was also conducted by the DRI on March 1, 2006. On the basis of the search the company was informed that counter veiling duty had not been paid on maximum retail price basis. In this regard summons No. DRI/GRU/INV-18/2006 dated April 4, 2006 were issued under section 108 of the Customs Act, 1962 from the Office of the Directorate of Revenue Intelligence to Mr. Nenshi L. Shah in his capacity as the chairman of EMIL. The company has *suo moto* paid an amount of Rs. 78,15,000/- towards differential duty including interest. Euro Merchandise (India) Limited has further paid an amount of Rs.40,00,000/- towards differential duty and is awaiting the further proceedings from the Customs Department in this regard.

- ii. Euro Merchandise (India) Limited had been served with a show cause notice F. No. SIIB/47/2006 dated September 6, 2006 had been issued by the Joint Commissioner of Customs, Special Intelligence and Investigation Branch, Chennai. The said notice alleges that import of 7488 Sq. meters of ceramics tiles vide Bill of Entry No. 968069 dated February 22, 2006 attracts anti dumping duty at the rate USD 8.28 per sq. meter of tiles imported amounting to Rs. 27,55,928/- instead of a custom duty of Rs. 3,23,643/- on assessable value of Rs. 13,31,912/-. The said allegation is made on the basis of interpretation of different classification. Euro Merchandise (India) Limited has filed its reply on September 21, 2006 denying the allegation made. Euro Merchandise (India) Limited ("the company") received an addendum dated October 6, 2006 to the above show cause notice from the Joint Commissioner of Customs, special Intelligence and Investigation Branch, Custom House, Chennai. As per the addendum, a re-test of the samples of ceramic tiles was carried out at Central Revenues Control Laboratory, New Delhi ("CRCL") and that the report of CRCL confirmed the findings of the test report of the Custom House Laboratory, Chennai. The company by its reply dated October 16, 2006 denied the correctness of report of the CRCL and requested for a re-test by an independent laboratory. The company by its reply dated January 3, 2007 stated that they are neither liable to pay anti-dumping duty nor are the goods liable to confiscation and that the above-mentioned show cause notice should dropped. The matter is pending before the Joint Commissioner of Customs, Special Intelligence and Investigation Branch, Chennai.

Part VI-Past cases in which penalties have been imposed

Penalties imposed on our Company

The past cases in which penalties have been imposed on our Company in the last five years are as follows:

Amount of Penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/ payable and reasons thereof)
20,000/-	Compounding fees paid by us under section 33/51 of the Standards of Weights and Measures (Enforcement) Act, 1985 for compounding of offence(s) under the Standards of Weights and Measures Act, 1976 and the Rules made thereunder pursuant to order dated May 3, 2006 passed by the Deputy Collector of Legal Metrology	Paid

Penalties imposed on our Subsidiary

The past cases in which penalties have been imposed on our Subsidiary in the last five years are as follows:

Amount of Penalty imposed (Rs.)	Brief particulars regarding penalty	Remarks (paid/ payable and reasons thereof)
10,000/-	Compounding fees paid by us under section 33/51 of the Standards of Weights and Measures (Enforcement) Act, 1985 for compounding of offence(s) under the Standards of Weights and Measures Act, 1976 and the Rules made thereunder	Paid

Part VII – Potential Litigations

Income tax search/survey operations

On August 2, 2006, the Income Tax Department carried out search/survey operations under the provisions of the Income Tax Act, 1961 against inter alia our Company, our Promoters, their relatives, some of our Directors, some of our Promoters Group entities and our subsidiary Euro Merchandise (India) Ltd. During these operations, certain books of accounts and records were seized, prohibitory orders and summons were issued under the provisions of the Income Tax Act, 1961. Disclosure of undisclosed income of Rs. 1350 Lacs has been made by/on behalf of, among others, the following of our Promoters, Directors and Promoters Group entities, on which the tax payment was undertaken to be made by November 15, 2006:

1. Mr. Nenshi L. Shah;
2. Mr. Talakshi Nandu;
3. Mr. Kumar P. Shah;
4. Mr. Shantilal Shah;
5. Subhnen Décor Private Limited;
6. M/s. Kanch Ghar.

The tax due on account of the aforesaid disclosure has not been paid as on date of this Red Herring Prospectus. Any income tax liability arising out of these disclosures will be at the liability of the respective declarant(s) and will not have any financial impact on our Company or our Subsidiary.

Based on the findings of these search/survey operations, the Income Tax Department may undertake proceedings which may result in demands for payment of additional income taxes or levy penalties, if any or take any other action as prescribed under the Income Tax Act, 1961, against us or our Promoters, Directors, our relevant Promoters Group entities or our Subsidiary. The final consequence including final tax liability arising from the aforesaid disclosures and further liability, if any, including liability for interest and penalty, on any person including our Company, our Subsidiary, our Promoter(s), our Director(s) and Promoters Group entities cannot be estimated at this stage.

Amounts Owed To Small Scale Undertakings

As on September 30, 2006, there are no Small Scale Undertakings to whom our Company owes a sum exceeding Rs. 1 Lacs, which is outstanding for more than 30 days.

Material Developments since the Last Balance Sheet Date

Except as otherwise stated in this Red Herring Prospectus, after the date of last balance sheet i.e. September 30, 2006, our Company is proposing to setup a manufacturing facility at Bhachau, Kutch District, Gujarat for manufacture of Sanitary Ware Products. Our Company is in the process of implantation of Project, which has been detailed under the section titled “Objects of the Issue” beginning on page 58 of this Red Herring Project.

Our Company has installed the lignite based Gasfire Gas Station, which produces 25MT Coal Gas per day in Bhachau and the Gas generation, has started from August 2006.

Recently, the Income Tax Department carried out search/survey operations under the provisions of the Income Tax Act, 1961 against *inter alia* our Company, our Promoters, their relatives, some of our Directors, some of our Promoters Group entities and our subsidiary Euro Merchandise (India) Ltd. During these operations, certain books of accounts and records were seized, prohibitory orders and summons were issued under the provisions of the Income Tax Act, 1961.

Further, State Bank of India has sanctioned a term loan of Rs. 7,000 Lacs vide their sanction letter no. CFB.A/AMT-II/313 dated October 5, 2006 and State Bank of Saurashtra has sanctioned a term loan of Rs. 3,200 Lacs vide their sanction letter no. FB/C&I/BL/ dated November 1, 2006. Further, our Company has made progress in the implementation of the Project, which has been detailed under section titled “Objects of the Issue” beginning on page 58 of this Red Herring Prospectus. Our Company has also made progress in setting-up manufacturing facilities for the production of Calcareous Tiles.

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GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

Except for pending approvals mentioned under this heading, our Company has received the necessary consents, licenses, permissions and approvals from the Government/RBI and various Government agencies required for our present business. Further, except for pending approvals as detailed herein, our Company can undertake all our present activities and activities as proposed in the Objects of the Issue, in view of the present approvals and no further material approvals from any statutory body are required by our Company to undertake the present/proposed activities in objects of the issue as stated hereinabove.

It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

Currently our Company has its manufacturing facility at survey no. 461/1 & 461/2, 473/2, 510,511,512, 513/1, 513/2, 514,516, 517/1, Bhachau Dudhai Road, Bhachau District, Kutch, Gujarat.

We have received the following material Government Approvals/licenses/permissions

Sr. No.	Nature of Registration/ License/ Consent	Registration/License/ Consent/ Acknowledgement No.	Issuing Authority	Date of Issue / Renewal / Amendment	Valid up to
INCORPORATION AND OTHER RELATED APPROVALS					
1.	Certificate of Incorporation	U 26914 MH 2002 PTC 135548	Assistant Registrar of Companies (RoC), Maharashtra at Mumbai.	April 16, 2002	N.A.*
2.	Certificate of change of name	11: 135548	Assistant Registrar of Companies, Maharashtra at Mumbai.	November 16, 2004	N.A.*
3.	Shops and Establishment Registration	KE-II/017855	Senior Inspector, Bombay Shops and Establishment Act 1948	May 19, 2006	December 2007
4.	Employees Provident Fund Registration	GJ/RFC/RJT/41221	Regional Provident Fund Commissioner, Rajkot.	November 28, 2003	N.A.*
5.	Certificate of Importer.- Exporter Code	0302020306	Office of the Joint Director General of Foreign Trade, Ministry of Commerce, Mumbai	June 25, 2002 amended on April 19, 2006	N.A.*
6.	Certificate of Recognition as One Star Export House	03/1/001718/20050623	Office of the Joint Director General of Foreign Trade, Ministry of Commerce, Government of India	June 23, 2005	March 31, 2009

Sr. No.	Nature of Registration/ License/ Consent	Registration/License/ Consent/ Acknowledgement No.	Issuing Authority	Date of Issue / Renewal / Amendment	Valid up to
INDUSTRIAL/FACTORY/ LABOUR					
7.	Acknowledgement (Industrial Entrepreneurs Memorandum) Industrial Approvals for Aluminium Extruded Section and Vitrified Ceramic Tiles, Glaze Porcelain Tiles	204/IIM/PROD/2003(IEM No. 2789/SIA/IMO/2002 Dtd. June 11, 2003)	Ministry of Commerce and Industry, Government of India	July 21, 2006	N.A. *
8.	Acknowledgement (Industrial Entrepreneurs Memorandum) Industrial Approvals for Manufacture of Jewellery, Studdings, Meddealiam, Bangles and of manufactured studded and plain Jewellery of Gold	71/IIM/PROD/2005(IEM NO. 259/SIA/IMO/2005 Dtd. January 19, 2005)	Ministry of Commerce and Industry, Government of India	April 20, 2005	N.A. *
9.	Acknowledgement (Industrial Entrepreneurs Memorandum) Industrial Approvals for Vitrified Ceramic Tiles Glazed/ Unglazed Porcelain Tiles	6067/SIA/IMO/ 2005	Ministry of Commerce and Industry, Government of India	December 26, 2005	N.A. *
10.	Acknowledgement (Industrial Entrepreneurs Memorandum) Industrial Approvals for Generation and Transmission of Electric Energy Produced in coal based thermal power plants	563/IIM/PROD/2006(IEM No. 6068/SIA/IMO/2005 Dtd. December 26, 2005)	Ministry of Commerce and Industry, Government of India	July 21, 2006	N.A. *
11.	Acknowledgement (Industrial Entrepreneurs Memorandum) Industrial Approvals for Generation of gas in gas works and distribution through mains to households, industrial, commercial and other users	564/IIM/PROD/2006(IEM No. 6069/SIA/IMO/2005 Dtd. December 26, 2005)	Ministry of Commerce and Industry, Government of India	July 21, 2006	N.A. *
12.	Acknowledgement (Industrial Entrepreneurs Memorandum) Industrial Approvals for Structural Stone Goods and Stoneware including marble stone excluding tiles thickness less than 10mm.	3996/SIA/IMO/2006	Ministry of Commerce and Industry, Government of India	July 21, 2006	N.A. *
13.	Acknowledgement (Industrial Entrepreneurs Memorandum) Industrial Approvals for Ceramic Sanitary Wares, Sinks, Baths, Water Closets, Pans, Flushing Cistern etc.	5022/SIA/IMO/2006	Ministry of Commerce and Industry, Government of India	September 11, 2006	N.A. *

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Sr. No.	Nature of Registration/ License/ Consent	Registration/License/ Consent/ Acknowledgement No.	Issuing Authority	Date of Issue / Renewal / Amendment	Valid up to
14.	ISO 9001- 2000 Certification for our factory at Bhachau for the manufacture and supply of Vitrified Ceramic Tiles	PPCE-0091-0520	Phoenix Progressive Certifications Enterprise Private Limited	April 3, 2004	March 25, 2007
15.	License for use of Boiler	GT- 5122(1625)	Inspector for steam & smoke Boiler, Rajkot, Gujarat.	August 7, 2006	January 27, 2007
16.	Certificate of Installation and registration of following 6 DG Sets: 1 x 750 KVA 1 x 750 KVA 1 x 750 KVA 1 x 600 KVA 1 x 1875 KVA 1 x 1875 KVA	JNA/AKJA/GS/KUTCH/35.12.05/4877Registration Nos: Kutch-173 Kutch-173A Kutch-173B Kutch-173C Kutch-173D Kutch-173E (EIM-INS-1662 & EIM/INS/CRT/1447)	Collector of Electricity Duty, Gandhinagar	March 3, 2006	N.A. *
17.	Certificate in respect of Electrical Installation for 2500 + 1000=3500-KVA 11KV/433 Volts Transformer Centre	EIM-INS-90/2003-04	Office of the Electrical Inspector, Mehsana	July 17, 2003	N.A. *
18.	Certificate in respect of electrical installation for 11 K.V 6.066 KM HT Overhead line granting permission for charge of 11 KV H.T Over head line from Bhachau S/S to factory line	EIM-INS-1208	Office of the Electrical Inspector, Mehsana	August 13, 2003	N.A. *
19.	Letter approving the drawing of the electrical installation of 10 MW Captive Power Plant and 2250 KVA 11KV/ 415V transformer along with Captive Power Plant to be operated in isolation of grid supply for own use only, in respect of our Captive Power Plant	CEI/INS/Plan-3/Bhuj/176/ 05-06/28864	Chief Electrical Inspector, Gandhinagar	October 29, 2005	N.A. *
20.	Certificate of Registration under Section 7 (2) of the Contract Labour (Regulation And Abolition) Act, 1970 for 200 Contractual Labour for our factory at Bhachau	71/2004	Registering Officer under Contract Labour Act, Gandhi Dham	March 11, 2004	N.A. *

Sr. No.	Nature of Registration/ License/ Consent	Registration/License/ Consent/ Acknowledgement No.	Issuing Authority	Date of Issue / Renewal / Amendment	Valid up to
21.	Contract Labour License under Section 12(2) of the Contract Labour (Regulation And Abolition) Act, 1970, to Contractor Amar Joshi for employment of 40 workmen in our factory at Bhachau	MSEM/Gandhi Dham//KMD/405/2004	Registering Officer under Contract Labour Act, Gandhi Dham	May 8, 2006	March 31, 2007
22.	Contract Labour License under Section 12(2) of the Contract Labour (Regulation And Abolition) Act, 1970, to Contractor Nenshi Satra for employment of 25 workmen in our factory at Bhachau	MSEM/Gandhi Dham/C/ KMD/406/2004	Registering Officer under Contract Labour Act, Gandhi Dham	May 8, 2006	March 31, 2007
23.	Contract Labour License under Section 12(2) of the Contract Labour (Regulation And Abolition) Act, 1970, to Contractor A. Saikumar for employment of 30 workmen in our factory at Bhachau	MSEM/Gandhi Dham/C/ KMD/407/2004	Registering Officer under Contract Labour Act, Gandhi Dham	May 8, 2006	March 31, 2007
24.	Contract Labour License under Section 12(2) of the Contract Labour (Regulation And Abolition) Act, 1970, to Contractor Vitrag Enterprises for employment of 12 workmen in our factory at Bhachau	MSEM/Gandhi Dham/C/ KMD/211/2006	Registering Officer under Contract Labour Act, Gandhi Dham	September 4, 2006	July 31, 2007
25.	Contract Labour License under Section 12(2) of the Contract Labour (Regulation And Abolition) Act, 1970, to Contractor Trigger Facility for employment of 19 workmen in our factory at Bhachau	[MSEM/Gandhi Dham/C/ KMD/176/2006	Registering Officer under Contract Labour Act, Gandhi Dham	July 12, 2006	June 31, 2007
TAX					
26.	Permanent Account Number (PAN)	AAACE9821G	Income Tax Department	N.A.	N.A. *
27.	Tax Deduction Account Number (TAN)	MUME04140D	Income Tax Department	N.A.	N.A. *
28.	Professional Tax Registration issued under section 5(1) of the Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976 for our factory at Bhachau	PR0103000001	Commercial Tax Officer, Gandhidham, Kutch.	January 28, 2004	N.A. *

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Sr. No.	Nature of Registration/ License/ Consent	Registration/License/ Consent/ Acknowledgement No.	Issuing Authority	Date of Issue / Renewal / Amendment	Valid up to
29.	Professional Tax Registration under section 5(1) of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 for our registered office	PT/R/1/1/29/22302	Sales Tax Officer, Mumbai	December, 27, 2002	N.A. *
30.	Central Excise Registration for our factory at Bhachau	AAACE9821GXM001	Assistant Commissioner of Central Excise	March 1, 2005	N.A. *
31.	Central Sales Tax Registration for our factory at Bhachau	24510300237	Sales Tax Officer, Kutch	September 7, 2005	Until Cancelled
32.	Gujarat Sales Tax Registration for our factory at Bhachau	24010300237	Sales Tax Officer, Kutch	September 7, 2005	Until Cancelled
33.	Central Sales Tax Registration for State of Maharashtra.	400013/C/3438 w.e.f. 31.1.2005	Sales Tax Officer, Mumbai.	February 09, 2005	Until Cancelled
34.	Sales Tax Registration for Maharashtra.	400013/S/4215w.e.f. 31.1.2005	Sales Tax Officer, Mumbai.	February 09, 2005	Until Cancelled
35.	Service Tax Registration for our factory at Bhachau	AR/GIM/GTA-339/2004-05	Office of Superintendent (Service Tax) Gandhidham, Kutch, Service Tax Division - Rajkot	January 31, 2005	N.A. *
ENVIRONMENT					
36.	No Objection to setting up of industrial plant under Water (Prevention and Control of Pollution) Act 1974, Air (Prevention and Control of Pollution) Act 1981 and Environment (Protection) Act 1986 for our factory at Bhachau	Letter No. FT-21/18361 (Amended wide letter no. FT-21/21317 dtd. July 09, 2003)	Environmental Engineer, Gujarat Pollution Control Board, Gandhinagar.	July 6, 2002	N.A. *
37.	Consolidated Consent and Authorisation under section 25 of Water (Prevention and Control of Pollution) Act 1974, Section 21 of Air (Prevention and Control of Pollution) Act 1981, Rule 3(c) & 5(5) of the Hazardous Waste (Management and Handling) Rules 1989 and Environment (Protection) Act 1986 for our factory at Bhachau	PC/CCA-KUTCH-57/325 (Consent Order No. 1220 Dtd. 05.01.2004)	Environmental Engineer, Gujarat Pollution Control Board, Gandhinagar.	January 6, 2004	October 9, 2008

Sr. No.	Nature of Registration/ License/ Consent	Registration/License/ Consent/ Acknowledgement No.	Issuing Authority	Date of Issue / Renewal / Amendment	Valid up to
38.	No Objection to setting up of industrial plant under Water (Prevention and Control of Pollution) Act 1974, Air (Prevention and Control of Pollution) Act 1981 and Environment (Protection) Act 1986 for the manufacturing of coal gas in relation to the Gasifier unit and electricity for captive use in relation to the captive power plant	UNIT-3-FT-21/13385	Environmental Engineer, Gujarat Pollution Control Board, Gandhinagar.	May 24, 2006	May 23, 2011
OTHERS					
39.	License to store propane gas in 2 pressure vessels	S/HO/GJ/03/623 (S5054)	Deputy Chief Controller of Explosives, Petroleum and Explosives Safety Organisation (PESO), Nagpur.	March 16, 2006	March 31, 2009
40.	Order allocating the connection for the supply of water to our factory at Bhachau from the water transmission line of Bhachau - Amardi section of Bhachau Regional Water Supply Scheme	GWSSB/ADB/Industries Connection/1351	Gujarat Water and Sewerage Board, Gandhinagar	October 18, 2004	N.A. *

* N.A. implies Not applicable

Approvals for which application has been made but not received:

Sr.No.	Approval / Consent	Authority	Application date	Remarks
1.	Application for the consent to operate under section 21 of the Air (Prevention and Control of Pollution) Act 1981 for the Gasifier unit and the Captive Power Plant	Regional Officer, Gujarat State Pollution Control Board, Gujarat	September 28, 2006	Application under Process
2.	Application under section 21 of the Air (Prevention and Control of Pollution) Act 1981 to operate the D.G. Sets	Regional Officer, Gujarat State Pollution Control Board, Gujarat	September 23, 2006	Application under Process

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Approvals for which applications has been made for renewal:

Sr. No.	Applied for Renewal	Liense No.	Authority	Application date	Remarks
1.	Solvent Permission / License for storage and consumption of Light Diesel Oil at our factory at Bhachau	SP-Solvent/ Lic. No.79/2005	District Magistrate, Kutch, Bhuj	December 15, 2006	Application under process
2.	License to import and store 126 KL petroleum at our factory in Bhachau	P/HQ/GJ/15/45 65(P26176)	Chief Controller of Explosives	December 6, 2006	Application under process
3.	Registration & License to work factory location at House Survey No. 510, 511, 517/1 Bhachau Dudhai Road, Kutch;	Registration No. 26(921)/271-A/2 (M)(i)License No.091279	Chief Inspector of Factory, Gujarat	December 4, 2006	Application under process

Approvals, which are yet to be applied for our proposed Project

Sr.No.	Approval / Consent	Authority	Status
1.	Factory License	Chief Inspector of Factory, Gujarat	Will be applied in due course
2.	Central Excise Registration	Central Excise Department	Will be applied in due course
3.	Local Sales Tax Registration	Sales Tax Department	Will be applied in due course
4.	Central Sales Tax Registration	Sales Tax Department	Will be applied in due course
5.	Service Tax Registration	Central Excise Department	Will be applied in due course
6.	Consent to establish and operate under Water (Prevention and Control of Pollution) Act 1974, Air (Prevention and Control of Pollution) Act 1981 and Environment (Protection) Act 1986	Regional Officer, Gujarat State Pollution Control Board, Gujarat	Will be applied in due course
7.	Consent under section 21 of the Air (Prevention and Control of Pollution) Act 1981 to operate the D.G. Set	Gujarat Pollution Control Board	Will be applied in due course
8.	Certificate of Installation and registration of following D.G. Sets	Collector of Electricity Duty, Ghandhinagar	Will be applied in due course
9.	Contract Labour Registration	Labour Commissioner	Will be applied in due course
10.	Certificate for installation of sub-station for power distribution	Chief Electrical Inspector	Will be applied in due course
11.	License to store LPG	Chief Controller of Explosives	Will be applied in due course

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for This Issue

The shareholders of our Company have approved this Issue under section 81 (1A) of the Act by a Special Resolution at our Extra Ordinary General Meeting held on January 31, 2006.

Prohibition by SEBI

Our Company, our Directors, our Promoters, the group companies, companies promoted by or Promoters and companies or entities with which our Company's Directors are associated as directors / promoters / partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India. Our Company, our Promoters, their relatives, group companies and associate companies has, not been detained as willful defaulters by RBI/government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Eligibility for this Issue

Our Company is eligible for the Issue as per Clause 2.2.1 of the SEBI Guidelines as explained under, with the eligibility criteria calculated in accordance with unconsolidated financial statements under Indian GAAP:

- Our Company has net tangible assets of at least Rs.3 crores in each of the preceding three full years of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1 (a) of the SEBI Guidelines;
- Our Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, for atleast three of the immediately preceding five and is compliant with Clause 2.2.1 (b) of the SEBI Guidelines;
- Our Company has a net worth of atleast Rs. 1 crore in each of the three preceding full years and is compliant with Clause 2.2.1 (c) of the SEBI Guidelines;
- Our Company has not changed it's name in the last one year;
- Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

Our net tangible assets, net profits (as restated) and network (as restated) as derived from the restated financials statements prepared in accordance with SEBI Guidelines and Indian GAAP included in this Red Herring Prospectus under the section titled "Financial Informations" beginning on page 141 of this Red Herring Prospectus, as on and for the last five years ended March 31, 2006 is set forth below:

(Rs. in Lacs)

Particulars	Year ended March 31,				
	2006	2005	2004	2003	2002 ³
Net Tangible Assets ¹	23,581.08	13,438.31	4,916.07	3,898.97	-
Distributable Profits ²	2,023.71	1,354.84	19.29	Nil	-
Net worth, as restated	6,064.56	4,642.21	977.27	739.39	-

¹ Net Tangible Assets is defined as the sum of the fixed assets (including capital work in progress and capital advances and excluding revaluation reserve), trade investments, current assets (excluding deferred tax assets) less current liabilities (including share application money and excluding deferred tax liabilities and long term liabilities).

² The distributable profits of our Company are as per Section 205 of the Companies Act, and have been calculated from the audited financial statements of the respective year before making adjustments for restatement of financial statements.

³ Our Company was incorporated on April 16, 2002 and the first financial year was 2002-03, however, the commercial production was commenced during 2003-04.

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Further, if the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

DISCLAIMER CLAUSE

SEBI Disclaimer Clause

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, UTI SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, UTI SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 25, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE Draft Red Herring PROSPECTUS PERTAINING TO THE SAID ISSUE.
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,

WE CONFIRM THAT:

- A. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE.
- D. BESIDE US, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT SUCH REGISTRATIONS ARE VALID TILL DATE.
- E. WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.”

Disclaimer from the Company and the BRLMs

Investors may note that our Company and the Book Running Lead Managers accept no responsibility for statements made other than in this Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the our Company or Book Running Lead Managers and that any one, placing reliance on any other source of information would do so at their own risk.

The BRLMs do not accept any responsibility save to the limited extent as provided in terms of the Memorandum of Understanding entered into between our Company and the BRLMs and the Underwriting Agreement to be entered into between our Company and the Underwriters.

All information will be made available by the Book Running Lead Managers, Underwriters, Syndicate members and our Company to the public and investors at large and no selective or additional information would be available for any section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding dated September 21, 2006 entered into between the BRLMs and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us, the BRLMs and the Underwriters 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, at bidding centres or elsewhere.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares). This Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or her self about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

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

Disclaimer Clause of the Bombay Stock Exchange Limited

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated November 17, 2006, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this company's securities will be listed or will continue to be listed on the Exchange; or

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- iii. take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the National Stock Exchange of India Limited

As required, a copy of the Draft Red Herring Prospectus has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.: NSE/LIST/35188-9 dated December 14, 2006 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the Draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at First Floor, Mittal Court, "B" Wing, Nariman Point, Mumbai - 400 021.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered to the Registrar of Companies, Maharashtra at Mumbai. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with Registrar of Companies, Maharashtra.

Listing

Applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchanges in India.

BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by any of the Stock Exchanges mentioned above, our Company would forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after our Company become liable to repay it from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company; and (b) Book Running Lead Managers to this Issue, Registrar to this Issue and legal advisors to the Company,

to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Maharashtra at Mumbai as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, Maharashtra.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68(A) of the Companies Act, 1956, which is reproduced below:

“Any person who:

- a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or
- b) otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name; shall be punishable with imprisonment for a term which may extend to five years.”

Expert Opinion

Except as stated elsewhere in this Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

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

(Rs. in Lacs)				
Sr. No.	Particulars	Amount (Rs. in Lacs)	% of total Issue Expenses	% of total Issue Size
1.	Fees of BRLMs (including underwriting commission and selling commission)*	[•]	[•]	[•]
2.	Fees of Syndicate Members (including underwriting commission and selling commission)*	[•]	[•]	[•]
3.	Fees of Registrar*	[•]	[•]	[•]
4.	Fees of Legal Advisor, Auditors etc.*	[•]	[•]	[•]
5.	Advertisement and Marketing Expenses*	[•]	[•]	[•]
6.	Printing and Stationery, Distribution, Postage, etc.*	[•]	[•]	[•]
7.	Other Charges*	[•]	[•]	[•]
	Total	[•]	[•]	[•]

* Will be incorporated after finalisation of the Issue Price prior to filing of the Prospectus with RoC.

Fees Payable to the Book Running Lead Managers

The fees payable to the BRLMs (including underwriting commission and selling commission) for the Issue will be as per the engagement letter from our Company to the BRLMs and the Memorandum of Understanding dated September 21, 2006 executed between our Company and BRLMs, copies of which are available for inspection at our registered office.

Fees Payable to the Syndicate Members

The fees payable to the Syndicate Members (including underwriting commission and selling commission) will be as per the Syndicate Agreement executed between our Company and the Syndicate Members, copies of which are available for inspection at our registered office.

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Fees Payable to the Registrar to this Issue

The fees payable to the Registrar to this Issue will be as per the memorandum of understanding dated February 1, 2006, a copy of which is available for inspection at our corporate office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Fees Payable to the Escrow Bankers

No fees are payable to the Escrow Bankers.

Previous Rights and Issues

We have not made any previous rights and issues during the last five years.

Previous Issue of Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash except as detailed in the section entitled 'Capital Structure' in this Red Herring Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

Details of capital issue made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.

There have been no capital issues during last 3 years by us and other listed companies under the same management within the meaning of S. 370(1)(B) of the Act at present or during the last three years.

Promise vis-à-vis Performance – Last Three issues

Our Company has not made any Issue.

Listed Ventures of Promoter

Our promoter does not have any listed ventures.

Outstanding Debentures or Bonds

As on the date of filing of this Red Herring Prospectus, our Company does not have any outstanding Debenture or Bond Issue.

Outstanding Preference Shares

As on the date of filing of this Red Herring Prospectus, our Company does not have any outstanding preference shares.

Stock Market Data for our Equity Shares

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The memorandum of understanding between the Registrar to this Issue and us will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be 15 days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible. We have appointed Mr. Sushil Chudiwala, Chief Executive Officer, as the Compliance Officer and he may be contacted at the following address in case of any pre-Issue or post-Issue-related problems:

Mr. Sushil Chudiwala

Chief Executive Officer,

Euro Ceramics Limited,

Boston House, Ground Floor,

Suren Road, Chakala, Andheri (East),

Mumbai – 400 093, Maharashtra.

Tel: + 91-22-4019 4019 / 4019 4000

Fax: + 91-22-4019 4020

Email: euroipo@eurovitrified.com

Changes in Auditors during the last three financial years and reasons therefor

There have been no changes of the auditors of our Company in the last three years except when M/s. Deepak Maru & Co. was reappointed after becoming a public company.

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time since inception, except as mentioned in under Notes to Capital Structure beginning on page 47 of this Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets in the past five years.

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SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Issue of 56,21,500 Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share for cash aggregating Rs. [●] (hereinafter referred to as the "Issue"), including Employee Reservation of 1,21,500 Equity Shares of face value of Rs. 10/- each at a price of Rs. [●] per Equity Share for cash aggregating Rs. [●] (hereinafter referred to as the "Employee Reservation Portion"). The Issue less the Employee Reservation Portion shall be 55,00,000 Equity Shares of Rs. 10/- each (hereinafter referred to as the "Net Issue to the Public").

The issue being made through the 100 % Book Building process. Details of the Issue structure are tabulated below:

	Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 1,21,500 Equity Shares	Not more than 27,50,000 Equity Shares be allotted to QIBs.	Not less than 8,25,000 Equity Shares shall be available for allocation.	Not less than 19,25,000 Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	Up to 2.16% of the Issue	Not more than 50% of the Net Issue (of which 5% shall be reserved for Mutual Funds) less allocation to Non-Institutional Bidders and Retail Individual Bidders. *Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net Issue. The unsubscribed portion in this category will be available for allocation to QIBs and Retail Individual Bidders*	Not less than 35% of the Net Issue. The unsubscribed portion in this category will be available for allocation to QIBs and Retail Individual Bidders*
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate (a) Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	35 Equity Shares and thereafter in multiple of 35 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 35 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 35 Equity Shares thereafter.	35 Equity Shares and in multiples of 35 Equity Share thereafter

	Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder.	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Indian Nationals who are permanent employees or Executive Director(s) of our Company or our subsidiary company based in India and are present in India on the date of submission of Bid-cum-Application Form.	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, Mutual Funds registered with the Board under the SEBI (Mutual Funds) Regulations, 1996.), multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with IRDA, provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs.	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, societies and trusts.	Individuals (including HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs. 100,000 in value.
Terms of Payment	Full Bid Amount on Bidding unless waived by members of the Syndicate.	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.
Margin Amount	Full Bid Amount on Bidding	Atleast 10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

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*Subject to valid bids being received at or above the Issue Price. Not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available to Mutual Funds only. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net 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. If the aggregate demand by Mutual Funds is less than 1,37,500 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.

**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.

Under subscription if any, in the reservation category will be added back to net issue to public. 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 BRLMs. I

Withdrawal of this Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with this Issue at any time, including after the Bid/Issue Opening Date without assigning any reason therefore.

TERMS OF THE ISSUE

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

Ranking of Equity Shares

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

Mode of Payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Red Herring Prospectus at a price of Rs. [●] per Equity Share. The issue price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., for further details, please refer to the section titled "Description of Equity Shares and Terms of Articles of Association" beginning on page 270 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors and hence, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form in multiples of one Equity Share subject to a minimum Allotment of 35 Equity Shares.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and

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allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 35 Equity Shares to the successful bidders.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares 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 of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the equity shares; or
- b) to make such transfer of the equity shares, as the deceased holder could have made.

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

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Issue to the Public including devolvement of underwriters, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, we and every director of our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act. If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

Arrangements for Disposal of Odd Lots

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

The restrictions, if any, on the Transfer and Transmission of our Equity Shares are contained in the section titled "Description of Equity Shares and Terms of Articles of Association" beginning on page 270 of this Red Herring Prospectus.

Compliance with SEBI Guidelines

Our Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

Withdrawal of the Issue

Our Company in consultation with the BRLMs reserves the right not to proceed with the issue any time after the Bid/Issue opening date but before allotment without assigning any reason thereof.

ISSUE PROCEDURE

Book Building Procedure

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

Bidders are required to submit their Bids through the Syndicate. We, in consultation with the BRLMs, reserve the right to reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds. The primary responsibility of building the book shall be that of the lead book runner.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

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

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60/- to Rs. 72/- per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the Bidding/Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of the Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLMs, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

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The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian Public including QIBs, Non-Institutional Bidders or NRIs applying on a non-repatriation basis	White
Non-residents, NRIs or FIIs applying on a repatriation basis	Blue
Employees	Pink

Who Can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
5. Indian mutual funds registered with SEBI;
6. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI;
9. State Industrial Development Corporations;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
13. Multilateral and bilateral development financial institutions;
14. Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
15. Eligible Non-residents including NRIs and FIIs on a repatriation/non- repatriation basis subject to applicable local laws; and
16. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.
17. Permanent Employees / Executive Director(s) of our Company and our subsidiary company, i.e. Euro Merchandise (India) Limited, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form.

As per existing regulations, Overseas Corporate Bodies (OCBs) cannot bid/participate in this issue.

Note: The BRLMs and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

Application by Mutual Funds

In accordance with the current regulations, no mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for

investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Application by FIIs

In accordance with the current regulations, the Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/foreign venture capital investor. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

Application by NRI

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour)

The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own enquiries about the limits applicable to them. Our Company and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid size

- a) **For Retail Individual Bidders:** The Bid must be for minimum 35 Equity Shares and in multiples of 35 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000/-. In case the Bid Amount is over Rs. 1,00,000/- due to revision in bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 100,000/- and in multiples of 35 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000/- for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 100,000/- or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

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For Employees of our Company: The Bid must be for a minimum of 35 Equity shares and in multiples of 35 thereafter, subject to a maximum Bid not exceeding the issue size. The Bid must be in the name of the Employee. Bidders in the Employee Reservation portion may bid at Cut-Off Price provided that the Bid is for an amount less than Rs. 1,00,000. Allotment in this category will be on a proportionate basis.

Information for the Bidders

1. We will file the Red Herring Prospectus with the Registrar of Companies, at least 3 (three) days before the Bid/ Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
3. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from our registered office or from the BRLMs, or from a member of the Syndicate.
4. Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs or Syndicate Member or their authorized agent(s) to register their Bid.
5. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of bidding

- a) We, with the BRLMs, shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and the Price Band at the time of filing of the Red Herring Prospectus with RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Marathi, which is also the regional newspaper). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX-A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated 25th January 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- b) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- c) The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working (seven) days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one regional newspaper and the Bidding Period may be extended, if required, by an additional 3 working (three) days, subject to the total Bidding Period not exceeding 10 working (ten) days.
- d) During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- e) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details please refer to the section titled "Bids at Different Price Levels" beginning on page 249 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
- f) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure, please refer

to the section titled “Build up of the Book and Revision of Bids” beginning on page 252 of this Red Herring Prospectus.

- g) The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS’s for each Bid cum application Form. **It is the responsibility of the bidder to obtain the TRS from the Syndicate Member.**
- h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the section titled “Terms of Payment and Payment into the Escrow Collection Account” beginning on page 250 of this Red Herring Prospectus.

Bids at Different Price Levels

- a) The Price Band has been fixed at Rs. 150 to Rs. 180 per Equity Share of Rs. 10 each, Rs. 150 being the Floor Price and Rs. 180 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1. The minimum application size should be in the range of Rs. 5,000/- to Rs. 7,000/-.
- b) In accordance with SEBI Guidelines, our Company in consultation with the BRLMs in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band. In case of a revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.
- c) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be suitably revised, if necessary such that the minimum application is in the range of Rs. 5,000/- to Rs. 7,000/-.
- d) Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper in Marathi, and also indicating the change on the relevant websites of the BRLMs and the terminals of the members of the Syndicate.
- e) We, in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
- f) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum bid in any of the bidding options not exceeding Rs. 100,000/- may bid at ‘Cut-off’. However, bidding at ‘Cut-off’ is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- g) Retail Individual Bidders, who bid at the ‘Cut-Off’ agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at ‘cut-off’ shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Refund Account.
- h) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at ‘cut-off’ Price could either
 - I. revise their Bid
 - II. make additional payment based on the cap of the revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000/-, the Bid will be considered for allocation under the Non Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off
- i) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account

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Option to Subscribe

Equity Shares being offered through the Red Herring Prospectus can be applied for in dematerialized form only.

Escrow Mechanism

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of our Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer an amount equivalent to Issue proceeds (Final Issue price multiplied by the number of Equity Shares allotted through this issue) from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with our Company and the balance amount shall be transferred to the Refund Account, from where payment of refund to the Bidders shall be made.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

In case of Non-institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid-cum-Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (For further details, please refer to the section titled "Issue Procedure - Payment Instructions" beginning on page 258 and submit the same to the members of the Syndicate to whom the Bid is being submitted. In case of QIB Bidders, the Margin Amount has to be submitted along with the Bid to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and stock invests shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account. Not later than 15 days from the Bid / Issue Closing Date, our Company will instruct the Refund Banker to refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders, failing which our Company shall pay interest @15% per annum for any delay beyond the period mentioned above.

Each category of Bidders i.e. QIBs, Non-Institutional Bidders and Retail Individual Bidders and permanent employees in the Employee Reservation Portion, would be required to pay their Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" beginning on page 240 of this Red Herring Prospectus and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form.

Electronic Registration of Bids

- a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one BSE / NSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the

terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the BSE and NSE.

- c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be assessed on BSE's website at www.bseindia.com or on NSE's website at www.nseindia.com. The online, real-time graphical display of demand and bid prices at the bidding terminals, shall be made. The BRLMs shall ensure the availability of adequate infrastructure for data entry of the bids on a real time basis. At the end of each day of the bidding period the demand shall be shown graphically on the terminals for information of the syndicate members as well as the investors.
- d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)
 - Investor Category – Individual, Corporate, NRI, FII, Mutual Fund, etc
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid Amount
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Margin Amount and
 - Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder.
- e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders, Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed beginning on Page 261 of this Red Herring Prospectus.
- h) It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company.
- i) It is also to be distinctly understood that the approval given by BSE and NSE for the use of their online IPO system should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

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Build Up of the Book and Revision of Bids

- a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- b) The book gets build up at various price levels. This information will be available with the BRLMs on a regular basis.
- c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- h) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of discrepancy of data between NSE or BSE and members of the Syndicate, the decision of the BRLMs based on the physical records of Bid cum Application forms shall be final and binding to all concerned.

Price Discovery and Allocation

- a) After the Bid/Issue Closing Date, the BRLMs will analyze the demand generated at various price levels and discuss pricing strategy with us.
- b) Our Company, in consultation with the BRLMs shall finalise the "Issue Price", the number of Equity Shares to be allotted in each category of Bidders.
- c) The allocation for QIBs for not more than 50% of the Net Issue to the Public, of which 5% shall be reserved for Mutual Funds, would be on a proportionate basis, subject to valid bids being received at or above the Issue Price in the manner as described in the section titled 'Basis of Allotment'. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue to the Public, respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- d) Under subscription, if any, in QIBs, Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of our Company and the BRLMs. However, if the aggregate demand by Mutual Funds is less than 1,37,500 Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
- e) Allocation to NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/Allocation of

Equity Shares to them.

- f) The BRLMs, in consultation with us, shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- g) Our Company in consultation with the BRLMs, reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allocation, without assigning reasons whatsoever.
- h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after Bid/Issue closing date.
- i) The allotment details shall be uploaded on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

1. Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
2. After signing the Underwriting Agreement, we will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC, Mumbai, Maharashtra. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration to the RoC, Mumbai, Maharashtra.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one Hindi National newspaper, and a regional language newspaper in Marathi with wide circulation at Mumbai.

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement at the time of/after filing of Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Intimation Note and Confirmation of Allocation Note to bidders, other than QIBs

The Registrar to the Issue shall send Confirmation of Allocation Note/Allotment Advice-cum-Refund Orders to all the Bidders intimating the number of shares allotted and the amount refunded.

Issuance of Intimation Note and Confirmation of Allocation Note to QIB bidders

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. Based on the electronic book, if so required, QIBs may be sent an Intimation Note, indicating the number of Equity Shares that may be allocated to them and the additional margin required which shall be payable by the QIBs within the pay-in date specified therein. This Intimation Note is subject to the Basis of Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciled book and basis of allotment as approved by the Designated Stock Exchange. In addition, there are foreign investment limitations applicable to our Company, which may result in a change (including a potential decrease) in the number of Equity Shares being finally allotted to non-resident investors (including FIIs). As a result, a CAN may be sent to QIBs and the allocation of Equity Shares in such CAN may be different from that specified in the earlier Intimation Note. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract for the QIB for all the Equity Shares allocated to such QIB

Designated Date and Transfer of Funds to Public Issue Account

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- a) Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees and would ensure the credit to the successful Bidders depository account within two working days from the date of finalization of the basis of allotment with the Designated Stock Exchange. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- b) In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialized form to the allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions

Do's:

- a) Check if you are eligible to apply;
- b) Complete the bid-cum-application form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- e) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- h) Ensure that the Bid is within the Price Band;
- i) Investors must ensure that the name given in the bid cum application form is exactly the same as the name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- j) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000/- or more. The copy of the PAN card or the PAN allotment letter should be submitted with the application form; and
- k) If you have mentioned "Applied For" or "Not Applicable" in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.

Don'ts:

- a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b) Do not Bid for lower than minimum Bid size;
- c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e) Do not pay bid amount in cash, through stock invest, by money order or by postal order.
- f) Do not provide your GIR number instead of PAN number;
- g) Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 100,000/-);

- h) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law.
- i) Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- j) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

Bids by Employees of our Company.

- i. For the purpose of this reservation, Eligible Employee means Permanent Employees / Executive Director(s) of our Company and our subsidiary company, i.e. Euro Merchandise (India) Limited, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form.
- ii. Bids under Employee Reservation Portion by Employees shall be made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. pink colour form).
- iii. Employees, as defined above, should mention the Employee number at the relevant place in the Bid-cum-Application Form.
- iv. The sole/ first bidder should be Employees as defined above.
- v. Only Employees, as defined above, would be eligible to apply in this Issue under this Employee Reservation Portion.
- vi. Bids by Employees, as defined above, will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- vii. Employees, as defined above, who apply or bid for Equity Shares of or for a value of not more than Rs. 100,000 in any of the Bidding options can apply at Cut-Off. This facility is not available to other Employees whose minimum Bid amount exceeds Rs. 100,000.
- viii. The maximum bid in this category cannot exceed the issue size.
- ix. If the aggregate demand in this category is less than or equal to 1,21,500 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees, as defined above, to the extent of their demand.
- x. Under subscription in this category would be added to the Non-Institutional Category and the Retail Individual Category and the proportionate allocation of the same would be at the sole discretion of our Company in consultation with the BRLMs.
- xi. If the aggregate demand in this category is greater than 1,21,500 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, please refer to the section titled "Basis of Allotment" beginning on page 264 of this Red Herring Prospectus.

Instructions for completing the Bid-Cum-Application Form

Bidders can obtain Bid-cum-Application Forms and /or Revision Forms from our corporate office, or from the Syndicate Members or from the BRLMs.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis pink colour for Bidders in the Employee Reservation Portion).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 35 Equity Shares and in multiples of 35 thereafter subject to a maximum of Rs. 100,000/-.
- (d) For non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 100,000/- and in multiples of 35 Equity Shares thereafter. Bids cannot be made for more than

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the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.

- (e) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participants Name, Depository Participants Identification Number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, the Bidder's bank account details. **These bank account details would be printed on the Refund Orders/Refund Advices, if any, to be sent to the Bidders and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder's sole risk and neither the BRLMs nor our Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, occupation, bank account details for printing on refund orders / refund advices or and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ refund advice / ECS credit for refunds/ Direct Credit of refund/CANs/Allocation Advice and printing of Bank particulars on the refund order / refund advice, and the Registrar would not use the Demographic Details given by Bidders in the Bid-cum-Application Form for these purposes.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Advice / Refund Orders/ Allocation Advice/ CANs would be mailed at address of the first Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ refund advice/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected. Investors should note that the refund cheques/allocation advice/refund advice would be overprinted with details of bank account as per the details received from the depository.

Bids under Power of Attorney or by Limited Companies, Corporate Bodies or Registered Societies In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of

the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any bid in whole or in part.

In case of Bids made pursuant to a Power of Attorney by FII, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

Bid by Mutual Funds

In case of Bids made by mutual fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

Bids by Provident Funds

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 Lacs and pension fund with the minimum corpus of Rs. 2500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as our Company/BRLMs may deem fit.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

Bids and Revision to Bids must be made:

- On the Bid cum Application Form or Revision Form, as applicable and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- **By NRIs:** For a minimum of 35 Equity Shares and in multiples of 35 thereafter subject to a maximum Bid amount of Rs. 100,000/- for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs. 100,000/- would be considered under Non Institutional Category for the purposes of allocation. For further details please refer to the section titled "Maximum and Minimum Bid Size" beginning on page 247 of this Red Herring Prospectus.
- **By FIIs:** For a minimum of 35 Equity Shares and in multiples of 35 Equity Shares thereafter so that the Bid Amount exceeds Rs. 100,000/-. For further details please refer to the section titled "Maximum and Minimum Bid Size" beginning on page 247 of this Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

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- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

We along with BRLMs and Syndicate Member(s) shall open an Escrow Account of our Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue

1. The applicable Margin Amount for Non Institutional Bidders and Retail Individual Bidders is equal to 100% whereas for QIBs it is 10% and while submitting the Bid cum Application Form, shall be drawn as a payment instrument for the Bid Amount in favour of the Escrow Account and submitted to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our Company within the period specified in the Intimation Note/CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:

i. In case of Resident Bidders	:	Escrow Account – Euro Public Issue
ii. In case of Non Resident Bidders	:	Escrow Account – Euro Public Issue – NR
iii. In case of Resident QIB Bidders	:	Escrow Account – Euro Public Issue – QIB – R
iv. In case of Non Resident QIB Bidders	:	Escrow Account – Euro Public Issue – QIB – NR
v. In case of Employees of our Company and of our Subsidiary	:	Escrow Account – Euro Public Issue –Employees
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
5. Payment will not be accepted out of a Non Resident Ordinary (NRO) Account of a Non Resident bidder bidding on a repatriation basis.
6. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of our Company.

8. The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue and Refund Account with the Refund Bankers.
10. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash / Stockinvest / Money Orders / Postal Orders will not be accepted.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 05, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest will not be accepted.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form. However, for QIB Bidders, the members of the Syndicate member shall collect the Margin Amount.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
- ii. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- iii. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- iv. The addresses of all the applications in the multiple master will be strung from the address master. This involves

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putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.

- v. The applications will be 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.
- vi. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Bidders in the Employees Reservation Portion can also bid in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.

We reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration.

It may be noted that Form 60 and Form 61 have been amended vide a notification issued on 01st December 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

Unique Identification Number – MAPIN

With effect from 01st July 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (MAPIN) and the requirement to quote MAPIN under MAPIN Regulations/Circulars vide its circular MAPIN/ Circular-13/2005.

However, in a press release dated 30th December 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000/- to Rs. 500,000/- or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000/- an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus

as SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN regulations.

Right to Reject Bids

Our Company, in consultation with the BRLMs, reserves the right to reject any Bid procured from QIBs, by any or all members of the Syndicate for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders our Company, we would have a right to reject the Bids only on technical grounds. Consequent refunds shall be made by Cheque/Pay Order/Demand Draft/ECS/Direct Credit/RTGS/NEFT, as the case may be, and will be sent to the bidder's address at the bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. 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;
4. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons
5. PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
6. GIR Number given instead of PAN Number;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at cut-off price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of 35;
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. Bids not duly signed by the sole /joint Bidders;
17. Bid-cum-Application Form does not have the stamp of the BRLMs/Syndicate Member;
18. Bid-cum-Application Form does not have Bidder's depository account details;
19. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form; or
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
21. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
22. Bids by OCBs;
23. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act;
24. Bids by NRIs not disclosing their residential status;
25. Any other reason which the BRLMs or our Company deem necessary.

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Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar:

1. An Agreement dated June 20, 2006 among NSDL, our Company and Intime Spectrum Registry Limited;
2. An Agreement dated December 21, 2006 among CDSL, our Company and Intime Spectrum Registry Limited.

All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. Non-transferable allocation advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his/her Depository Participant.
8. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. BSE and NSE, where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of our Equity Shares would only be in dematerialized form for all investors in the demat segment of BSE and NSE.
10. Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them, pursuant to the issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository account details, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Our Company has appointed Mr. Sushil Chudiwala as the Compliance Officer may be contacted at Boston House, Ground Floor, Suren Road, Chakala, Andheri (East), Mumbai – 400 093, Maharashtra Investors may contact her in case of any Pre-Issue or Post-Issue problems.

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

Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the bidders with their

respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares.

The payment of refund, if any, would be done through various modes as given hereunder:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by Our Company.
3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by Our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

We shall use our best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges, where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, our Company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- Our Company shall, within 15 days of the Bid/Issue Closing Date, ensure giving instruction in respect of refunds to the clearing system or dispatch the refund orders as the case may be; and
- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched or refund instructions have not been given to the clearing system in the manner disclosed above and/or demat credits are not made to bidders within the 15 day time prescribed above.

Our Company will provide adequate funds required to the Registrar to the Issue for refunds to unsuccessful applicants or allotment advice. Refunds if, not made by Electronic Clearing Services (ECS), Direct Credit, RTGS, National Electronic

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Funds Transfer (NEFT) will be made through cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

The bank account details for ECS/ Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories' database and hence bidders are required to ensure that bank details including MICR code maintained at the depository level are updated and correct.

We shall 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 seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, Our Company further undertakes that allotment/ transfer of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/ Offer Closing Date.

We will provide adequate funds required for dispatch of refund orders, Direct Credit, ECS, RTGS or allotment advice to the Registrar to the Issue.

Refunds will be made by Direct Credit, ECS, RTGS cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Syndicate Member(s) will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68(A) of the Companies Act, 1956, which is reproduced below:

“Any person who:

- a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**
- b) otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name; shall be punishable with imprisonment for a term which may extend to five years.”**

Interest on Refund of Excess Bid Amount

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated 31st July 1983, as amended by their letter No. F/14/SE/85 dated 27th September 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated 27th October 1997, with respect to the SEBI Guidelines.

BASIS OF ALLOTMENT

I. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 19,25,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 19,25,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 35 Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allocation, refer below.

II. For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 8,25,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 8,25,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 35 Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

III. For QIB Bidders

- Bids received from the QIB bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the issue price.
- The QIB portion shall be available for allocation to QIB bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - i. In the event that Mutual Fund Bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB portion.
 - ii. In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - iii. Equity shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIB's shall be determined as follows:
 - i. In the event that the oversubscription in the QIB portion, all QIB bidders who have submitted bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB portion.
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Share on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB bidders on a proportionate basis.
 - (c) The aggregate allocation to QIB Bidders shall be up to 27,50,000 Equity Shares.

IV. For Employee Reservation Portion

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine

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the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.

- If the aggregate demand in this category is less than or equal to 1,21,500 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand. The shares that are remained unallotted in this category will spill over to the Non-Institutional Category and Retail Individuals Category and allotted on a proportionate basis as per the SEBI Guidelines.

Procedure and Time Schedule for Allotment and Issue of Certificates

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on February 07, 2007 and expire on February 13, 2007. Following the expiration of the Bidding Period, our Company, in consultation with the BRLMs, will determine the issue price, and, in consultation with the BRLMs, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the Stock Exchanges. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with Registrar of Companies, Maharashtra at Mumbai, and SEBI, Mumbai. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days from the Bid/Issue Closing Date. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and traded on BSE and NSE.

Method of Proportionate Allotment

In the event of the Issue being over-subscribed, the basis of allotment shall be finalised by Our Company in consultation with the Designated Stock Exchange. The Executive Director/Managing Director of the Bombay Stock Exchange Limited (Designated Stock Exchange) along with the post Issue Lead Merchant Banker and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportional basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for,
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio, in that category subject to a minimum allotment of 35 Equity Shares. The allotment lot shall be the same as the minimum application lot irrespective of any revisions to the price band.
- (d) In all Bids where the proportionate allotment is less than 35 Equity Shares per Bidder, the Allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of 35 Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- (e) If the proportionate Allotment to a Bidder is a number that is more than 35 but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If the decimal is less than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. Applicants residing at 15 centers where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Direct Credit or RTGS or NEFT, or ECS as applicable (subject to availability of all information for crediting through electronic mode). In case of other applicants, the Bank shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500/- by 'Under Certificate of Posting', and shall dispatch refund orders above Rs. 1,500/-, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the electronic facility. Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue. We shall ensure dispatch of refund orders, if any, by 'Under Certificate of Posting' or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS or NEFT, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the issuer.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI DIP Guidelines, we undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not despatched and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges and as further modified by SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as a Refund Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the Direct Credit/RTGS/NEFT/ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Dispatch of Refund Orders

Please refer to the section titled "Disposal of Applications and Application Money" beginning on page 262 of this Red Herring Prospectus.

Interest in case of delay in Dispatch of Allotment Letters/Refund Orders or delay in Refund instructions

Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of issue. Our Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue closing date.

Bid/Issue Program

Bid/Issue opens on: February 07, 2007

Bid/Issue closes on: February 13, 2007

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) or such time as may extended by us in consultation with BRLMs and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

Investors please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated

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July 6, 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.

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

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers one in English and other in Hindi, being the regional newspaper and also by indicating the change on the web sites and at the terminals of the members of the Syndicate.

Undertaking by our Company

We undertake as follows:

1. That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
2. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;
3. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by our Company.
 - a. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.)
4. that refund orders to the non-resident Indians shall be dispatched within specified time.
5. that no further issue of securities shall be made till the securities offered through this Red Herring Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.

Utilization of Issue Proceeds

The Board of Directors of our Company certifies that:

- a) All monies received out of this issue of shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act;
- b) Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the purpose for which such monies had been utilized;
- c) Details of all unutilized monies out of the issue of shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the form in which such unutilized monies have been invested;

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. As per current foreign investment policies, foreign direct investment in the sector in which our Company operates is allowed upto 100% under the automatic route.

RBI, vide its circular A.P (DIR Series) Circular No. 53 dated 17th December 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of RBI, so long as the price of equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian Companies are available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of our Company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of our Company. No single NRI may own more than 5% of the post- issue paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of our Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of directors and shareholders of our Company. The issue of equity shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in equity shares of a Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that Company.

Registration of Equity Shares under US Laws

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders and neither our Company nor the BRLMs are liable for any changes in the regulations after the date of this Red Herring Prospectus

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SECTION VIII – DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the important provisions of the Articles of Association of our Company relating to members, voting rights, lien on the Equity Shares and process for modification of such rights, forfeiture of Equity Shares, restrictions on transfer and transmission of Equity Shares and debentures and on their consolidation and splitting are detailed below.

Reference to Article number refers to the corresponding article number in the Articles of Association of our Company, and the articles as stated refer to articles as reproduced, or an extract or abstract thereof.

Capitalised terms in this section have the meaning that has been given to such terms in the Articles of Association.

Preliminary

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| Table A not to apply but Company to be governed by these Articles | 1. No regulations contained in Table 'A' in the First Schedule to the Companies Act, 1956, shall apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives, shall subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or additional to, its regulation by Special Resolution, as prescribed by the Companies Act, 1956, be such as are contained in these Articles. |
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Capital Increase and Reduction of Capital

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| Capital | 3. The Authorised Share Capital of the Company shall be as per Clause V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The company may increase or decrease the Authorised Share Capital in accordance with Company's regulations and legislative provisions for the time being in that behalf. |
| Increase of capital by the Company and how carried into effect. | 4. The Company in General Meeting may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act, any share of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction is given, as the Directors shall determine; and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at general meeting of the Company in conformity with Section 87 of the Act. Whenever the capital of the Company has been increased under the provisions of these Articles, the Directors shall comply with the provisions of Section 97 of the Act. Subject to the applicable provisions of the Act and/or any other applicable Rules, Guidelines or any other statutory provisions, the Company acting through its Board of Directors shall have power to issue equity share capital with differential rights as to dividend, voting and/or otherwise in such manner and on such terms and conditions as may be prescribed by the resolution authorising such issue. |
| New Capital same as existing capital | 5. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise. Provided however that all the equity shares issued by the Company to the Members shall be of the same class and shall be alike ranking parri passu in all respect and the holders thereof shall be entitled to identical rights and privileges including, without limitation, to identical rights and privileges with respect to dividend, voting rights, payment of calls, liens, transfers, transmission, forfeiture, and the distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company on a pro rata basis. Provided that the above provision does not prohibit the Company from issuing |

redeemable preference shares. Subject to Article 6 hereinbelow, the Company in general meeting may also, from time to time, by special resolution capitalise the undistributed profits standing to the credit of the Company's Free Reserves and to apply the same in paying up new equity shares in the share capital of the Company and to appropriate the same as capital and not as income and allot and distribute as fully paid-up bonus shares to and amongst the persons registered in the Register of Members as the holders of equity shares of the Company on such date and in such proportion as may be decided by the Board of Directors.

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| Redeemable Preference Shares | 6. | Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are, or at option of the company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption. |
| Provisions to apply on issue of Redeemable Shares | 7. | On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof the following provisions shall take effect: <ul style="list-style-type: none"> (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 must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed; (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act, relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up share capital of the Company. (e) subject to the provisions of Section 80 and 80A of the Act, the redemption of preferential share hereunder may be effected in accordance with the terms and conditions of their issue and the absence of any specific terms and conditions in that behalf in such manner as the Directors determine; (f) whenever the Company shall redeem any redeemable preference shares, the Company shall, within one month thereafter, give notice thereof to the Registrar of Companies as required by Section 95 of the Act. |
| Reduction of Capital | 8. | The Company may (subject to the provisions of Section 78, 80 and 100 to 105 inclusive, of the Act) from time to time by Special Resolution, reduce its share capital and any capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law and in particular capital may be paid off on the footing that it may called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted. |
| Sub-division and consolidation of shares | 9. | Subject to the provisions of Section 94 of the Act, the Company, in General Meeting, may, from time to time, sub divide or consolidate its shares, or any of them or any part of them, and the resolution whereby any share is sub divided, may determine that as between the holder of the shares resulting from such sub division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject to aforesaid, the Company, in General Meeting, may also cancel shares, which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. |
| Modification of rights | 10. | a) 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 (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act be varied, modified, commuted, affected or |

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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 Special Resolution passed at a separate General Meeting of the holders of shares of that class. This Article is not to derogate from any power the Company would have if this Article were omitted.

- b) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

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| Shares at a discount | 11. | Subject to the provisions, the Company may issue Shares at a discount of a class already issued, if the conditions contained in Section 79 of the Act are fulfilled. |
| Shares without voting rights | 12. | Subject to the provisions of the Act, the Company may issue shares without voting right attached to them, upon such terms and conditions and with such rights and privileges attached thereto, as the Board may deem fit. |

Shares and Certificates

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| Register and Index of Members | 13. | The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or country outside India a Branch Register of Members resident in that State or Country. |
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- (a) Notwithstanding anything herein contained, a person, whose name is at any time entered in the Register of Members of the Company as the holders of a share in the Company, but who does not hold the beneficial interest in such share, shall, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons, who hold the beneficial interest in such share in the manner provided in Section 187 C of the Act;
- (b) A person who holds a beneficial interest in a share or a class of shares of the Company shall, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in Section 187 C of the Act;
- (c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, within the time prescribed from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed as provided in Section 187 C of the Act;
- (d) Notwithstanding anything herein contained in Section 153 of the Act and Sub Article (a), (b), (c) above, where any declaration referred to above is made to the Company, the Company shall make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

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| Further Issue of capital | 15. | (a) Subject to the provisions of the Act, where at any time after the expiry of two years from the formation of the Company or the expiry of one year from the allotment of shares made for the first time after its formation whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on these shares at the date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. Such offer 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 |
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and the notice referred to above hereof shall contain this 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. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company. (b) Notwithstanding anything contained in the preceding sub clause, the Company may: i) by a special resolution; or ii) where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company, offer further shares to any person or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company. Notwithstanding anything contained in sub clause (a) above, but subject, however, to Section 81 (3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debenture or loans into shares, or to subscribe for shares in the Company, provided however that the terms of the debentures or loans include a term providing for such option is in conformity with the rules, if any made by the Central Government in this behalf and has also been approved by a special resolution in the General Meeting.

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| Shares under control of Directors | <p>16. Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors; who may allot or otherwise dispose of the same to such persons in such proportion on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at premium or at par or a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.</p> <p>17. The Board shall observe the restrictions as to allotment of shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.</p> |
| Power also to Company to issue shares in General Meeting | <p>18. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 15 and 16 the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any shares.</p> |
| Deposit and call etc. to be a debt payable immediately | <p>20. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.</p> |

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Liability of Members	21. Every Member, or his heirs, executors, or administrator shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.
Share Certificates	<p>22. (a) Every Member or allottee of shares shall be entitled, with or without payment, within three months after the allotment of shares and within two months after the application for the registration of transfer of any shares, the certificate in respect of such shares, unless the conditions of issue of shares otherwise provide. Every Member or allottee of shares shall be entitled, with or without payment, to receive one share certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in case of issues against letters of acceptance or of renunciation or in case of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their Attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole time Director. Particulars of every share Certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue, provided however that no share certificate(s) shall be issued for shares held by a Depository.</p> <p>(b) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single Member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.</p> <p>(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.</p> <p>(d) The Company shall not be bound to register more than 3 persons as the joint holders of any share except in the case of executors or trustees of a deceased member and in respect of a share held jointly by several persons, the Company shall not issue more than one certificate and the delivery of a certificate for a share to any one of several joint holders shall be sufficient delivery to all such holders.</p> <p>(e) Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued indicating the date of issue.</p> <p>(f) The provisions stated above shall not be applicable to dematerialised Shares and shares held in fungible form with a Depository.</p>
First named holder is deemed to be sole owner	24. If any share stand in the names of two or more persons, the person first named in the Register of Members shall as regards receipt of dividends or bonus or service of notices, subject to the provisions of Article 22 and all or any other matter connected with Company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

Company not bound to recognize any interest in share other than that of registered holder	25. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.
Dematerialisation of Securities	27. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and / or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.
Securities in Depositories	30. All securities held by a Depository shall be dematerialised 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 Owner.
Rights of Depositories and Beneficial Owners	31. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.
	32. 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 security held by it.
	33. Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.
Beneficial Owner deemed as absolute owner	34. Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
Provisions of Articles to apply to shares held in Depository	41. Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depositories Act.
Allotment of Securities dealt with in a Depository	42. Notwithstanding anything in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
Interest out of Capital	
Interest may be paid out of capital	48. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the

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time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

Calls

- Directors may 49. The Board may, from time to time, subject to the terms on which any shares may have been issued make calls and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by resolution by circulation) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the person or persons and at all times and places appointed by the Board. A call may be made payable by installments.
50. Whenever 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 purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.
- Liability of 54. The joint holder of a share shall be jointly and severally liable to pay all calls in respect thereof. joint holders
- Calls to 56. If any Member fails to pay any call due from him on the day appointed for payment thereof, or any carry interest such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.
- Proof on trial 58. On the trial or hearing of any action or suit brought by the Company against any Member or his of suit for the recovery of any money claimed to be due to the Company in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder, at or money due to shares subsequently to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the Minute Book, and that notice of such call was duly given to the Member or his representatives issued in pursuance of these Articles, and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
- Partial 59. Neither the receipt by the Company of a portion of any money which shall from time to time be due payment not to the Company in respect of his shares, either by way of principal or interest, nor to preclude any indulgence granted by the Company in respect of the payment of any such money, shall forfeiture preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.
- Payment in 60. (a) The Board may, if it thinks fit, agree to and receive from any Member willing to advance the anticipation of calls may carry interest same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time the amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or participate in profits.

Voting rights in respect of calls in advance	(b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable
Company's lien on shares	<p>61. The Company shall have a first and paramount lien on every share (other than fully paid-up shares) for all moneys (whether presently payable or not) payable at a fixed time in respect of such share. Provided that the Board may, at any time, declare any share to be wholly or in part exempt from the provisions of these Articles.</p> <p>62. The Company's lien, if any, on a share shall extend to all dividends payable thereon.</p> <p>63. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares, as against the transferor.</p>
As to enforcing lien by sale	<p>64. For the purpose of enforcing such lien as aforesaid, the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made:</p> <p>(a) unless a sum in respect of which the lien exists is presently payable; and</p> <p>(b) until the expiration of seven days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists and as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by transmission, and default shall have been made by him in payment of the sum payable as aforesaid for seven days after such notice.</p>
Application of proceeds of sale	65. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of sale.

Forfeiture of Shares

If money payable on shares not paid notice to be given to Members	66. If any Member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.
Form of notice	67. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.
In default of payment, shares to be forfeited	68. If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share not actually paid before the forfeiture.
Notice of forfeiture to a Member	69. When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make any such entry as aforesaid.

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Forfeited Share to be property of the Company and may be sold etc.	70. Any share so forfeited shall be deemed to be the property of the Company and may be sold, re allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.
Members still liable to pay calls owing at the time of forfeiture and interest	71. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, 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 the forfeiture until payment at such rate as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.
Effect of forfeiture	72. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
Evidence of forfeiture	73. A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.
Validity of sale under Articles 64 and 70	74. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and may cause the purchaser's name to be entered in the Register of Members in respect of the shares sold, and the Purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
Cancellation of share certificate in respect of forfeited shares	75. Upon any sale, re allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect. Where any shares under the powers in that behalf herein contained are sold by the Board of Directors and the certificate in respect thereof has not been delivered to the Company by the former holder of such shares, the Board of Directors may issue a new certificate for such shares distinguishing it in such manner as it may think fit from the certificate not so delivered.
Power to annul forfeiture	76. The Board may, at any time before any share so forfeited shall have been sold, re allotted or otherwise disposed of, annul the forfeiture thereof, upon such conditions as it think fit.
Joint-holders	77. Where two or more persons are registered as the holders of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint holders with benefits of survivorship subject to the following and other provisions contained in these Articles:- a) The Company shall be entitled to decline to register more than three persons as the holders of any share. (b) The joint-holders shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of the share. (c) On the death of any one or more of such joint- holders, the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the directors may require such evidence of death as may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

Receipts	(d) Any one of such joint-holders may give effectual receipts of any dividends or other moneys payable in respect of such share.
Delivery of Certificate and giving of notice to first named holder	(e) Only the person whose name stands first in the Register of Members as one of the joint-holders shall be entitled to delivery of the certificates relating to the share or to receive notices. In the case of shares held in a dematerialised or fungible form every beneficial owner in the records of the Depository shall be entitled to receive notices. Any one of two or more joint-holders may vote at any meeting either personally or by an agent duly authorised under a power of attorney or by proxy in respect of a share as if he were solely entitled thereto and if more than one of such persons be present, that person whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote.
Votes of Joint-holders	Provided always that a person present at any meeting personally shall be entitled to vote in preference to a person present by an agent, duly authorised under power of attorney or by proxy although the name of such person present by an agent or proxy stands first or higher in the Register. Several executors of a deceased member in whose (deceased member's) name any share stands shall for the purposes of this sub clause be deemed joint-holders.

Transfer and Transmission of Shares

Register of Transfers	78. The Company shall keep a "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share in the material form.
Form of Transfer	79. A Common Form of Transfer shall be used.
	80. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, and or any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and their restrictions thereof.
Execution and Registration of transfer etc.	81. The Instrument of transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The Instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.
Closure of Register of members of Debenture holders	82. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate to close the Transfer Books, the Register of Members or Register of Debenture holder at such time or times and for such period or periods, not exceeding in the aggregate forty five days in each year, and thirty days at one time.
Director's power to refuse to register a transfer	83. Subject to the provisions of Section 111A of the Act, the Board may, at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares (whether fully paid or not and notwithstanding that the proposed Transferee be already a member), but in such case it shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the Transferee and the Transferor notice of the refusal to register such transfer provided that the registration of a transfer shall not be refused on the ground that the Transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.
Death of one or more joint-holders of shares	85. In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from an liability on shares held by him jointly with any other person.

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Transmission Clause 88 Subject to the provisions of the Act and Articles 86 and 87, any person becoming entitled to share in consequence of the death, lunacy, bankruptcy, insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an Instrument of Transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares. This clause is hereinafter referred to as the "transmission clause".

The Company is not liable for disregard of notice prohibiting registration of transfer 91. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

92. The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in the case of a transfer of shares presented for registration.

Nomination

94. Every shareholder or debenture holder of the Company, may at anytime, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his or her death. A member may revoke or vary his or her nomination, at any time, by notifying the company to that effect.
95. Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.

Buy back of Shares

99. Subject to the provisions of sections 77A, 77AA, 77B and 217 (2B) of the Act, the Company is hereby authorised to buy-back the Company's shares or other specified securities out of its free reserves or its securities premium account or from the proceeds of any shares or other specified securities; Provided that no buy-back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or the same kind of other specified securities.

Splitting of shares 100. The Company may, subject to the Act and these Articles, in general meeting, alter the conditions of its Memorandum as follows:

- (a) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares.
- (b) Sub-divide its shares, or any of them, into shares of smaller amounts than those originally fixed by the Memorandum, subject nevertheless to the provisions of the Act and of these Articles. The resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division, one or more of such shares shall have

some preference or special advantage as regard dividend, capital or otherwise over or as compared with the others. (c) Cancel any shares, which, at the date of such general meeting, have not been taken or agreed to be taken by any Person, and diminish the amount of its share capital by the amount of the shares so cancelled.

102. The rights conferred upon the holders of the shares of any class, issued with preferred or other rights, shall not, unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

Borrowing Powers

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| Borrowing Powers | <p>108. Subject to the provisions of Sections 58A, 292 and 293 of the Act, the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposit from members either in advance of calls or otherwise and generally raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of the business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting. Subject to the provisions of the Act and of these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board, receive deposits from its members, directors or their relatives and receive loans from its members, either in advance of call or otherwise, and generally raise or borrow money either in India or abroad by way of loans, overdrafts, cash credit or by issue of bonds denominated in various currencies, debentures or debenture stock with or without any option attached to it (perpetual or otherwise), commercial paper or in any other manner, from any bank, financial institution, company, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed.</p> <p>109. Subject to the provisions of these Articles hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Ordinary Resolution shall prescribe including by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being and debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.</p> |
| Terms of issue of Debentures | <p>110. Any debentures, debentures stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in general meeting accorded by a Special Resolution.</p> |

Share Warrants

113. The Company may issue share warrants subject to, and in accordance with, the provisions of Section 144 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid, upon application in writing, signed by the person registered as holder of the share, from time to time, require as to identity of the person signing the application, on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

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Conversion of Shares into Stock and Re-conversion

Shares may
be converted
into stock

119. The Company, in General Meeting, may convert any paid up shares into stock, and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interests therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred if no such conversion had taken place or as near thereto as circumstances will admit. The Company may, at any time, convert any stock into paid up shares of any denomination. Where any shares have been so converted into stock, the holders of stock may then transfer their respective interests in the same or part thereof in the same manner, as and subject to the same restrictions under which the shares from which the stock arose before conversion might have been transferred., or as near thereto as circumstances admit. Provided however that the Board may, from time to time, fix the minimum amount of stock transferable.

Meeting of Members

Annual
General
Meeting and
Annual
Return

122. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meetings shall be called Extra ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Provided that it will be permissible to hold its first Annual General Meeting within a period of not less than eighteen months from the date of its incorporation; and if such meeting is held within that period it shall not be necessary for the Company to hold any Annual General Meeting in the year of its incorporation or in the following calendar year. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166 (i) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the office of the Company is situate as the Board may determine and the notice calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with Proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Section 159, 161 and 220 of the Act.

Meeting not
to transact
business not
mentioned in
notice

129. No General Meeting, Annual or Extra ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

Chairman's
casting vote

139. In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

Postal Ballot

144. Notwithstanding anything contained in the Articles of Association of the Company, the Company does adopt the mode of passing the resolutions by its members by means of a postal ballot (including voting by an electronic mode) pursuant to the provisions of Section 192 A of the Act, read with the Companies (Passing of the Resolution by Postal Ballot Rules), 2001, and any modifications or amendments made thereto from time to time.

Vote of Members

Member in arrears not to vote	145. No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.
Number of votes to which member entitled	146. Subject to the provisions of the Articles 149 & 153 and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every Member, not disqualified by the last preceding Article, shall be entitled to be present and to speak and vote at such Meeting and on a show of hands, every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid up equity share capital of the Company. Provided, however, if any preference shareholder be present at any Meeting of the Company, save as provided in clause (b) of sub section (2) of Section 87, he shall have a right to vote only on resolutions placed before the Meeting which directly affect the rights attached to his preference shares.
Casting of votes by a Member entitled to more than one vote	147. On a poll taken at a meeting of the Company, a Member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
Vote of Member of unsound mind and minor	148. A Member of unsound mind or and in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian in respect of any shares registered in his name and any such committee or guardian may, on poll, vote by proxy. If any Member be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the Meeting.
Representation of body corporate	149. (A) (i) A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures) having a right to vote, may in pursuance of Sections 187 or 187A of the Act, authorise such person as it thinks fit by a resolution of its Board of Directors or other governing body to act as its representative at any meeting of the Company or of any class of Members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company. (ii) A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor, or holder of debentures of the Company. The production of a copy of the resolution aforesaid certified by a Director of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative appointment and his right to vote thereof. (B) (i) The President of India or the Governor of a State, if he is a member of the Company, may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company. (ii) A person appointed to act as aforesaid shall, for the purpose of this Act, be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers (including the right to Vote by proxy) as the President or as case may be, the Governor could exercise as a member of the Company.
Votes of joint member	150. If there be joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at

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	the Meeting, and if more than one of such joint holders be present at any Meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose names shares stand shall, for the purpose of these Articles, be deemed joint holders thereof.
Voting in person or by proxy	151. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.
Appointment of proxy	153. Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the Meeting.
Proxy either for specified meeting or for a period	154. An instrument of proxy may appoint a proxy either for the purpose of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every Meeting of the Company or of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.
Votes by members present or by proxy	155. A member present by proxy shall be entitled to vote only on a poll. However where such Member is a body corporate present by a proxy who is not himself a Member in which case such proxy shall also be eligible to vote on show of hands as if he were a Member.
Deposit of instrument of appointment	156. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the office not later than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
Form of proxy	157. Every instrument of proxy whether for a specified Meeting or otherwise shall as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.
Validity of votes given by proxy notwithstanding death of member	158. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any authority or of any power of attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the commencement of the meeting or adjourned meeting at which the proxy is used.
Time for objection to vote	159. No objection shall be made to the validity of any vote, except at any Meeting or poll at which such vote shall be tendered and every vote, whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.
Chairman of the meeting to be the Judge of the validity of every vote	160. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final, binding and conclusive.

Minutes of Meeting

Minutes of General Meetings and inspection thereof by Members

161. The Company shall cause minutes of all proceedings of every General Meeting to be kept within thirty days of the conclusion of every such Meeting and concerned entries thereof in books kept for that purpose with their pages consecutively numbered.

Directors

Number of Directors

169. a) Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not be more than twelve.

Certain persons not to be Directors.

b) No body corporate, association or firm shall be appointed a Director and only an individual shall be so appointed. As provided by Section 274 of the Act, certain persons mentioned therein shall not be capable of being appointed Directors of the Company, unless the Central Government, by Notification, removes the disqualification for some of the persons mentioned therein.

- c) The First Directors of the Company are:
1. Nenshi L. Shah
 2. Talakshi L. Nandu
 3. Kumar P. Shah
 4. Paresh K. Shah

Provision to appoint ex-officio Directors

171. Whenever the Company/ directors enter into a contract with any Government, Central, State or Local, any bank or financial institution or any person or persons (hereinafter referred to as the "appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever, the Directors shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Directors may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill in any vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer.

Nominee Director

172. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the State Bank of India (SBI), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), The Orient Fire and General Insurance Company Limited (OFGI), The New India Assurance Company Limited (NIA), United India Insurance Company Limited (UI) or a State Financial Corporation or any financial institution owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this Article referred to as "the Corporation"), out of

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any loans/debenture assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/ Shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint, from time to time, any person or persons as a Director or Directors, whole time or non wholtime, (which Director or Directors, is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

173. The Board of Directors of the Company shall have no power to remove the Nominee Director/s from its/their office/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation, such Nominee Director/s shall not be liable to retirement by rotation of Directors. The Company agrees that if the Board of Directors of the Company has constituted or proposes to constitute any management committee or other committee(s) it shall, if so required by the Corporation include the Nominee Director as a member of such management committee or other committee(s). Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Directors of the Company.
180. If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debenture, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as "Debenture Director". A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.
- Appointment of Alternate Directors 181. The Board may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of office of the original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.
- Directors power to add to the Board 182. (a) Subject to the provisions of Section 260 of the Act, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not, at any time, exceed the maximum strength fixed for the Board under the Article 169. Any such additional Director shall hold office only upto the next Annual General Meeting.
- (b) Subject to the provisions of Sections 262, 264 and 284 of the Act, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.
- Qualification of Directors 183. A Director shall not be required to hold any equity shares to qualify him to act as a Director of the Company.
- Remuneration of Directors 184. (a) Subject to the provisions of Sections 198, 309 and 310 of the Act, a Managing Director or Directors, who is in the whole time employment of the Company may be paid remuneration either by way of monthly payment or at specified percentage of the net profits of the Company or partly by one way and partly by the other.
- (b) Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either;

	<ul style="list-style-type: none"> (i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or (ii) by way of Commission if the Company by a special resolution authorised such payment.
Fees payable to a Director for attending a meeting	185. The fees payable to a Director for attending a meeting of the Board or committee/s thereof shall be such sum as may be decided by the Board from time to time, subject to such limit as may be prescribed in that behalf, from time to time, by the Central Government under or pursuant to the Act.
Special remuneration of director performing extra service	186. If any Director is called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as a member of any Committee/s formed by the Directors), the Board may arrange with such Director, for such special remuneration, for such extra services or special exertion or efforts either by a fixed sum or otherwise as may be determined by the Board and the said remuneration may be either in addition to or in substitution of his remuneration elsewhere specified in the Articles.
Traveling expenses incurred by Director not a bonafide resident or by Director going out on Company's business	187. The Board may allow and pay to any Director, who travels for the purpose of attending and returning from meetings of the Board of Directors or any Committee/s thereof or General Meetings, or in connection with the business of the Company, his travelling and hotel and other expenses incurred by him in consequence or for the purpose of his attendance, and in connection with the business of the Company in addition to his fees for attending such meetings as above specified and other remuneration payable to him. Provided that if so desired by the Corporation appointing a Corporation Director, the Company may instead reimburse the Corporation appointing such Director any sums that may be paid by it to that Director in respect of his attendance at the meeting of the Board.
Directors may act notwithstanding any vacancy	188. The continuing Directors may act, notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by the Act. The continuing Directors, not being less than two, may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting but for no other purpose.
Director may contract with Company	<p>190 (a) A Director or his relative, firm in which such Director or relative is a partner, or any other partner in such firm or a private company of which the Director is a member or Director, may enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company, provided that the sanction of the Board and the previous approval of the Central Government, if and as may be required, shall be obtained in accordance with Section 297 of the Act.</p> <p>(b) No sanction shall, however, be necessary for</p> <ul style="list-style-type: none"> (i) any purchase of goods and materials from the Company, or the sale of goods or materials to the Company by any such Director, relative, firm, partner or private company as aforesaid for such cash at prevailing market prices; or (ii) any contract or contracts between the Company on, one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of goods, materials and services in which either the Company or the Director, relative, firm, partner or private company, as the case may be regularly trades or does business, where the value of the goods and materials or the cost of such services does not exceed Rs. 5,000/ in the aggregate in any year comprised in the period of the contract or contracts. <p>Provided that in circumstances of urgent necessity, a Director, relative, firm, partner or private company as aforesaid may, without obtaining the consent of the Board, enter into any such contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or the cost of such services exceeds Rs. 5,000/ in the aggregate in any year comprised in the period of the contract, if the consent of the Board shall be obtained to such contract or</p>

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contracts at a meeting within three months of the date on which the contract was entered into.

Every consent of the board required under this article shall be accorded by resolution passed at a meeting of the board and not otherwise; and the consent of the Board required under clause (i) above shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into. If consent is not accorded to any contract under this article, anything done in pursuance of the contract shall be voidable at the option of the Board.

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| Directors may be Directors of Companies promoted by the Company | 195. A Director may be or become a Director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable. |
| Powers of Board in Meetings | 215. A meeting of the Board, for the time being at which a quorum is present, shall be competent to exercise all or any of the authorities, powers, and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally. |
| Acts of Board or Committee valid notwithstanding informal defect in appointment | 219. All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated. |
| Powers of the Board | 221. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. |
| Certain powers of the Board | <p>223. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power :</p> <ul style="list-style-type: none"> (a) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company; (b) To pay and charge to the capital account of the Company commission or interest lawfully payable thereout under the provisions of Section 76 and 208 of the Act; (c) Subject to Sections 292, 293 and 297 of the Act, to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition, to accept such title as the Directors may believe or may be advised to be reasonably satisfied; (d) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities |

may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

- (e) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;
- (f) To accept from any Member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
- (g) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;
- (h) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon;
- (i) To act on behalf of the Company in all matters relating to bankrupts and insolvents.;
- (j) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;
- (k) Subject to the provisions of Sections 292, 293(1)(a) 295, 370, 372 and 372A,373 of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time vary or realize such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;
- (l) To execute, in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability, whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;
- (m) To determine, from time to time, who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose;
- (n) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any office or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as part of the working expenses of the Company;
- (o) To provide for the welfare of Directors or ex Directors or employees or ex employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee any charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;
- (p) Before recommending any dividend, to set aside out of the profits of the Company such sums

as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as Reserve Fund or any special fund to meet contingencies or to repay debentures or debentures stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of Reserve Fund or division of a Reserve Fund and with full power to employ assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper;

- (q) To appoint and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may, from time to time, think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub clauses shall be without prejudice to the generally conferred by this sub clause;
- (r) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration;
- (s) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation;
- (t) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board think fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such Powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub delegate all or any of the powers authorities and discretions for the time being vested in them;
- (u) Subject to Section 294, 297 and 300 of the Act, for or in relation to any of the matters

aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts deeds and things in the name and on behalf of the Company as they may consider expedient;

- (v) From time to time to make, vary and repeal by laws for the regulations of the business of the Company, its officers and servants;
- (w) To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company, be necessary or expedient to comply with.

Management

Remuneration of Managing Director or Whole-time Director(s) 226. Subject to the provisions of the Act and to the approval of the Company in General Meeting, if required by the Act. the remuneration of a Managing Director or Whole-time Director shall from time to time be fixed by the Board of Directors and may be by way of fixed salary, perquisites, benefits or commission or profits of the Company, or by participation in any such profit or by any or all of these modes or any other mode not expressly prohibited by the Act.

Dividends

Division of profits and dividends in proportion to amount paid up 233. The profits of the Company, subject to any special rights relating thereof created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid up or credited as paid up and to the period during the year for which the capital is paid up on the shares held by them respectively.

The Company in General Meeting may declare a dividend 234. The Company in general Meeting may declare dividends to be paid to Members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

Dividends only to be paid out of profits 235. No dividend shall be declared or paid otherwise by the Company for any financial year out of profits for the year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act except after the transfer to the reserves of the Company of such percentage of its profits for the year as may be prescribed or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that :

- (a) If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;
- (b) If the Company has incurred any loss in any previous financial year or years, the amount of loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the years for which the dividend is provided to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Sub section (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for the year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section.

Interim dividend 236. The Board may, from time to time, pay to the Members such interim dividend as in their judgment the position of the Company justifies.

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Capital paid up in advance at interest not to earn dividend	237. Where Capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.
Dividends in proportion to amount paid –up	<p>238. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.</p> <p>239. The Board may retain dividends payable upon shares in respect of which any person is, under these Articles, entitled to become a Member, or which any person under that Article is entitled to transfer, until such person shall become a Member, in respect of such shares or share duly transfer the same.</p>
Dividend, etc. to joint-holders	240. Any one of several persons who are registered as the joint holder of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.
No Member to receive Dividend while indebted to the Company and Company's rights of reimbursement thereof	241. No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.
Transfer of shares must be registered	<p>242. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.</p> <p>Provided, however, that where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered, the company shall :</p> <p>(a) transfer the dividend in relation to such shares to the special account referred to in Section 205A unless the company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer, and</p> <p>(b) keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub section (1) of Section 81 and any issue of fully paid up bonus shares in pursuance of sub section (3) of section 205.</p>
Unclaimed dividend	243. Any dividend which has not been claimed or the warrant in respect whereof has not been encashed within the period prescribed under Section 205A of the Act, shall be deposited in a special account as provided for in the said section 205A of the Act and the whole of the amount envisaged in clause (a) to (e) of sub-section (2) of section 205C of the Companies Act, 1956 remaining unpaid or unclaimed for a period of seven years from the date they become payable by a company have been credited to the Investor Education and Protection Fund as per Section 205C of the Act and subject to any amendments that may be made thereto from time to time.
No interest on dividend	244. No unpaid dividend shall bear interest as against the Company.

Dividend and call together 245. Any General Meeting declaring a dividend may, on the recommendation of the Directors, make a call on the Members of such amount as the meeting fixes but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the Member, be set off against the calls.

Capitalization 246. (a) The Company, in General Meeting, may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend for 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 be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares of debentures or debentures stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.

(b) A General Meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company, or in investments representing the same, or any other undistributed profit of the Company not subject to charge for income tax be distributed among the members on the footing that they receive the same as capital.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of less value than Rs. 10/ may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

Accounts

253. The Directors shall, if they consider it to be necessary and in the interest of the Company, be entitled to amend the Audited Accounts of the Company of any financial year which have been laid before the Company in General Meeting. The amendments to the Accounts effected by the Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval.

Documents and Notice

Members 262. Every person who, by operation of law, transfer or other means whatsoever, shall become entitled

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bound for
documents
or notices
served on
or given to
previous
holders

to any share shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such share.

Indemnity and Responsibility

Indemnity 266. (a) Subject to Section 201 of the Act, every Director, Officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus have been delivered to the Registrar of Companies, Maharashtra for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at Boston House, Ground Floor, Suren Road, Chakala, Andheri (East), Mumbai – 400 093, Maharashtra from 10.00 a.m. to 5.00 p.m. on working days from the date of filing of this Red Herring Prospectus until the Bid Closing Date / Issue Closing Date of this Issue.

Material Contracts for Inspection

1. Letter of Engagement dated October 24, 2005 from UTI Securities Limited offering their services to act as BRLM and Company's acceptance thereto.
2. Letter of Engagement dated October 25, 2005 from Enam Financial Consultants Private Limited offering their services to act as BRLM and Company's acceptance thereto.
3. Agreement dated January 18, 2006 for appointment of Managing Director, between Mr. Nenshi L. Shah and our Company.
4. Memorandum of Understanding dated February 01, 2006 between our Company and Intime Spectrum Registry Limited as Registrars.
5. Memorandum of Understanding dated September 21, 2006 among our Company, UTI Securities Limited and Enam Financial Consultants Private Limited.
6. Escrow Agreement dated [●] between our Company, the BRLMs, Escrow Collection Bank and the Registrar to this Issue.
7. Underwriting Agreement dated [●] between our Company, BRLMs and the Syndicate Member.
8. Syndicate Agreement dated [●] between our Company, BRLMs and the Syndicate Member.
9. Tripartite agreement between the NSDL, our Company and the Registrar dated June 20, 2006.
10. Tripartite agreement between the CDSL, our Company and the Registrar dated December 21, 2006.
11. Copy of Agreement dated September 11, 2006 between Subhnen Veneers Private Limited and our Company for assignment of the word "EURO".
12. Copies of Agreements dated September 21, 2006 between our Company and certain group companies/ partnership firms for usage of the name "EURO".

Material Documents for Inspection

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Certificate of Incorporation of our Company dated April 16, 2002.
3. Extraordinary General Meeting resolution dated January 31, 2006 and the resolution of the Board dated December 31, 2005 authorizing this Issue.
4. Copy of the Statement of Tax Benefits report dated January 8, 2007 issued by Deepak Maru & Co., Chartered Accountants.
5. Auditors' Report dated November 17, 2006 included in the Red Herring Prospectus.
6. Copy of the Auditors Certificate dated January 8, 2007 regarding the deployment of funds as on December 31, 2006.

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7. Consents of Auditors, Bankers to our Company, BRLMs, Legal Advisor to our Company, Legal Advisor to this Issue, Directors, Company Secretary, Registrar to this Issue, Compliance Officer, Bankers to the Issue, Monitoring Agency as referred to, in their respective capacities.
8. Copy of Listing applications made to BSE dated September 28, 2006 and NSE dated September 28, 2006.
9. Copy of In-principle listing approvals dated November 17, 2006 and December 14, 2006 received from BSE and NSE, respectively.
10. Copy of SEBI observation letter no. CFD/DIL/ISSUES/PKM/83648/2007 dated January 04, 2007
11. Certificate from our Company Secretary and Compliance Officer that all observations/changes/modifications as suggested by SEBI vide their observation letter CFD/DIL/ISSUES/PKM/83648/2007 dated January 04, 2007 have been complied with.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors of **EURO CERAMICS LIMITED**, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Red Herring Prospectus are true and correct.

Signed by all the Directors

Mr. Shantilal L. Shah

Non Executive Chairman

Mr. Nenshi L. Shah

Managing Director

Mr. Talakshi L. Nandu

Whole-Time Director

Mr. Kumar P. Shah

Whole-Time Director

Mr. Paresh K. Shah

Whole-Time Director

Mr. Pravin D. Gala

Non-Executive Director

Mr. Laljibhai K. Shah

Non-Executive Director

Mr. Shivji K. Vikamsey

Independent Director

Mr. Amit G. Shah

Independent Director

Mr. Anil M. Mandevia

Independent Director

Mr. Raichand K. Shah

Independent Director

Signed by the Chief Executive Officer & Compliance Officer

Mr. Sushil Chudiwala

Place : Mumbai

Date : January 18, 2007